

1 BEFORE THE INDIANA GAMING COMMISSION

2 PUBLIC MEETING

3 ORIGINAL

4 TRANSCRIPT OF PROCEEDINGS

5 DATE: June 20, 1995

6 PLACE: Indiana Government Center Auditorium  
7 302 West Wasington Street  
8 Indianapolis, Indiana

9 REPORTED BY: Deanne S. Hutson, Notary Public

10  
11 MEMBERS OF THE COMMISSION

12 Alan I. Klineman, Chairman  
13 Thomas F. Milcarek  
14 Dr. David E. Ross, Jr.  
15 Donald R. Vowels  
16 Ann Marie Bochnowski  
17 Robert W. Sundwick

18 ALSO PRESENT

19 John J. Thar, Executive Director,  
20 and Members of the Staff

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1                   CHAIRMAN KLINEMAN: Let the record show  
2                   that all of us are present. All members are here  
3                   and we're ready to proceed. It's about two or  
4                   three minutes past nine. I am reminded to again  
5                   request those people who are making presentations  
6                   please state their names. That becomes important  
7                   during the question and answer period. So the  
8                   reporter can make a full record.

9                   MR. PHIL KENNY: Good morning, ladies  
10                  and gentlemen. It's a pleasure to be here. My  
11                  name is Phillip Kenny of the Kenny Companies.  
12                  Earlier this year I appeared before this  
13                  Commission in regard to a riverboat license in  
14                  Gary, Indiana. While others may have taken home  
15                  the prize that day, the knowledge and the  
16                  experience that we took away from that particular  
17                  day has brought us back again with a project that  
18                  is exciting. We've expanded the existing Empire  
19                  team to bring together financing, construction,  
20                  management and entertainment. Never before in  
21                  the annals of the gaming industry has a group  
22                  been brought together with the financial  
23                  strength, the management depth and the

1 entertainment capabilities of this group that you  
2 will see today and meet. We've been brought  
3 together to create a single theme and to create  
4 the Empire. The gentleman who's been responsible  
5 for putting the Empire together is Mr. Rod  
6 Schilling. Rod, would you take a quick bow.  
7 Thank you.

8 The Empire will offer excitement and  
9 will offer entertainment and will offer  
10 recreation, communications. It will catch the  
11 imagination of all the people in the entire  
12 Midwest. The Empire will be situated simply in  
13 the best riverboat location in the entire United  
14 States, and that is Lawrenceburg, Indiana. This  
15 is the single most exceptional location that this  
16 industry will look at in years to go.

17 As a native of the area, Mr. Schilling  
18 was the creating member of this team. He had a  
19 vision that no other applicant had. He had a  
20 vision that said this is not a riverboat project,  
21 but this is a resort destination. This is a  
22 project that when you bring together conference  
23 centers, theaters, malls, a natural living

1 environment and theater and the Indianapolis Zoo,  
2 it's a project that requires a resort  
3 destination.

4 Since the vision of Rod Schilling was  
5 bigger than most of the fellow competitors, an  
6 attitude seems to be out there that this is a  
7 project that is too big for the Lawrenceburg  
8 market. When we were asked to participate in  
9 this project we could see no limitations. We  
10 came, we looked at the market, we looked at the  
11 opportunity and we agreed with Mr. Schilling's  
12 vision. It is a resort destination. It goes  
13 very much comparable to back when Disney arrived  
14 in the state of Florida. People very much said  
15 that the project that the Disney people proposed  
16 in Orlando was way too big for that state, and  
17 they proved them wrong. And obviously on a  
18 smaller scale, but we have the same comparable  
19 vision. This is a market and a place that  
20 deserves a destination resort. A riverboat and a  
21 visitor center is simply not enough. It deserves  
22 more. The Indiana law that created this act  
23 states very simply to benefit the people of

1 Indiana by promoting tourism and assisting  
2 economic development.

3 Mr. Schilling gave this project name the  
4 Empire, and it has direct meaning. The Empire is  
5 a single property comprising a number of  
6 attractions designed to bring millions and  
7 millions of people to a destination. It's  
8 excitement. It's entertainment. It's amusement  
9 and it's gaming on the Ohio River. We believe  
10 unequivocally that we have the people, the  
11 financing and the management skills to put this  
12 project together. This property has been  
13 developed for the long-term focus to sustain a  
14 competitive advantage and take on any gaming  
15 jurisdiction that will ever come to compete  
16 against us.

17 Every business venture that we all get  
18 into requires a little bit more than money. It  
19 requires people with experience, knowledge and  
20 skill. So Mr. Schilling's team that he has put  
21 together for the Empire is an exceptional group  
22 of people. I would like at this time to  
23 introduce a few members of that particular team.

1 First, a gentleman who needs no introduction is  
2 Mr. Lee Iaccoca. Thank you, Lee. Most of us  
3 feel we know him through his accomplishments at  
4 Ford or Chrysler. His ability to manage the big  
5 projects and fulfill the big dreams that business  
6 dreams about today is the standard that our  
7 businesses are run in this country. Mr.  
8 Iaccoca's role is to provide the overall  
9 direction and strategic long-term planning for  
10 this particular group.

11 The second member of our team is Mr.  
12 Marvin Herb. Marvin. Marvin is the President  
13 and Chief Executive Officer of Coca Cola Bottling  
14 of Chicago, Indianapolis, Milwaukee, Rochester  
15 and Scranton, Pennsylvania. He is the single  
16 largest independent bottler of Coca Coal in this  
17 country today. Marvin is a native of New York,  
18 but he has many many ties to the state of  
19 Indiana. For several years he was general  
20 manager ironically of a Pepsi plant before he got  
21 to Coca Cola. He went on to become president of  
22 the Consumer Division of Borden's before taking  
23 his efforts over to Coca Cola where he has built

1 the largest Coca Cola bottling empire. Mr.  
2 herb's leadership and dynamic marketing abilities  
3 put him in a position on this group where he is  
4 going to be assisting us not only us in financial  
5 capacities, but other capacities as well. He  
6 currently employs 3600 people in the Midwest and  
7 he is the single largest advertiser in the state  
8 of Indiana. He has also been listed by Forbes  
9 magazine as one of the wealthiest individuals in  
10 the entire United States. It's a pleasure to  
11 have him on our team.

12 The next individual is a man by the name  
13 of Jerry Robinson. Jerry. Thank you. Jerry has  
14 joined our team and given us a commitment not  
15 only in a financial, but as a major factor in the  
16 entertainment industry in the Cincinnati and  
17 Lawrenceburg marketplace. Jerry is the proud  
18 owner of the Cincinnati Garden, a 12,000-seat  
19 arena in Cincinnati which hosts a number of  
20 sporting events, concerts and other events. He  
21 is also in the broadcast industry and he will  
22 provide for us a vital linkage to our major  
23 feeder markets which we will draw from.



1                    Alan Paulson, who has had a prior  
2                    commitment, is not here with us today, but is a  
3                    gentleman known for creating the Gulf Stream  
4                    Arrow Stream Corporation. Under his leadership  
5                    the company has become the world's leading  
6                    designer, manufacturer and marketer of large  
7                    corporate jets. I would just like to list a few  
8                    of his accomplishments because they are most  
9                    noteworthy. Alan received the prestigious  
10                   Horatio Algiers Award. He has also received an  
11                   award for Distinguished American from the  
12                   American Academy of Achievements. He serves on  
13                   numerous boards including Dow Corporation, the  
14                   Eisenhower Medical Center and the U.S. Air Force  
15                   Academy. He has received five honorary  
16                   doctorates in his career. He has also been  
17                   named, by the National Society of Fundraising,  
18                   Philanthropist of the Year. A significant  
19                   achievement, he has flown around the world in 36  
20                   hours continuous in a plane he designed. Mr.  
21                   Paulson will serve on our board and management  
22                   committee and provide financing as well for this  
23                   particular project.

1           Aeire Hotels and Resorts is a high-  
2           quality developer and manager of gaming resort  
3           hotels and real estate enterprises. Its holdings  
4           include the Silver Eagle Casino in Galena,  
5           Illinois, which is a resort property with 63  
6           holes of golf and 750 hotels room. The company  
7           has extensive experience in the retail industry,  
8           as well as hotel, hospitality and financial  
9           management. Aeire's owners have created and  
10          financed many of the biggest and largest  
11          companies in the United States today, including  
12          Waste Management, Boston Chicken, Block Buster  
13          Video and the Bagel Company. Pier Peterson and  
14          Aeire's owners and the partners and in the  
15          operation bring a stock portfolio value in excess  
16          of one and a half billion dollars. I would also  
17          like to introduce Mr. Joe McWade who is with  
18          Aeire. Joe, could you take a quick bow. Thank  
19          you. Joe is the former head of the Illinois  
20          Gaming Commission and will be very active in  
21          dealing with the Indiana Gaming Commission on  
22          rules, regulations and compliance.

23                   I would also like to introduce Mr. Fred

1 Himlyn from the Llama Corporation which is a  
2 corporation which has been funded and operated by  
3 Alice Walton. Fred will have a distinct role in  
4 our operation in making sure the nature center  
5 and things of that nature are financed and  
6 completed. Fred, thank you.

7 Also in this package is the Kenny  
8 Companies. I have talked in the past. I will  
9 not continue to take you through it, but I  
10 thought I'd highlight a couple highlights which  
11 may be significant. As I've said to you in these  
12 projects and the riverboat industry, the  
13 construction and development of a project has now  
14 become the single most important issue besides  
15 the money. The fact of the matter, with the  
16 Kenny family being involved as an equity partner  
17 we have built hundreds of millions of dollars of  
18 construction projects throughout the United  
19 States, and the ability to build a complex  
20 project such as this is something we take great  
21 pride in doing. Whether it be working in Boston,  
22 and tunneling underneath the Atlantic Ocean or  
23 whether we're in the Los Angeles area building a

1 subway system, we feel a complex project is going  
2 to be something that we take a challenge with.  
3 This is a project in Lawrenceburg that is going  
4 to be extremely complex.

5 We have put together on the construction  
6 site of this equation one of the most powerful  
7 construction teams ever assembled. Besides the  
8 Kenny family we have Howard Needles who has done  
9 extensive site engineering and has done most of  
10 the planning to date. We have also brought in  
11 Russ Engineering, a four billion dollar company  
12 out of Birmingham, Alabama and Chicago, to assist  
13 us in building this project. We have also a full  
14 unequivocal commitment from Great Lakes Dock and  
15 Dredging, the largest dredging company in the  
16 United States, that if we are successful in being  
17 awarded this license they will have the largest  
18 hopper dredge that they can put on the Ohio River  
19 on the site within 48 hours. Currently right now  
20 with that hopper dredge we can put a million and  
21 a half yards of material in a 28-day period, and  
22 no one can say something like that, no one.

23 The Kenny family has also, as I

1 mentioned, been in the development business. We  
2 have developed and managed and operated in excess  
3 of four million square feet the fastest growing  
4 county in the Chicago area, Lake County. But the  
5 real pride of the family has been the Casino  
6 Queen, a riverboat operation in East St. Louis,  
7 Missouri -- Illinois. Pardon me. Casino Queen  
8 is a project that this week will celebrate her  
9 second anniversary, and for hearing time and time  
10 again that people would not come across from the  
11 Missouri side in St. Louis, we will welcome close  
12 to five million passengers in our second year of  
13 operation. That's quite an accomplishment. But  
14 more so, the partnership we developed with the  
15 City of East St. Louis. It was a city that was  
16 in turmoil. It was a city that has taken a  
17 turnaround. It is one of the great success  
18 stories in this business, and the reason it was  
19 is because we went in and we worked with the  
20 community and we lived up to our commitments.  
21 In the early stages of this business those  
22 commitments were not necessary. The community  
23 needed it. We kept our commitment. We built the

1 project. We have a wonderful partnership with a  
2 great city.

3 The partners that we have brought  
4 together today before you are probably the most  
5 unique group of businessmen that will ever  
6 assemble before a gaming commission in this  
7 country. The partnership has taken a long time  
8 to develop, but we've gone out and got the best  
9 people, the best management, and the best skills  
10 and the greatest financial strength that this  
11 industry will ever see apply for a riverboat  
12 application.

13 Our last partner who is going to be  
14 managing the casino operations is the Carnival  
15 Corporation. Carnival is the world's most  
16 popular cruise line and has been targeted as the  
17 most successful mass marketer of tourism in the  
18 world today. When I continue to talk about a  
19 destination and a resort that has got to a  
20 attract people from all over the country, we have  
21 the people to do it. Carnival currently manages  
22 in excess of 19 casinos on their ships and resort  
23 properties and returns more to the bottom line

1 than any casino company in the United States  
2 today.

3 Taking advantage of that brand name of  
4 Carnival Hotels, the Continental Companies is  
5 also a partner which will be responsible for the  
6 hotel. They will manage the hotel and casino and  
7 conduct the kind of marketing that this  
8 particular project will need.

9 I would now like to take this time to  
10 show you a brief video we've put together and  
11 then we will return to the podium to continue on  
12 with the presentation. Thank you.

13 (A video presentation was made at this  
14 time.)

15 MR. PHIL KENNY: At this time I would  
16 like to introduce Jan Keefer who is our legal  
17 counsel for the Empire. Jan.

18 MS. JAN KEEFER: Good morning. You have  
19 just seen the vision and the promise of Empire.  
20 It's a grand vision and it's a grand dream, and  
21 it's a grand vision and grand dream that benefits  
22 not only the people of Lawrenceburg, but the  
23 citizens of Indiana. With any dream the question

1 comes will it work? Will it become a reality?  
2 The answer is yes, it will. And how do we know  
3 that this will work? Empire has authorized many  
4 studies and has carefully researched the various  
5 components of this project to determine the  
6 feasibility of its plans and to ensure the  
7 viability and the success of the project.

8 The planning for this project includes a  
9 market feasibility and economic impact study, a  
10 Phase I environmental site assessment, an  
11 archeological reconnaissance study,  
12 identification of wetlands on the selected site,  
13 a traffic impact study, a hotel feasibility  
14 study, maritime facility safety and operational  
15 studies, community facility preference and  
16 utilization studies, and an economic benefit  
17 analysis. All of these studies are in our  
18 submission that we have already submitted to the  
19 Commission and we have the experts here today to  
20 answer any questions which you might have about  
21 those studies.

22 Additionally, our project team has  
23 initiated applications for the following required



1 permits. Submittal of a 404 permit to the U.S.  
2 Army Corps of Engineers, submittal of an  
3 application for construction in a floodway to the  
4 Indiana Department of Natural Resources,  
5 submittal of an application for flood control  
6 works to the Indiana Department of Natural  
7 Resources. We have proposed and we are willing  
8 to provide the funding for and solutions for  
9 traffic, river safety and environmental issues  
10 surrounding any project in the Lawrenceburg area.  
11 Our plans for that include building a ramp off  
12 U.S. 50 and routing traffic to avoid congestion  
13 in downtown Lawrenceburg, creation of a  
14 navigational channel which will protect our  
15 vessel, our riverboat and passengers from the  
16 commercial river traffic and any runaway barges.  
17 Also, preservation of existing wetlands and  
18 environmental mitigation. In addition, a unique  
19 aspect of our project is the construction of an  
20 earthen levee. This levee will be surrounding  
21 the property and it will protect the project from  
22 seasonal flooding.

23 Today we have with us several members of

1 our project team who are available to answer any  
2 questions which you might have regarding the  
3 studies and the research project. Our experts  
4 from Blackburn & Associates and HNTB are here to  
5 answer technical questions about the project.  
6 Additionally, Robert Montgomery is here to answer  
7 any questions about advertising and marketing for  
8 the Empire project. Those partners, financial  
9 partners of our project which have been  
10 previously introduced to you this morning whose  
11 financial net worth and commitment will provide  
12 the funding for the project are here today to  
13 represent their pledge of financial commitment  
14 and to answer any questions. Additionally,  
15 representatives from Iaccoca Capital Partners and  
16 Llama Company can answer any questions regarding  
17 the financial aspects of the project.

18 But in order to make this project truly  
19 work, we needed to add one additional member to  
20 this team, and that partner is the City of  
21 Lawrenceburg. To that end, Empire and the City  
22 of Lawrenceburg have entered and fully executed  
23 an extensive development agreement for this

1 project. Should Empire be awarded the riverboat  
2 license for Lawrenceburg, Empire will be legally  
3 bound to comply with the terms of this document.  
4 What does the document provide? First, it  
5 provides that the city of Lawrenceburg and Empire  
6 will work together to make sure that this project  
7 is successful and to fully develop the project.  
8 It also provides for control of the site, funding  
9 for important community projects that benefit not  
10 only the residents of Lawrenceburg, but also the  
11 citizens of Indiana, hiring and employment  
12 practices, purchase requirements and funding of  
13 \$1,555,000 for temporary infrastructure  
14 improvements and \$15 million for permanent  
15 infrastructure improvements for the City of  
16 Lawrenceburg. The agreement also demonstrates  
17 that the hard technical work has been done and  
18 agreed to regarding engineering requirements,  
19 construction protocols, land use, safety related  
20 issues and traffic solutions. This includes  
21 funding of the U.S. 50 and I-275 rampover project  
22 at a cost of more than \$7 million. This \$7  
23 million is over and above the \$15 million that I

1 just mentioned for the permanent infrastructure  
2 improvements.

3 Finally, the agreement provides that the  
4 Empire will provide the City with \$5 million in  
5 unrestricted funds. The entire agreement over a  
6 ten-year period provides \$91 million to the City  
7 of Lawrenceburg. Clearly the City of  
8 Lawrenceburg will benefit from this partnership.

9 In addition to the public private  
10 partnership with the city, Empire has also  
11 entered into other partnerships to make this  
12 project work and to benefit the citizens of  
13 Indiana. One such partnership is the private  
14 public partnership Empire has with the  
15 Indianapolis Zoo to develop the discovery center.  
16 Here to discuss that project is Michael S.  
17 Maurer, Chairman of the Board of the Indianapolis  
18 Zoological Society. Mr. Maurer.

19 MR. MICHAEL MAURER: Thank you, Jan. As  
20 Jan mentioned, I'm Michael Maurer and I'm here  
21 today in my capacity as Chairman of the Board of  
22 the Indianapolis Zoological Society, Inc. With  
23 me today is Dr. Jeff Bonner, President and CEO of

1 the Zoo. The Zoo is thrilled to participate in  
2 the Empire project for several reasons. One, the  
3 Zoo will receive seven and a half million dollars  
4 in contributions from Empire and this will endow  
5 our capital programs at the Indianapolis Zoo.  
6 Two, the Empire's obvious commitment to the Zoo.  
7 Empire has already met significant financial  
8 obligations to the Zoo in the last year. Three,  
9 the opportunity to develop a cutting edge virtual  
10 reality project to propel the Indianapolis Zoo to  
11 the forefront of our peer institutions. Four,  
12 the opportunity to protect wetlands in Dearborn  
13 County and to ensure an environmentally friendly  
14 development. Next, the opportunity to expand the  
15 reach of the Zoo and its programs to southeastern  
16 Indiana. Six, the opportunity to ensure that  
17 educational family oriented programs play a  
18 principal role in the riverboat gaming  
19 development in Indiana, and finally, the Zoo will  
20 have control over design and operations of the  
21 discovery center.

22 Throughout this process this for-profit  
23 and not-for-profit partnership has received

1 significant recognition as a milestone for casino  
2 development. Why is it considered a milestone?  
3 Well, simply a project of this significance and  
4 magnitude has never been done before. You might  
5 ask what the Zoo brings to Empire. We have a  
6 base of approximately one million visitors a year  
7 here in Indianapolis and a commitment to quality.

8 So let me summarize what we jointly  
9 committed to develop in this partnership. The  
10 development of a discovery center in the 180,000  
11 square foot signature structure housing dynamic  
12 interactive emersion exhibits. Adjacent to the  
13 facility are 30 acres of preserved wetlands for  
14 the use and enjoyment of future generations.  
15 Here is how it works. The discovery center  
16 serves as an anchor for the project. Visitor  
17 flow is designed to extend the stay for four  
18 hours. Thus, the economic advantage to  
19 southeastern Indiana from extensive study is  
20 obvious. It will provide increased daily cash  
21 receipts and incentive for visitors to return to  
22 southeastern Indiana. The discovery center has  
23 been described in detail in written materials

1 also provided to the Commission. What we have  
2 here is a virtual reality time machine beginning  
3 in Jurassic Oxbow and allowing visitors to  
4 explore and be entertained while physically  
5 interacting at the center. This will allow  
6 visitors the opportunity to experience  
7 alternative scenarios of what the world will be  
8 like with or without wetlands. In other words, a  
9 theme park with a message.

10 The Indianapolis Zoo and Empire will  
11 jointly create a tax exempt entity. This entity  
12 under the direction of the Zoo will only operate  
13 the discovery center. The financing will be  
14 directed by Llama Company. Llama Company is an  
15 Arkansas based investment banking firm, as you  
16 heard, owned and managed by Alice Walton,  
17 daughter of founder of Wal-Mart. It is committed  
18 to use its best efforts to structure a tax exempt  
19 bond to finance the center.

20 The Zoo is proud to be here today and be  
21 a part of the project. We believe that it is in  
22 the best interest of the citizens of Indiana for  
23 the Commission to award a license for a riverboat

1 in Dearborn County and to award that license to  
2 Empire.

3 MS. JAN KEEFER: Thank you, Mr. Maurer.  
4 Now I would like to introduce to you Franklin E.  
5 Breckenridge who will discuss Empire's  
6 partnership with the NAACP. Mr. Breckenridge is  
7 an NAACP National Board Vice Chairman and is the  
8 Indiana State Conference of Branches President.  
9 He has had a long history as an activist in  
10 Indiana. In addition to being an outstanding  
11 attorney, he is also a well-known and respected  
12 ordained minister. He is pastor of the Community  
13 AME Church in La Porte, Indiana.  
14 Mr. Breckenridge.

15 MR. FRANKLIN BRECKENRIDGE: Thank you  
16 very much. My name is Franklin Breckenridge and  
17 I have been the state president of the Indiana  
18 NAACP for 17 years now. I'm also a member of the  
19 National Board Committee on Economic Development  
20 and Fair Share. I'm here today to give the  
21 unqualified endorsement of the Indiana NAACP to  
22 the Empire project. We have entered into a Fair  
23 Share agreement that will be the benchmark for



1 participation of socially and economically  
2 disadvantaged individuals, businesses and  
3 organizations with the gaming industry in this  
4 country. It is the first such agreement entered  
5 into by the NAACP and the largest. It will set  
6 the standard for the future.

7 Empire came to us and we believed them.  
8 We believed them because of the project team's  
9 work in Louisiana where they have worked with our  
10 national president, Rupert Richardson, and where  
11 they have lived up to their promises. We believe  
12 them because of the exemplary record of the Kenny  
13 family in East St. Louis. The Kenny's Casino  
14 Queen is a model for productive investment in our  
15 community, the African-American community.  
16 Praise for the Kennys come from minority vendors,  
17 local government and the Casino Queen's employees  
18 themselves. This is the real endorsement, an  
19 endorsement based on a project that gets results.  
20 We want to see those same results in the state of  
21 Indiana.

22 I am pleased to recommend the Empire  
23 project to this honorable Commission with the

1 Indiana NAACP's highest endorsement. Thank you.

2 MS. JAN KEEFER: Thank you, Mr.

3 Breckenridge. Finally, now the most important  
4 part of my presentation, the bottom line. What  
5 is the overall economic impact of the Empire  
6 project? Empire's proposed project including the  
7 discovery center is estimated at a total of \$3  
8 million. 2,730 jobs will be provided for the  
9 casino, the retail mall, the discovery center and  
10 the hotel. In addition, Empire will provide 1700  
11 construction jobs. Over five years Empire will  
12 provide a minimum of \$150 million in taxes just  
13 to the state of Indiana, and over that same  
14 five-year period Empire will pay more than \$120  
15 million in taxes and fees to local government  
16 agencies. This does not include the millions  
17 we'll pay in sales taxes. The total of taxes and  
18 fees to the local and state government will  
19 exceed \$275 million in our first five years.  
20 Also, I have already discussed the \$91 million in  
21 development funds which will be provided to the  
22 City of Lawrenceburg.

23 It is now my pleasure to introduce

1 Carnival's senior operating officer Bobby Yee.  
2 Mr. Yee is here today to give you insight into  
3 the magic that has created the Carnival  
4 entertainment success story. Carnival is the  
5 most successful mass marketer of vacations in the  
6 world. We are very pleased to be associated with  
7 this outstanding company. Mr. Yee.

8 MR. BOBBY YEE: Thank you very much for  
9 the opportunity to be here today and to talk a  
10 little bit about Carnival. My name is Bobby Yee.  
11 I'm the Senior Vice-President of the Gaming Group  
12 for Carnival's hotels and casinos and with me  
13 today are two associates of mine from the  
14 corporate office, Ken Goddet who is Senior  
15 Vice-President of Real Estate and John Padola who  
16 is Corporate Director of Security and  
17 Surveillance.

18 As we were discussing here, Carnival is  
19 when we see the commercials on TV and we see  
20 Kathy Lee and Willard Scott that we are indeed a  
21 mass marketer and we have -- I'm sorry. Excuse  
22 me. That we are greatly involved in all  
23 marketing aspects of -- I'm sorry. I'm a little

1           lost here. I just want to speak a little bit  
2           about our company and all the other associations  
3           we have with our properties. Carnival Hotels and  
4           Casinos, not only do we -- are we in charge of  
5           the cruise ships which also includes Holland  
6           America Cruise Line, the Seaborn Cruise Line and  
7           the Windstar Cruise Lines, but Carnival Hotels.  
8           We are also responsible and one of the largest  
9           hotel management companies responsible for 55  
10          hotels and approximately 16,000 hotel rooms  
11          throughout the United States and throughout the  
12          Caribbean.

13                   I was asked to speak to you a little bit  
14           about our security and some of our background and  
15           what we think with regards to regulatory issues  
16           and such. Our president of the Gaming Group Bob  
17           Sturgess, he is from a regulatory background  
18           where he was assistant director and a prosecutor  
19           for New Jersey for the Division of Gaming  
20           Enforcement and later he was as the director  
21           of -- he was director of the Gaming Enforcement  
22           Agency there and from him -- I'm sorry. I'm a  
23           little -- Bob Sturgess -- Bob Sturgess -- excuse

1 me. Bob Sturgess has instilled in all of us a  
2 tremendous thought process and has demanded upon  
3 us strict regulatory controls, not only for all  
4 of our casino operations, but on our cruises and  
5 everything else that we are involved in. When  
6 Bob first came to Carnival he instilled and  
7 instituted the first surveillance systems ever in  
8 the cruise ship -- on the cruise ship industry.  
9 Our management -- I'm sorry. I'm sorry. Thank  
10 you very much.

11 MR. PHIL KENNY: At this time what I  
12 would like to do is bring up Mr. Lee Iaccoca, a  
13 man who I mentioned earlier needs no  
14 introduction, but two significant things that  
15 have been at least in his career that are  
16 exceptional. One, being appointed by President  
17 Reagan to rebuild one of the great monuments of  
18 this country, the Statute of Liberty, which is a  
19 project he built on time and on budget on the  
20 front pages of every major newspaper in this  
21 country. A difficult task to stay the least.  
22 Secondly, being appointed by President Clinton to  
23 be one of the lead negotiators in the NAFTA trade

1 agreement. Without further ado, I introduce Mr.  
2 Lee Iaccoca.

3 MR. LEE IACCOCA: Good morning,  
4 everyone, members of the Commission. It's nice  
5 to be here with you. In the interest of time, I  
6 know you have a busy today and it's already ten  
7 o'clock. I'll be very brief. Yesterday I spent  
8 some time with the press. Why I attract the  
9 press so much is beyond me, but as I got into  
10 town, they wanted to know what a nice boy like me  
11 was doing back in Indiana, and I told them I've  
12 been coming to Indiana for forty years now, not  
13 just to visit plants. This is a new role for me,  
14 by the way. I usually come as an auto man.  
15 Kokomo and New Castle together build every  
16 automatic transmission in the world for Chrysler.  
17 Without them we'd be out of business. And the  
18 Indianapolis foundry, but I never came to visit  
19 the foundry too much. I used to come to  
20 Indianapolis only to go racing. It took me ten  
21 years with Tony Hulman. It took a lot of money,  
22 by the way, at Ford but we finally won one  
23 Indianapolis 500 and then Roger Penske came in

1 and sort of bought it out, it seems. When I got  
2 here Vance Harkey [sic.] said to me "What's the  
3 most memorable moment you've ever had in  
4 Indianapolis?" I said "Well, I've come here a  
5 lot but I guess the most memorable moment is when  
6 they gave me the pace car to drive but at the  
7 last minute -- it was a big red LaBaron  
8 convertible -- they said we don't think you  
9 should drive. This is a fast track today and you  
10 may have trouble." So they gave me a driver, I  
11 think most people know by the name Carol Shelby,  
12 and we were getting ready to go out. We did a  
13 pace lap, and as we took off he slowed down a  
14 little and he said "Hold it" and he took a vial  
15 out of his pocket and I said "What the hell is  
16 that, Carol?" and he said "Those are my  
17 nitroglycerine tablets. I have a such a bad  
18 heart." I was wondering why he was driving and I  
19 wasn't.

20 Anyway, back to Indianapolis. What am I  
21 doing here? I retired two and a half years ago,  
22 but as I said to my kids, I flunked retirement.  
23 I'm not doing too well. You can only play golf

1 so often, and what I decided about two and a half  
2 years ago was to look around to keep active, and  
3 I got involved in a very very active business  
4 called gaming or gambling. I joined the board of  
5 MGM Grand and began to learn a little bit about  
6 the business. Little did I know at that moment  
7 while I was on the board we were building a \$1.2  
8 billion 5,000-room complex that is now open.  
9 Then I started to dabble -- I got interested in  
10 Indian gaming because Indians need a lot of help  
11 in this country, believe me. We have a little  
12 company called Full House, which Alan Paulson is  
13 a partner of mine. By the way, in all of this  
14 I'm an investor. I'm not active running the  
15 casinos. I know something about them. I will  
16 help -- try to help this distinguished group  
17 that's been before me this morning to consult  
18 with them on financial matters and a little bit  
19 of strategic planning. I think I understand it.  
20 I'm happy to be with the gaming people, but  
21 there's a bad connotation for people to be  
22 associated with gaming. It's not only the  
23 fastest growing business in the U.S., but I call



1           it the politician's delight. Everybody has found  
2           in the 38 states where they have casino gambling  
3           of some kind that it is probably the greatest  
4           voluntary tax ever invented. It creates  
5           tremendous revenues and tremendous jobs, and I  
6           really think that -- well, I got attracted to  
7           this project Ron Schilling and Vance Harkey came  
8           to see about almost two years ago and I thought  
9           they were a little nutty. I knew a little bit  
10          about Lawrenceburg and southern Indiana, but I  
11          thought their plans were a bit too grandiose and  
12          I laid back awhile and said get the team  
13          together. I won't go through the team, but I  
14          don't know how they did it. I have to be honest  
15          with you. I'm an investor in Empire and I'll  
16          consult with them, but this is sort of me like a  
17          dream team. I've been associated with a lot of  
18          ventures, some gaming, some outside of gaming,  
19          but to have assembled this group behind me to put  
20          all this together -- this is a quarter billion  
21          dollar project, and as I found out in Indiana,  
22          when you spend a quarter billion dollars as we  
23          have in some plants, you must have a real team

1 effort to get it done. So I think that's the  
2 reason I signed up with them.

3 I think that this could be -- it was  
4 alluded to by Phil Kenny that I think if you have  
5 the vision that Ron and the other people have  
6 that this could really be because of where it's  
7 located. You have good people in Indiana. We  
8 know that. You've got fairly good weather, and  
9 you've got 11 million people within two hours of  
10 that hub called Lawrenceburg, and I think because  
11 of that alone you may five, eight years down the  
12 pike be looking at this to do for Indiana in this  
13 area and Ohio and Kentucky what Disney world did  
14 for Orlando, and I knew Walt Disney well when  
15 they started, and when they started Epcot they  
16 wanted to throw it out because it got too big,  
17 they said. Now it's not big enough.

18 So I think if you look at this -- I  
19 wouldn't be associated with a riverboat  
20 someplace. God only knows I have a lot of offers  
21 to buy into or run riverboat companies. This is  
22 a lot more than that and because of that I am  
23 very proud to be associated with it. I have been

1           fortunate in my life that I've always been with  
2           winners and I am not about to start playing with  
3           losers. This is a winning combination you have  
4           here in this group that sits behind me. Phil  
5           Kenny and these other people are tremendous  
6           people in their own right, entrepreneurs that  
7           have gotten very rich doing things right.

8                        So I want to say to the Commission I  
9           would hope that -- I've seen a lot of these. I  
10          would hope that -- I don't envy you, by the way,  
11          Commission, to go through all these presentations  
12          and you've got a big obligation here to the  
13          state. You have been a state that hasn't been  
14          doing any gambling so you're neophytes. I hope  
15          you learn from other states. I hope you'll pick  
16          the right people to first represent you. I don't  
17          think anybody's gambling at the moment in the  
18          state even though I guess you've approved two or  
19          three of them, but I would hope Empire would be  
20          at the top of your list because -- you can tell  
21          them you heard this from me. You can count on  
22          this. They will do a tremendous job in this part  
23          of the country for you both in jobs and in

1 revenues created.

2 So that's all I have to say, but again,  
3 a pleasure to be here. As I say, I always like  
4 to come back to Indiana. I'm not a carpetbagger.  
5 A lot of these people come from gaming venues  
6 that I've never heard of. We have two exotic  
7 ones. One in of all places, Deadwood, South  
8 Dakota, Coos Bay, Oregon. I really like Indiana.  
9 I'm from Michigan, and Michigan, Illinois,  
10 Indiana, Ohio is where my life was. Fifty years  
11 of building automobiles. So I know the people  
12 well. I know the dealers here well. I know our  
13 factory people well. It's good to be back. Now  
14 I hope I'll be part of a very fascinating  
15 business called gaming and entertainment and that  
16 I found out more than any other one thing.  
17 Casinos will come and go. There will be a lot of  
18 shakeout. A lot are going to die, unless you  
19 really have a concept of a family center. A  
20 destination resort is the buzz word. Unless you  
21 have that in total, you're not going to make it  
22 long-term. That's why I think even though this  
23 is a very ambitious project, it's going to work.

1 So to members of the Commission, I hope you give  
2 it serious consideration. I'm happy to be part  
3 of it and thank you for your time this morning.

4 MR. PHIL KENNY: I believe we have  
5 allocated our time. Thank you very much, Mr.  
6 Iaccoca. I understand the program is we take a  
7 break and we are back for questions and answers.  
8 Thank you.

9 (Short break taken.)

10 CHAIRMAN KLINEMAN: We do have some  
11 information for the applicants. We have settled  
12 on a date at which time we will be considering  
13 the applicants to whom we will issue the  
14 Certificate of Suitability and we've decided to  
15 have a business meeting and then go into the  
16 discussion of the awarding of the Certificate of  
17 Suitability a week from this Friday, June 30,  
18 1995. We cannot, however, have a meeting here in  
19 this room. It's been previously booked, so we  
20 have concluded to move that session to the Westin  
21 Hotel just across the street. So we will have a  
22 business meeting and it will be followed by the  
23 discussion concerning the awarding of the

1           Certificates of Suitability for Ohio, Switzerland  
2           and Dearborn County on June 30th. The meeting  
3           will start at nine o'clock and we'll do as we've  
4           done in the past which is have the business  
5           meeting first and then we will roll into the  
6           discussion concerning the certificates.

7                        I would presume that each of the  
8           applicants will have a representative present.  
9           We would not expect anything in the way of a  
10          full-blown presentation, but in case there are  
11          some questions that the commissioners think of  
12          between now and June 30th, if each of you would  
13          have a representative there it might be helpful  
14          in case questions remain that we need to have  
15          answers to.

16                      UNIDENTIFIED SPEAKER: Full delegations  
17          with technical people or a single representative?

18                      MR. JOHN THAR: Whatever they think is  
19          necessary.

20                      CHAIRMAN KLINEMAN: Whatever they think  
21          is necessary, which will mean everybody will  
22          bring everybody and probably won't even have room  
23          for the Commission when we get done. I wouldn't

1 think there would be a whole lot of real  
2 technical questions, but I guess it's all up to  
3 you. I wouldn't want to foreclose anything.

4 With that, I guess we are in a position  
5 to go forward with the questions for Empire. Are  
6 you going to have a moderator?

7 MS. JAN KEEFER: I'll be the moderator,  
8 Mr. Klineman.

9 CHAIRMAN KLINEMAN: Remember the request  
10 that those people who answer the questions please  
11 identify themselves so the court reporter can  
12 handle the situation.

13 MS. JAN KEEFER: Mr. Klineman, my name is  
14 Jan Keefer with Empire and I need to correct part  
15 of the record from the earlier part of my  
16 presentation. It was pointed out to me that I  
17 inadvertently slipped and said that our total  
18 investment would be \$3 million. That was \$300  
19 million. I apologize for that error. I am sure  
20 you're all quite amazed that we could do  
21 everything we said for \$3 million. So I  
22 apologize for that error.

23 CHAIRMAN KLINEMAN: I think we all

1 understood what you were saying.

2 COMMISSIONER BOCHNOWSKI: Your site is  
3 on the east side of the city and that's in an  
4 environmentally sensitive area as we've learned.  
5 I want to make sure that we're not destroying  
6 something that's wonderful here in Indiana and  
7 talk about what you have done to make sure that  
8 you're not eliminating any species, that you're  
9 not destroying wetlands. You talked about  
10 mitigation. You talked about the virtual reality  
11 thing that the Zoo is going to do. I just want  
12 to make sure and also to ask you if you've spoken  
13 with the people from the organizations. Is this  
14 something you've worked with them on?

15 MS. JAN KEEFER: There's several parts to  
16 that question. I think we'll first start with  
17 Dave Wenzel from HNTB and he can address the  
18 issue of the research that we did regarding the  
19 wetlands and of that we can have someone from the  
20 Zoo speak about the discovery center.

21 MR. DAVE WENZEL: My name is Dave  
22 Wenzel. I'm the project manager for the  
23 architectural engineering and planning group



1 HNTB. We were involved in terms of overseeing  
2 the other architects and engineers related to the  
3 specific question of wetlands. We had a wetlands  
4 study performed by J.F. New & Associates. That  
5 study has been turned over to the Corps as part  
6 of our 404 permit. What that study found were a  
7 couple things. One, on the entire 160 to 170  
8 acres there are 24 acres which are classified as  
9 what are termed jurisdictional wetlands which  
10 meet the criteria of the federal government. Out  
11 of those 24 acres nine of the acres would be  
12 removed because of the location of our project  
13 and would be mitigated on site through the  
14 development of 30 acres of the wetlands facility  
15 on site, so the mitigation would be between a  
16 three to four to one ratio.

17 COMMISSIONER BOCHNOWSKI: This is actual  
18 creation of wetlands? This isn't that  
19 entertainment area?

20 MR. DAVE WENZEL: Yes, the 90 acres  
21 north of the railroad, the acreage of the  
22 wetlands is pretty evenly split, about twelve  
23 acres on the north side if you imagine the

1 railroad being east-west. About twelve acres on  
2 the north and about twelve acres on the south.  
3 The largest concentration is in the northeast  
4 corner of the property which would be preserved.

5 Another environmental issue that we have  
6 spent a great deal of time and a great deal of  
7 sensitivity to and we believe to be equal in  
8 terms of importance is the issue of what's termed  
9 a floodway. Floodway is essentially the channel  
10 portion of the river that allows for the flooding  
11 to occur. You can build in a flood plain but you  
12 cannot build in a floodway. We have done a  
13 number of models. We have conversed with the  
14 state as well as the Corps, and the floodway is  
15 defined as the railroad tracks and that it is our  
16 opinion and the reconnaissance of the meetings  
17 that we've had is that no construction would be  
18 able to occur for permanent facilities in that  
19 portion, so therefore, our facilities are all  
20 behind the floodway.

21 COMMISSIONER BOCHNOWSKI: Also, you may  
22 have been involved in this. Is there a  
23 archeological problem with your site?

1 MR. DAVE WENZEL: We've met with the  
2 Department of Natural Resources as well as the  
3 Corps in terms of the archeological questions.  
4 There have been -- and we have conducted and it  
5 is part of our Part II application. The  
6 preliminary reconnaissance through Ball State and  
7 the literature search, we've had conversations  
8 and meetings with the Department of Natural  
9 Resources which call for a follow-up detailed  
10 site specific diggings. DNR wanted to only allow  
11 one developer on the site at a time, and we are  
12 the one that is in line to be able to do those  
13 diggings.

14 COMMISSIONER BOCHNOWSKI: What will you  
15 do if you find there's a problem?

16 MR. DAVE WENZEL: As was explained  
17 yesterday, the process is you identify the extent  
18 and the range of the facilities through  
19 predominantly Department of Natural Resources.  
20 We get the feedback in terms of their assessment  
21 of the sensitivity of those features and what  
22 would need to be done, and obviously we would  
23 comply with whatever the Department of Natural

1 Resources suggested.

2 COMMISSIONER BOCHNOWSKI: Thank you.

3 MR. MICHAEL MAURER: I'm Michael Maurer  
4 I'm current chair of the Zoological Society.  
5 It's a voluntary position. I want to address the  
6 discovery center that you brought up. The  
7 discovery center in the project that the Zoo is  
8 entirely in charge of or ultimately in charge of,  
9 and as you know, your Zoo -- I say yours because  
10 it's the Indiana Zoological Corporation. Is  
11 not-for-profit and brings to this project a great  
12 deal of expertise. The executive director of our  
13 Zoo is Jeff Bonner, Dr. Jeff Bonner, and he  
14 developed the discovery center in Missouri, in  
15 St. Louis. Extraordinary successful facility, so  
16 we have a great deal of confidence in our  
17 expertise to do this and do it well, and of  
18 course, the Zoo has no profit motives. We want  
19 to do the very best for this project as we  
20 possibly can.

21 COMMISSIONER BOCHNOWSKI: Have you spoken  
22 with the people who are involved in the Oxbow  
23 area?

1 MR. MICHAEL MAURER: Our folks at the  
2 Zoo have ongoing dialogue with all concerned,  
3 yes.

4 COMMISSIONER BOCHNOWSKI: Are they -- do  
5 you feel that they're satisfied with what  
6 you've --

7 MR. MICHAEL MAURER: So far we think we  
8 have a pretty good rapport.

9 COMMISSIONER ROSS: One question. I  
10 think this the financing is going to be provided  
11 by bond letting through the Llama Corporation.  
12 Is there a back-up position for that if that  
13 doesn't occur? How would you find --

14 MR. MICHAEL MAURER: The Zoo is not  
15 responsible for the financing portion of the  
16 discovery center. This would be financed through  
17 Llama, but I think someone else here can address  
18 that. We're in charge of running the facility  
19 and make sure it's done right, but the money is  
20 somebody else.

21 MR. PHIL KENNY: I guess two issues, Dr.  
22 Ross, before I make a quick comment on that to  
23 get back to the environmental side of this.

1 Phillip Kenny of the Kenny Companies. One of the  
2 things I think that becomes very apparent in the  
3 site as we have moved into a position to take a  
4 look at the situation. The amount of detailed  
5 studies that have been done on the property in  
6 Lawrenceburg has been so extensive, but I don't  
7 want to put the unexpected on you, but the fact  
8 of the matter is as of recently in making a  
9 business decision we have looked at an adjacent  
10 piece of property which we have the first right  
11 and option on that is adjacent to this property  
12 consisting of 38 acres. Environmental issues are  
13 not as extensive on that property, so we have  
14 addressed that issue, but a business alternative  
15 relative to that aspect also, so we are looking  
16 at every alternative, not only from the detailed  
17 study, but secondly from an alternative site that  
18 we think has some merit in there are  
19 environmental issues that have to be addressed.  
20 Dr. Ross, yes, the comment I'm sure it will be  
21 brought up again, but to say it very  
22 unequivocally. The financial commitment from the  
23 people we put before you today is there. There

1 is no exceptions. It's unequivocal. It is a  
2 commitment that is strong, and that's why we put  
3 together the group that we have. The commitment  
4 of funding is there totally.

5 COMMISSIONER ROSS: So then Mrs. Walton  
6 would be responsible for doing it if the bond was  
7 not let?

8 MR. PHIL KENNY: Robert Miller is going  
9 to answer the technical portion of that. Robert.

10 MR. ROBERT MILLER: Good morning. I'm  
11 Bob Miller from the project manager. We've  
12 established a 501 C3 corporation. That  
13 corporation will be able to issue the bonds.  
14 Underwriting of the bonds will be done through  
15 Llama Corporation which has a long history of  
16 both municipal, tax exempt and this kind of  
17 charitable organization, and I've worked with  
18 them on many other projects. They can do this  
19 level of funding. The underlying guarantees for  
20 the bonds come from Empire itself. We take  
21 advantage of the tax exempt nature of the funding  
22 of this because of its public use and we think  
23 that it provides us the leverage funds. So we

1 can spend more and do more.

2 COMMISSIONER ROSS: Thank you.

3 COMMISSIONER BOCHNOWSKI: I guess you can  
4 understand I'm happy to hear that you are going  
5 to be -- that you are looking at other spots  
6 because we're in a position here where if we look  
7 at the east side of town we're worried about the  
8 environment. There's no sense in us trading off  
9 something that's native to Indiana that makes  
10 Indiana special for another business. On the  
11 other side we've got problems with traffic. So  
12 we really have to weigh these things and make  
13 sure everybody is addressing these issues.

14 MR. PHIL KENNY: Right, I think it's  
15 interesting to note, as I said, with the fact  
16 looking at alternatives we have negotiated an  
17 option and a right on another piece of property  
18 with the Wilkersons, so we have that in line and  
19 we are further studying the issues on that piece  
20 of property.

21 MR. JOHN THAR: With regard to your  
22 site, it's extremely difficult from the  
23 submissions as part of your application to



1 determine exactly what is encompassed in the  
2 overall development. Is it all of the  
3 conservancy plus private property? Is it any  
4 part -- does it encroach on any part of the Oxbow  
5 land? Could you give us -- because we can't tell  
6 from the schematics that we have. Furthermore,  
7 we can't tell to what extent you're going to have  
8 to dredge up this channel that's proposed for the  
9 boat to be in. To what extent that's existing or  
10 that's totally new construction, can you address  
11 those issues?

12 MR. PHIL KENNY: Dave, I'd like you to  
13 address that.

14 MR. DAVE WENZEL: Again, Dave Wenzel.  
15 The site -- we have a property ownership map that  
16 was included in the Department of Natural  
17 Resource permit, and it's our understanding in  
18 the research that our entire site is within  
19 conservancy district ownership of the the City of  
20 Lawrenceburg ownership. It includes  
21 approximately 80 acres which is kind of the  
22 largest site north of the railroad and then about  
23 an equal size site south of the railroad, which

1 is under water a great deal of the time. The  
2 channel that we propose is proposed for a number  
3 of reasons. The channel would go -- if you would  
4 allow me to show a graphic here real quick.

5 MR. JOHN THAR: Show the graphic and  
6 just kind of give us where it sits in relation to  
7 what we have seen down in Lawrenceburg.

8 MR. DAVE WENZEL: What you have seen in  
9 the presentation, for example, yesterday by  
10 Ameristar, the property, the 80 to 90 acre  
11 site -- this is U.S. 50 coming in. The  
12 conservancy district property is here. This is  
13 the railroad, CSX Railroad coming along here and  
14 then into downtown. Then there is a large  
15 portion of property almost equal in size south of  
16 the railroad.

17 MR. JOHN THAR: Where is the existing  
18 levee in that picture?

19 MR. DAVE WENZEL: The existing levee is  
20 right here. Comes along here, basically borders  
21 the river and then goes north, if you will, by  
22 the old lumber yard facilities. So our site,  
23 again if you picture this that the railroad is

1 running east-west, the existing levee is the west  
2 boundry. We would construct a new levee along  
3 the edge of the property to encompass the entire  
4 property. That is necessary for a couple  
5 reasons. One, the properties are within the  
6 extent of two flood plains. There is the Ohio  
7 River as well as the Great Miami. It does no  
8 good to develop a levee in this situation. You  
9 need to surround the entire site so you can  
10 obtain access from U.S. 50. So the backwater, if  
11 you will, flooding from the Great Miami doesn't  
12 cut off your access.

13 MR. JOHN THAR: What then is your north  
14 boundry?

15 MR. DAVE WENZEL: The northern boundry  
16 would be U.S. 50, then the eastern boundry, this  
17 is the Oxbow property ownership.

18 MR. JOHN THAR: So you're adjacent to  
19 the Oxbow?

20 MR. DAVE WENZEL: Yes.

21 MR. JOHN THAR: We've heard a lot about  
22 this property owned by the Whittakers. Does your  
23 development encompass that piece of property?

1 MR. DAVE WENZEL: It does not in this  
2 proposal.

3 MR. JOHN THAR: With regard to the  
4 harbor, will that totally have to be dredged out  
5 of that area?

6 MR. DAVE WENZEL: Yes, again, our  
7 purposes for the dredging were multiple. Number  
8 one, it's our opinion, based on the meetings that  
9 we've had with Department of Natural Resources  
10 and the Corps, that the floodway exists basically  
11 along the edge of the railroad and that you would  
12 be hard pressed to build south of the railroad in  
13 the floodway. So we need to be able to get our  
14 boat up to our land-base facilities. So the  
15 concept of developing a channel was done for that  
16 reason, as well as we met with the Coast Guard.  
17 We met with the barge company. There are two  
18 major facilities that have a lot of barges. I  
19 know you had the safety issue a lot in  
20 Evansville. Obviously the river is much wider  
21 here, but the issues in this site relate to the  
22 fact that you have two power plants that have  
23 barges tied up literally all the time and that

1 the potential of a barge breaking away in our  
2 understanding of the incident rate of that  
3 happening, we felt -- and we've gotten some  
4 concurrence. Again, the Corps is not going to  
5 give us the specific answer until they process  
6 the permit, but the feedback that we got from  
7 them was that they very much favored this channel  
8 concept in order to provide a protected harbor  
9 from not only break-away tows, but in the  
10 wintertime there are ice flows in the Ohio River.

11 MR. JOHN THAR: Will your boat have the  
12 capability of getting out of that harbor into the  
13 Ohio River?

14 MR. DAVE WENZEL: Yes, sir, you have two  
15 points of in and out into the channel, and it  
16 would be dredged and that would require a permit  
17 which we have filed again with the Department of  
18 Natural Resources.

19 COMMISSIONER BOCHNOWSKI: How does that  
20 dredging effect the wetlands?

21 MR. DAVE WENZEL: This is the one  
22 wetlands area, probably the most major facility  
23 that we would be taking out would be in this --

1 where the channel is. There's about an 8.6 acre  
2 wetland approximately in this area and then a .4  
3 acre wetland here and then the remainder are  
4 exists this is an 11.6 acre wetland that will be  
5 retained and there are three acres of wetlands in  
6 here and then this is our mitigated wetlands area  
7 here.

8 COMMISSIONER BOCHNOWSKI: How do you deal  
9 with the railroad then going through there? How  
10 do you get --

11 MR. DAVE WENZEL: The railroad, we had  
12 met with the CSX, and let me state that our  
13 company has been involved for the last ten years  
14 with the City of Lafayette on their very  
15 extensive railroad relocation process, and so we  
16 have a whole focus of our practice is dealing  
17 with the railroads. We've met with the CSX and  
18 we know their design parameters. The railroad  
19 would remain where it is. There would be not be  
20 any tunnels. The queing area would be built over  
21 the railroad facility. We have a section in the  
22 drawings showing how that works.

23 COMMISSIONER BOCHNOWSKI: So in other

1 words, you'd have a kind of a bridge or some kind  
2 of facility over and the train would go  
3 underneath?

4 MR. DAVE WENZEL: Right, the elevations  
5 work so that you would come up to the dropoff  
6 point that you saw in the video and that would  
7 be -- you would go up one floor, if you will, to  
8 then come across the queing area.

9 COMMISSIONER SUNDWICK: What kind of  
10 train traffic goes through there currently?

11 MR. DAVE WENZEL: There is approximately  
12 three to four trains a day going through there.  
13 It's a fairly major line between Cincinnati and  
14 Vincennes, and again, we've had a number of  
15 meetings with the railroad and we know and we've  
16 dealt with the CSX on a number of projects and  
17 the concept of trying to develop an underpass or  
18 other concepts, they're much more favorable to an  
19 overpass over the facility because they don't  
20 have to move anything. Because on an underpass  
21 you would have to build a temporary railroad in  
22 order to build the bridge facility, and again,  
23 the railroad takes a while to get those things

1 through the process.

2 COMMISSIONER BOCHNOWSKI: Where would  
3 your temporary facility be?

4 MR. DAVE WENZEL: Our temporary facility  
5 would be on this site and we've identified there  
6 would be approximately \$40 million worth of  
7 improvements to get our temporary boat at a point  
8 where it could receive the riders and would  
9 involve portions of the levee being constructed  
10 to accommodate the temporary boat.

11 COMMISSIONER BOCHNOWSKI: So the work you  
12 do for the temporary facility would then apply to  
13 the permit?

14 MR. DAVE WENZEL: There would be some  
15 lost cost of concern things that would be done on  
16 a temporary nature, but approximately 60 percent  
17 of that investment to 70 percent of that  
18 investment would be part of the permanent  
19 facilities.

20 COMMISSIONER MILCAREK: You've indicated  
21 in your presentation that would be a major  
22 undertaking dredging that material. What would  
23 you do with the fill that you've taken out of



1           there?  What are you going to do with the  
2           dredgings?

3                       MR. DAVE WENZEL:  I must say we analyzed  
4           four sites and we felt strongly that this was the  
5           most appropriate site for a variety of reasons.  
6           One of the reasons is this area we obtained the  
7           drawings for the original levee that was done in  
8           1940.  The fill for the original levee or  
9           portions from the original levee -- and again,  
10          this is included in our Department of Army  
11          permit.  A majority of the fill came out of this  
12          site and, in fact, many of the wetlands, as our  
13          wetlands expert could tell you better than I,  
14          many of those wetlands were created out of the  
15          borrow for the construction of the fill.  We have  
16          assessed that that fill was adequate with  
17          probably some mixing of other materials to build  
18          the levee at that time.  We've met with INDOT in  
19          terms of the construction of when they built  
20          I-275 and the soil conditions there.  It's our  
21          thought that the fill taken out of the dredging  
22          would be in part used for the construction of the  
23          levee.  As Mr. Kenny indicated, we have -- or he

1 has a lot of experience, connections with  
2 companies that have major dredging operations.

3 COMMISSIONER SUNDWICK: So in fact, the  
4 wetlands you create right now were really just  
5 dredged up because we build a levee some other  
6 time; they weren't really there to begin with?

7 MR. DAVE WENZEL: That's correct.

8 COMMISSIONER SUNDWICK: What's the  
9 chances of an archeological site being there when  
10 they ripped it up however many years ago?

11 MR. DAVE WENZEL: I think that is an  
12 issue because there are a number of spoil areas  
13 or borrow areas that were dug up, and I would  
14 suspect at that time they didn't go through the  
15 environmental review and found some things that  
16 have been removed, but none the less, we think  
17 there are still -- again, I don't want to  
18 overshadow that our meetings with DNR indicated  
19 there were some other sites that need to be  
20 specifically identified and dealt with.

21 COMMISSIONER VOWELS: Have you, as far as  
22 what your proposal is with the Oxbow area with  
23 the environmental groups, have you spoken with

1           them about your proposal and, if so, what is  
2           their reaction to it?

3                       MR. DAVE WENZEL: We have spoken to them.  
4           I've spoken to them briefly over the last couple  
5           days to try to bring them up to speed on some of  
6           the latest design concepts. There have been  
7           other communications. I couldn't speculate their  
8           feedback. I think -- my understanding is they  
9           will have time on Thursday, I believe, to get  
10          their response. I would be speculating.

11                      COMMISSIONER VOWELS: You don't have any  
12          black and white source from them at this time; is  
13          that correct?

14                      MR. DAVE WENZEL: No, sir.

15                      COMMISSIONER BOCHNOWSKI: So this has  
16          been a fairly recent communication.

17                      MR. ROBERT MILLER: I'm Bob Miller. We  
18          started talking to Oxbow day one two years ago.  
19          We, along with two other companies, funded a  
20          \$70,000 study of the impact on the birds and the  
21          bees associated with the conservancy area. We've  
22          been in communication with them on an almost  
23          constant basis. One of the things that we've

1           tried very hard in our design is both control  
2           noise and light pollution. We think that with  
3           the excellent work of HNTB and others that the  
4           hydrology and wetlands issues are resolved. We  
5           really believe that we we will resolve those.  
6           The two issues outstanding for which we think we  
7           have a solution -- we clearly have a solution for  
8           are noise and light pollution and we think we  
9           have a program. We've communicated with them and  
10          we'll be glad to answer any questions about those  
11          communications.

12                           COMMISSIONER BOCHNOWSKI: That's  
13          interesting. I had never thought of that. I  
14          would assume that if you're talking about bats,  
15          light pollution is an important issue. What are  
16          you going to do about that?

17                           MR. ROBERT MILLER: I think part of it is  
18          we've established -- about our project we've  
19          established a substantial green area, a buffer  
20          zone between us -- the conservancy area but also  
21          the City of Lawrenceburg, that we hopefully that  
22          this will be a 24-hour seven-day-a-week operation  
23          and people will be coming there, so essentially

1 through our traffic plan, through the parking  
2 programs, through the actual design of the  
3 project which provides major green areas and the  
4 levee itself, we've created a substantial buffer  
5 for both noise and light pollution. I'm very  
6 proud of those issues. I live in a town that has  
7 two casinos and I wish they had done all this  
8 work before they started.

9 COMMISSIONER BOCHNOWSKI: I guess I was  
10 worried with the bats and the people care about  
11 it too.

12 MR. ROBERT MILLER: I think part of the  
13 issue it is highly industrialized. There are two  
14 major power plants that bracket the community and  
15 it's on some of the most heavily traveled  
16 interstates in the country.

17 MR. DAVE WENZEL: I will say in the  
18 design we had the findings of the report which  
19 Empire helped fund along with a couple other  
20 gaming establishments and incorporated many of  
21 the concepts into this design as well.

22 COMMISSIONER SUNDWICK: You aren't  
23 worried about the trains going under there from



1 noise pollution?

2 MR. DAVE WENZEL: Vibrations and yes,  
3 sir.

4 COMMISSIONER SUNDWICK: We're worried  
5 about what everybody else thinks and you've got a  
6 train going under your facility.

7 COMMISSIONER BOCHNOWSKI: Can you deal  
8 with that, the train problems, the vibrations and  
9 noise?

10 MR. DAVE WENZEL: Yes. Again, we've had  
11 quite a bit of experience in dealing with the CSX  
12 in particular on a number of design issues  
13 related to sensitive environmental areas as well  
14 as related to adjacent development and firmly  
15 believe that this solution is by far the most  
16 advantageous solution and the best solution  
17 because it keeps their tracks in place, doesn't  
18 involve any delays in trying to build a parallel  
19 track while a bridge is constructed and doesn't  
20 modify the alignment of their railroad.

21 COMMISSIONER VOWELS: In your application  
22 it states in here that there will be construction  
23 of infill buildings.

1 MR. DAVE WENZEL: In downtown, as the  
2 video showed, we have proposed some in infill.  
3 There are a couple of vacant spaces, if you will,  
4 along the downtown area between buildings where  
5 there's no building. An infill building is  
6 putting in a building in that cavity that matches  
7 the character and the integrity of the historic  
8 district, and that's our investment and our  
9 proposal for that is of a scale to compliment the  
10 existing historic district and to try to provide  
11 an opportunity for the visitors to have a way to  
12 get to downtown and to frequent the businesses,  
13 et cetera.

14 COMMISSIONER VOWELS: Who will own the  
15 infill building? Will you rent that out to  
16 different businesses or what's the intention with  
17 that?

18 MR. DAVE WENZEL: Yes, part of the  
19 proposal were some renovation funds, if you will,  
20 for existing businesses as well as then there  
21 was -- one of the concepts was an infill building  
22 that could be utilized perhaps for the gaming  
23 school, et cetera, office, associated with the



1 project.

2 COMMISSIONER VOWELS: But someone owns  
3 the empty lot in between these buildings. You  
4 would have to purchase that.

5 MR. DAVE WENZEL: Right.

6 COMMISSIONER VOWELS: Have you had any  
7 discussions with the owners of those empty lots  
8 about what the price would be or the project?

9 MR. DAVE WENZEL: No, sir.

10 COMMISSIONER SUNDWICK: What does this  
11 all have to with this Wall Street place? I saw  
12 that and that's what we're talking about.

13 MR. DAVE WENZEL: Walnut Street. At the  
14 foot of Walnut Street -- as you recall, in  
15 Lawrenceburg Walnut Street is basically the  
16 street that goes right into the levee and has the  
17 drive going up. This would be the area right in  
18 there where we would propose to relocate the  
19 train station and do some historic complimentary  
20 historic district projects.

21 COMMISSIONER SUNDWICK: Seems like you  
22 have a wonderful program. Why, in your opinion,  
23 were you not picked as one of the three final

1 lists by the City of Lawrenceburg? You may not  
2 want to answer this.

3 MR. ROBERT MILLER: We don't know. I  
4 don't mean to be facetious. We feel that  
5 we've -- we just don't know. We think that based  
6 on the consultants reports on the objective  
7 analysis of others in terms of the scale of the  
8 project, we just don't know.

9 COMMISSIONER SUNDWICK: If you were given  
10 a license, would you be able to work with the  
11 city, your relationship with the city?

12 MR. ROBERT MILLER: In designing the  
13 presentation we spent approximately 25 percent of  
14 the presentation talking about the development  
15 agreement. That is a fully executed document  
16 which is specific to the property rights,  
17 benefits, our responsibilities, their  
18 responsibilities, how we mediate issues, highway  
19 practices and et cetera. If we're going to be  
20 endorsed we would do no more than what is  
21 currently in the development agreement. I'd like  
22 to think that we have a very good relationship  
23 with the council there. Certainly we feel very

1 comfortable in working with them and I would  
2 encourage you to ask them if they can work with  
3 us.

4 COMMISSIONER SUNDWICK: They'll get their  
5 chance.

6 MR. ROBERT MILLER: I think from a  
7 practical perspective we have dotted all the i's  
8 and crossed the t's in terms of working together  
9 from a personal perspective.

10 COMMISSIONER SUNDWICK: You showed \$91  
11 million going to the city. You showed a graphic,  
12 I think it said, \$5 million for ten years. Is  
13 that \$5 million a year for ten years?

14 MR. ROBERT MILLER: \$5 million for the  
15 first -- as Mr. Wenzel was speaking, let me  
16 preface this by saying our intention is to  
17 provide significant funds to the City of  
18 Lawrenceburg and Dearborn County for the use by  
19 the decision-makers of Dearborn County. When we  
20 talk about the Walnut Street Plaza we're talking  
21 about a cooperative venture that our role is to  
22 provide the funds for. They make the decision  
23 about how they would spend those funds. The

1 basis of the development agreement is three  
2 parts. First is an up-front first day commitment  
3 \$5 million which is unrestricted. We would like  
4 to see it go for downtown. The second portion of  
5 this is the actual terms of the groundings which  
6 is a floor of \$6 million and then additional  
7 increments if we do better based on gaming  
8 revenues. The third part is dedicated committed  
9 funds for such things as sewer treatment plants  
10 which will go on the I&M property immediately  
11 west of the site. Taken together -- as a  
12 practical matter, the terms of those things, the  
13 scope of that agreement was in fact defined by  
14 the city in terms of what they told us in terms  
15 of -- this was not our idea to build a sewer  
16 treatment plant. "We want to build a waste water  
17 treatment plant. This is what it's going to  
18 cost. Will you do it?" And we said sure. We  
19 said okay. I don't think we said sure. It's a  
20 lot of money. Ten or twelve million dollars.  
21 But certainly as we said in the document, it's a  
22 privilege to have this license and we have to  
23 earn that privilege. Part of it is being

1 responsible corporate citizens. So have I  
2 answered your question?

3 COMMISSIONER SUNDWICK: You did. I got a  
4 couple more. On your site you also talked about  
5 the City of Lawrenceburg, the City of  
6 Lawrenceburg, the City of Lawrenceburg. There  
7 was no place you talked about Dearborn County.

8 MR. ROBERT MILLER: There are three -- as  
9 you know, there are three cities connected all  
10 about the same size, Lawrenceburg, Aurora and  
11 Greendale. Under the statute it was our  
12 interpretation that the primary negotiations and  
13 the primary relationship was with the host city.  
14 Fortunately, the city fathers of the county and  
15 those three communities have joined together in,  
16 I think, a very innovative revenue-sharing  
17 program and, again, our job is to be very  
18 successful in what we do. Provide a do-able  
19 resort. To do so in a highly professional and  
20 ethical manner and give the state and city and  
21 the county a lot of money, and that's our  
22 intention.

23 MR. JOHN THAR: Can we talk for a

1 minute --

2 COMMISSIONER BOCHNOWSKI: The three  
3 endorsed companies have signed a development  
4 agreement also with the city. This development  
5 agreement that you have signed, is that basically  
6 the same agreement that they have signed or are  
7 you giving the city as much or more as the other  
8 companies or is this somewhat less?

9 MR. JAY BOYD: I'm Jay Boyd, also legal  
10 counsel to the company. Our agreement -- before  
11 the Part II's were filed on April 13, 1994, and  
12 the weeks leading up to that the City of  
13 Lawrenceburg with its legal counsel, the Lowe  
14 Gray firm here in Indianapolis, went through a  
15 series of negotiations with all the prospective  
16 developers relative to a project agreement with  
17 the city. There were a series of parallel  
18 negotiations for these agreements and I think the  
19 guts of the agreement, a lot of the provisions of  
20 the agreement are the same. Some of the  
21 inducements or special packages from party to  
22 party differ somewhat, but the bulk of the  
23 agreement, the operative terms, to my

1           understanding and recollection from a brief  
2           review of some of those documents at that time,  
3           are generally the same. I think there are some  
4           points and numbers in the style of some of the  
5           inducements, but Dr. Miller referred to the city  
6           had certain conditions it absolutely wanted to  
7           have in the development agreement that most of  
8           the parties through the successful negotiations  
9           with the city, the developers agreed to do.

10                   COMMISSIONER BOCHNOWSKI: So you have  
11           also agreed to those non-negotiable?

12                   MR. BOYD: Yes.

13                   MR. ROBERT MILLER: I believe Mr.  
14           Sheridan is here. As I recall, during the  
15           analysis conducted by the city's experts our  
16           total package was number two out of the five that  
17           have been submitted. We know that it does  
18           everything that we can possibly do to demonstrate  
19           that we're committed to the city and we're going  
20           to do a great job.

21                   MR. JOHN THAR: Can we talk about your  
22           financing? As of the time that we prepared the  
23           analysis in our reports you got a projected

1 project of \$284 million and no financing program.  
2 Yesterday, June 19th, we received a letter  
3 indicating that the Kenny Group is going to put  
4 \$40 million into the project in return for a 60  
5 percent interest. Also today it was represented  
6 the project is not \$284 million but \$300 million.  
7 Where is the other \$260 million coming from?

8 MR. PHIL KENNY: As far as the  
9 additional financing of that? The commitment of  
10 the group has been all along very straight  
11 forward and simple is that we've assembled,  
12 because of the size of this project, probably the  
13 net worth of this group exceeds \$3 billion. That  
14 is probably a shortfall. So the questions that  
15 we've had going through in our mind in any  
16 particular business deal is you always would set  
17 up an equity and debt structure. That is the the  
18 case in point here. I think we could parade up  
19 here with every investing banker in the United  
20 States with this group that we have behind us.  
21 We have a financial advisor, the Iaccoca Capital  
22 Group, that's been on board since day one of this  
23 project, and collectively with them in discussing



1 the alternatives and options we felt that  
2 internally if we need to finance this we can  
3 stand up and say we can finance it.

4 MR. JOHN THAR: But that's the problem.  
5 We have \$40 million we know from the letter  
6 submitted to us yesterday submitted by what's  
7 referred to in there as the Kenny Group, but we  
8 don't have any knowledge as to where the other  
9 \$260 million is coming from. What we're getting  
10 is all the different options from where it could  
11 come from. Absent knowing where it is coming  
12 from, we have no idea what your debt costs are  
13 going to be.

14 MR. PHIL KENNY: Basically the way the  
15 project is laid down is we gave you first  
16 estimate and a first bluch based on the equity  
17 and debt component of the project. It is our  
18 responsibility, this group collectively, to place  
19 that debt component. As far as having that, as I  
20 said, I think we could have stood up and we could  
21 have had letters -- I believe at one point in  
22 time there was a submission before we got  
23 involved in the project of the commitment on a

1 capital structure. But with the significant net  
2 worth and value of the people we've brought to  
3 the table obviously our debt financing is going  
4 to be something that may come internally from the  
5 net worth of the group and going to their  
6 particular financial institutions. Now, as far  
7 as the debt component, I can honestly tell you  
8 this, that any investment bank would put their  
9 money behind this group, and that's a statement I  
10 think that if we wanted to have Oppenheimer,  
11 Iaccoca Capital, anyone of the nature we've  
12 talked to, they would stand up and say that  
13 unequivocally.

14 MR. JOHN THAR: Iaccoca Capital and  
15 Carnival has been involved in this for quite some  
16 time, but based upon our analysis they are not  
17 committing any funds to the project or had not as  
18 of last week. Does that remain the same?

19 MR. PHIL KENNY: Iaccoca Capital?

20 MR. JOHN THAR: Yes.

21 MR. PHIL KENNY: I would like my client  
22 to address that, if he may, at this point in  
23 time. Michael. He's president of Iaccoca

1 Capital.

2 MR. MICHAEL KLINE: Good morning. I'm  
3 Michael Kline, managing partner of Iaccoca  
4 Capital. I come from Wall Street, fortunately or  
5 unfortunately. I've been there for 25 years, and  
6 as a managing director of Baresterns [sic.], I  
7 founded and ran their entertainment media and  
8 gaming group. As Phil just said, anybody could  
9 come here with the highly confident letter as he  
10 has from us. Wall Street typically are a bunch  
11 of chickens. They like to get your blessing  
12 first and then we all line up and say we can do  
13 it, and we can. Any one of us. So we went to  
14 Phil Kenny and we said why don't you go with your  
15 substantial group and all your resources that are  
16 needed here and finance this deal from top to  
17 bottom. That's good news for us and that's bad  
18 news for us. It's bad news because we collect  
19 less fees. It's good news because it assures the  
20 completion of the project. When Mr. Kenny and  
21 his resourceful partners said they would do that  
22 I asked them this morning, having spent the last  
23 day with them, if they would be so kind as to

1 invite us in to invest alongside of them. They  
2 had agreed and we will go as far as they will  
3 allow us to go in terms of the equity and debt.  
4 To answer your earlier question, any one of us  
5 could finance the balance of the project. The  
6 interest rates would run anywhere from eight and  
7 a half to 14 percent. The cash flow seems to  
8 suggest that they're very finance-able and very  
9 supportive.

10 MR. JOHN THAR: Why hasn't anybody  
11 stepped forward until today then to make that  
12 commitment?

13 MR. MICHAEL KLINE: Mr. Kenny has. It  
14 really has not been our goal in life to go  
15 forward. We believe that this project along with  
16 probably three hundred other gaming projects --  
17 and we really have committed to very few. We  
18 made a deal with Mr. Schilling early on to stand  
19 by and to do all the debt financing provided he  
20 had the equity. We felt there was a lot of risk  
21 in this deal early on. We feel the risk has been  
22 eliminated by the Kenny Group and that's why we  
23 didn't in the early stages.

1                   CHAIRMAN KLINEMAN: Before we leave this  
2                   topic, will you first let me say as a personal  
3                   matter. I have from time to time indicated that  
4                   it's very difficult for this Commission to chase  
5                   a moving target, and you are a prime example of a  
6                   moving target. All the material that was  
7                   submitted to us until yesterday basically didn't  
8                   provide any financing. It really didn't show us  
9                   what was happening. All of a sudden as of  
10                  yesterday, which was after we have even started  
11                  the hearings in the southeastern corner of the  
12                  state, and I'm not trying to pick on you. You're  
13                  been standing by the microphone right now. We  
14                  have a financing package. Now, without  
15                  committing this Commission or myself to  
16                  considering this financing package which has now  
17                  been bottled and brought to our attention as of  
18                  yesterday, at least tell me how the ownership is  
19                  going to break down if this financing comes in  
20                  place? Who is going to have what percentage  
21                  and -- I even see an agreement.

22                   MR. PHIL KENNY: I apologize, Mr.  
23                   Klineman. I do have the bulletproof vest on so

1 I'll take the mike.

2 MR. KLINEMAN: Just to finish my -- this  
3 agreement purports to change the relationship of  
4 Carnival, in my judgment as a lawyer, and  
5 Carnival is not even a party to this agreement.  
6 I just wonder do all the parties know exactly  
7 where they are and so forth?

8 MR. PHIL KENNY: One of the things on  
9 the Carnival -- and I'll address that very  
10 quickly -- is Carnival is fully committed to this  
11 project. I had a personal conversation with Mr.  
12 Sturgess, but Mr. Sturgess would have been here,  
13 but the last number of years he's taken his  
14 family to Cape Cod this weekend and it's been  
15 something he's done, and he basically has sent  
16 his people, but in talking to Mr. Sturgess, it  
17 does not change Carnival's commitment.

18 CHAIRMAN KLINEMAN: Carnival has an  
19 option to buy 9.9 percent and prior to yesterday  
20 they had an option to buy 9.9 percent at a price  
21 and now that has been changed and they've agreed  
22 to it or haven't agreed to it?

23 MR. PHIL KENNY: Yes, they have agreed

1 to it. The price structure that you see is  
2 basically land out the equity component that  
3 Carnival would exercise their equity right in  
4 that agreement. As difficult as it is to  
5 understand, we tried to keep a lot of the  
6 components intact. We know we've thrown a lot at  
7 you, but as far as the commitment, the financial  
8 commitment that we have before these people is  
9 very simply. We know that the Commission has not  
10 done the investigative work on a number of these  
11 principles. A number of them are approved in  
12 gaming jurisdictions. The financing commitment  
13 from us is unequivocal though. We know that we  
14 will get approved and it's an unconditional  
15 commitment that that equity and debt portion of  
16 this project will be brought in by our group.

17 CHAIRMAN KLINEMAN: You've gone over to  
18 another subject. What percentage --

19 MR. PHIL KENNY: The percentage of the  
20 ownership will be such. The Kenny Herb Group,  
21 which is Mr. Herb, will own approximately 20  
22 percent. Aerie Peterson will also have 20  
23 percent. Mr. Jerry Robinson will have ten

1 percent. Someone is throwing a number at me.

2 COMMISSIONER SUNDWICK: Who was the  
3 second gentleman?

4 MR. PHIL KENNY: Aerie Hotels and  
5 Casinos, a company based out of Oak Brook,  
6 Illinois. We have the Carnival option in there.  
7 We have Mr. Alan Paulson who has the right to  
8 take ten percent. We have the people at Iaccoca  
9 Capital which is an unlimited -- not an unlimited  
10 commitment, but a fact of working them into the  
11 equation. We have Mr. Schilling at 16 percent  
12 and a group of 14 percent who worked on this  
13 project from day one.

14 COMMISSIONER SUNDWICK: That 16 percent  
15 is not an option?

16 MR. PHIL KENNY: No, he is in the  
17 position to be a partner in this particular  
18 transaction.

19 COMMISSIONER SUNDWICK: 14 percent is  
20 committed by whom?

21 MR. PHIL KENNY: Iaccoca is four percent  
22 and there is ten percent that is involved in some  
23 of the people who have worked on this project for



1 the past two years.

2 COMMISSIONER SUNDWICK: This is just  
3 people that worked on it?

4 MR. PHIL KENNY: Correct, right.

5 MR. JOHN THAR: I missed a couple of  
6 those percentages, Mr. Kenny. What did you say  
7 the Aerie Group?

8 MR. PHIL KENNY: 20 percent. It's the  
9 Aerie Hotel.

10 COMMISSIONER SUNDWICK: Between the  
11 Carnival and the other option which is just 20  
12 percent left.

13 MR. PHIL KENNY: Carnival has the option  
14 to pick up that 9.9 percent under the agreement.

15 COMMISSIONER SUNDWICK: The balance goes  
16 to Paulson?

17 MR. PHIL KENNY: Correct.

18 MR. JOHN THAR: If I understand, your  
19 funding package is \$260 million. You are  
20 representing that you believe you have complete  
21 capability to get that funding but you do not  
22 have it today; is that right?

23 MR. PHIL KENNY: I would say this, Mr.

1           Thar, and I stood before you before with a  
2           commitment of very simply and very straight  
3           forward is that im in a public forum standing  
4           here telling you I can rest 100 percent assured I  
5           can get that financing. It's a strong statement  
6           to make and I wouldn't make it in a public forum  
7           if I couldn't back up what I said. I feel very  
8           confident. We could have had a number of highly  
9           confident letters in here. We did not feel it  
10          was necessary.

11                       MR. JOHN THAR: You're completely  
12          confident you can get it, but as of this moment  
13          you don't have it?

14                       MR. PHIL KENNY: The partnership has  
15          this in their capital accounts. I can most  
16          assuredly tell you. The fact of the matter is  
17          how we structure that debt and equity component  
18          will be the issue that we work out with that  
19          partnership. We do not have go to the outside  
20          capital marketing on Wall Street to finance this  
21          project with this group. That's what you need.

22                       MR. JOHN THAR: Are you representing that  
23          you are not going to go to the outside market?

1 MR. PHIL KENNY: We are not representing  
2 that at all. We are representing if we have to  
3 do it internally that the group we have will do  
4 it internally. We feel that the capital account  
5 is strong enough to do that.

6 MR. JOHN THAR: That's all the questions  
7 I have.

8 CHAIRMAN KLINEMAN: The project is now a  
9 total of \$300 million?

10 MR. PHIL KENNY: When you take into the  
11 commitment from Llama which goes in on that it  
12 certainly climbs up there, Mr. Klineman, but I  
13 will also say this, that in analyzing the project  
14 we had stressed before the size of it is  
15 something that has been a concern, I know, to the  
16 Commission. We feel that the numbers that have  
17 been put forth on this project on the  
18 construction side of the issues have been  
19 relatively conservative and we know we can beat  
20 them. There's no question in our mind.

21 CHAIRMAN KLINEMAN: You've got real  
22 close. You're only one tenth of a percent away  
23 from a hundred. Where does the other one tenth

1 go? When you got 9.9.

2 COMMISSIONER SUNDWICK: Paulson gets ten  
3 one.

4 CHAIRMAN KLINEMAN: 9.9 comes from who?

5 MR. PHIL KENNY: Carnival is 9.9 so that  
6 extra tenth of the percentage point is actually  
7 keeping Carnival under the ten percent level

8 COMMISSIONER SUNDWICK: Do you think if  
9 you're awarded this license they'll probably want  
10 that 9.9?

11 MR. PHIL KENNY: I will guarantee they  
12 will take it. Gerry can address that. Go ahead,  
13 Gerry.

14 MR. GERALD WEDREN: Good morning my name  
15 is Gerald Wedren. I'm here representing Carnival  
16 in the development end and have been involved  
17 with this project since its inception, and I can  
18 tell you that Carnival was most desirous of  
19 having more than the 9.9 percent. The reason for  
20 that, as you're aware, is by statute because we  
21 were committed and are committed to another  
22 application or another part of the state the  
23 statute provides that we would not be able to

1           have over 9.9 percent. We would love to have  
2           more than that amount, but we are sticking close  
3           to our moral commitments and our legal  
4           commitments on this matter. I can tell you that  
5           although it was negotiated in the form of an  
6           option and the reason for that being to give the  
7           other partners flexibility as to who was going to  
8           take what, we would on issuance of the license --  
9           that would be a firm commitment on the part of  
10          Carnival. So I am merely here to point out to  
11          you the fact that we are committed, would love to  
12          be committed for more, but because of  
13          circumstances beyond our control that is the way  
14          it was negotiated, and if I can answer any  
15          questions for you with regard to that or any  
16          other part of Carnival's involvement, I'd be  
17          happy to.

18                    COMMISSIONER BOCHNOWSKI: This is kind of  
19                    on a different tengent. Now knowing how this  
20                    ownership is going to be structured, how is the  
21                    management of this project going to be structured  
22                    then?

23                    MR. GERALD WEDREN: We have a management

1 agreement whereby we would become involved both  
2 prior to the opening of it where we will help  
3 with the technical aspects of the operation,  
4 setting up the security, advising on layout and  
5 so forth so that the security aspects would be  
6 impecable. We will actually run the day-to-day  
7 operations of both the hotel and the casino and  
8 gaming operation. This company has been involved  
9 and continues to be involved both in the hotel  
10 and gaming field so we would actually be the  
11 day-to-day operators.

12 COMMISSIONER BOCHNOWSKI: You are the  
13 ones that would be managing?

14 MR. GERALD WEDREN: Right.

15 COMMISSIONER SUNDWICK: Do you have a fee  
16 involved?

17 MR. GERALD WEDREN: Yes, there would be  
18 a fee. It was negotiated a little over a year  
19 ago so that contract is in place.

20 COMMISSIONER VOWELS: That fee, from my  
21 understanding, pays a management fee based on  
22 minimum guarantee of \$4 million annually plus  
23 five percent of earnings before tax, interest and

1 depreciation. I'm not certain does that mean  
2 it's \$4 million plus five percent or is there a  
3 \$4 million minimum guarantee and once that \$4  
4 million is --

5 MR. GERALD WEDREN: Yes, the \$4 million,  
6 that is a guaranteed amount, and then the  
7 incentives start -- I don't recall the exact  
8 amount, but I believe it's over and above a  
9 certain amount, and that relates -- that's an  
10 incentive portion that relates to our ability to  
11 bring good earnings in for the partnership.

12 COMMISSIONER VOWELS: So it's \$4 million  
13 and then above a certain amount --

14 MR. GERALD WEDREN: Potential for more.

15 COMMISSIONER SUNDWICK: Mr. Kenny,  
16 welcome back.

17 CHAIRMAN KLINEMAN: Could I ask the  
18 Carnival man.

19 MR. GERALD WEDREN: That's the first  
20 time I've been called a Carnival man.

21 CHAIRMAN KLINEMAN: That was the first  
22 thing that came to mind. Your structure also is  
23 of some interest to me. There's Carnacon

1 Development Company which is a wholly owned  
2 partnership of CHC International. CHC  
3 International is the one who has applied for a  
4 license in Harrison County and CHC International,  
5 according to our investigation and the  
6 information you supplied, is owned 24 percent by  
7 Carnival Corporation and 75 percent by seven  
8 individuals. When you boil this thing down are  
9 we going to have any one of those individuals  
10 that will own more than five percent of the whole  
11 when you exercise your 9.9 option?

12 MR. GERALD WEDREN: No, let me give you  
13 a little explanation of that. Of the seven  
14 individuals with regard to the Carnival end of  
15 it, those are Carnival people. In fact, to put  
16 it more elementary, 50 percent is owned by  
17 Carnival and its affiliates. The other 50  
18 percent is owned by the Continental Companies  
19 which is the hotel end of this. Continental and  
20 Carnival have been involved in other projects and  
21 that's where the 50/50 lies. The Carnicon was  
22 actually the name of the company before it  
23 changed to Carnival Hotels and Casinos.



1                   CHAIRMAN KLINEMAN: I just want to be  
2                   sure there were not people --

3                   MR. GERALD WEDREN: No, I don't blame  
4                   you.

5                   COMMISSIONER SUNDWICK: You probably  
6                   should have went up to new England someplace  
7                   where they wouldn't call you Carnival man.

8                   MR. GERALD WEDREN: I live in Washington  
9                   near Ringling Brothers. I don't what they would  
10                  call me there.

11                  COMMISSIONER SUNDWICK: Mr. Kenny,  
12                  welcome back. As I read all of the information,  
13                  when I saw you here I was surprised. I went  
14                  through all this information. I didn't see your  
15                  name anyplace so would you do me a favor and  
16                  characterize how you got involved in this.

17                  MR. PHIL KENNY: Yes, I will. As you  
18                  know, as I said earlier, I appeared before you  
19                  when we went after a license in Gary, Indiana.

20                  CHAIRMAN KLINEMAN: Just because we said  
21                  nice things about you before doesn't mean we want  
22                  you to come back.

23                  MR. PHIL KENNY: I appreciate that

1 comment. Very much so. I think the situation  
2 gets down to we are not out here to sell  
3 ourselves short, the Kenny Companies, and one of  
4 the interesting things that has unfolded in this  
5 is it was brought to my attention this project by  
6 people who have been involved from day one going  
7 back six months ago. I took a look at the  
8 project and tried to envision what could be  
9 accomplished, and as I said, the interesting  
10 thing about this particular marketplace -- and  
11 not fully at that time understanding the  
12 Lawrenceburg-Cincinnati marketplace. When it  
13 came to me through Mr. Schilling and his people,  
14 I sat down and said the only way we will get  
15 involved is if I can put together a team of  
16 people who I know can carry out this project. As  
17 I said, I hoped I learned a very valuable lesson  
18 that day going back about six or eight months ago  
19 when I sat before you. The interesting thing is  
20 I think we put together a team of people who is  
21 exceptional, and I know I want to address very  
22 quick brief point of how we got into this, but  
23 the people I brought are people that have been

1           successful in business ventures, but what we are  
2           asking them to do in this project because of the  
3           magnitude that's been proposed we are asking them  
4           to do things they've been successful in their  
5           entire life. Jerry Robinson understands the  
6           Cincinnati marketplace and the Lawrenceburg  
7           marketplace better than anyone. Mr. Schilling  
8           has had that background himself, but Jerry is a  
9           gentleman with broadcast experience, the  
10          Cincinnati Gardens Arena, and the very simple  
11          fact he's made that available to us and being an  
12          equity partner is going to be very exciting. So  
13          the elements that we tried to put forth with Mr.  
14          Paulson, Mr. Iaccoca who have been on board from  
15          day one, from the group at Aerie, to bringing in  
16          Mr. Herb, to bringing in the entire group has  
17          been an exceptional endeavor. I can tell you  
18          that it took a lot of time. It took a lot of  
19          plane trips. It took a tremendous amount of  
20          meetings because these are people who do not take  
21          their commitments lightly.

22                        The second thing I have to worry about  
23                        is the credibility that I've established in prior

1 business relationships with them. I can't bring  
2 them before after Commission without their  
3 approval, and these people have extensive  
4 holdings and backgrounds and they needed to know  
5 that we control the project and that they were  
6 going to step forward and have an opportunity to  
7 win this license. I sincerely feel we put a  
8 group together to do that.

9 COMMISSIONER SUNDWICK: I'm still trying  
10 to figure out you said six months they came to  
11 you?

12 MR. PHIL KENNY: Right.

13 COMMISSIONER SUNDWICK: The Gary license  
14 wasn't in your future?

15 MR. PHIL KENNY: I was hiding somewhere

16 COMMISSIONER SUNDWICK: Who came --

17 MR. PHIL KENNY: Actual I got the phone  
18 call from Robert Miller who -- Dr. Miller  
19 actually I had worked on a prior project and had  
20 called and said we'd like to sit down and talk to  
21 you about an opportunity. We think that with the  
22 elements in this industry the construction  
23 company and the building of these projects that

1           they've had obviously that's a component that the  
2           strength and discipline of our company is very  
3           important. Secondly, Dr. Miller's toured all our  
4           development opportunities. He's toured St.  
5           Louis. He knows what we can accomplish. He  
6           knows obviously that we just bought into his  
7           hometown, as a matter of fact, construction  
8           manager for the RCA projects in New Orleans. So  
9           we would appear in a lot of different ventures  
10          throughout the United States. It was that  
11          discipline that we've been handed the project  
12          responsibility for this particular project. All  
13          the other elements, I put the pieces together to  
14          try and tie to make it work with the assistance  
15          of a lot of people because I can assure you that  
16          it took a lot of meetings, time and effort by  
17          everyone here to put that together.

18                   COMMISSIONER SUNDWICK: Six months ago  
19                   you weren't involved and now you have 20 percent  
20                   of the project. You appear to be the lead man at  
21                   this point.

22                   MR. PHIL KENNY: I will say this. I  
23                   asked to be in a lead position and that did take

1           some time. The fact of the matter is I think  
2           that everyone in this proposal based on the Kenny  
3           reputation and the fact of the matter is if I'm  
4           not in charge and my family is not in charge I  
5           think it leaves us in a position that's a little  
6           difficult to bring in these other partners, to be  
7           very candid with you.

8                        COMMISSIONER SUNDWICK: What do you think  
9           would have happened if you turned the people down  
10          and said no, I'm not interested?

11                      MR. PHIL KENNY: I think they proposed a  
12          tremendous project, to be very candid with you.  
13          If you look at the economics and the benefits to  
14          the State of Indiana, the project itself has  
15          tremendous merits. I think all they've assured  
16          here today is that the financing and the ability  
17          to get this project up in a timely fashion can be  
18          accomplished. We've looked at it as a total  
19          national destination resort. This is not a  
20          riverboat license that is being given away in  
21          Dearborn County. And that's the exact way we  
22          look at it.

23                      COMMISSIONER BOCHNOWSKI: With this

1 change and with your outlook as this being a  
2 national destination resort, does that change any  
3 of the numbers as far as your marketing  
4 expenditures that were proposed? Does that  
5 change your timetable on the construction of  
6 this? Are there some things we have here that  
7 maybe we should be --

8 MR. PHIL KENNY: Construction-wise, as I  
9 said, I have a commitment from Douglas Mackey who  
10 is the president of Great Lakes that he will give  
11 us the largest hopper dredge that he has in his  
12 entire fleet. If we are awarded this job, he  
13 would begin work, and I have that commitment from  
14 him.

15 COMMISSIONER BOCHNOWSKI: Maybe we can  
16 separate that and talk about your timetable then.

17 MR. PHIL KENNY: I do want to address  
18 the market because I think it's very important.  
19 One of the things that was brought up to the  
20 Commission before. The advantages that this  
21 particular group has on a marketing basis is very  
22 straightforward and simple. Mr. Robinson with  
23 the Cincinnati Gardens Arena. The Kenny family

1 is involved in a company called One On One  
2 Sports, which I've talked to you about which is  
3 the largest all sports network in the United  
4 States. The simple fact that we have the  
5 Carnival Company which is the world's largest  
6 marketer of tourism right now, and very simply,  
7 I'll be honest, Mr. Iaccoca. There's no question  
8 that if Mr. Iaccoca appears on a TV ad or a radio  
9 ad in this country today people sit up and  
10 listen. He has that much credibility, and he's  
11 created that responsibility by who he is. Also  
12 we have Mr. Robert Montgomery, our Indianapolis  
13 connection here who fully understands the  
14 absolute necessity of marketing this particular  
15 project. So we have put together a very high  
16 quality team. It's a very high-powered team and  
17 Mr. Herb, being the single largest advertiser in  
18 the State of Indiana, it's an exceptional plus I  
19 think that we bring to the table. We're able to  
20 bring dollars that no one else can bring through  
21 what we have.

22 MR. JOHN THAR: Based upon our analysis,  
23 the dollars weren't being spent on marketing. It



1 was 1.6 percent of total revenue was the highest  
2 figure that was provided to us with regard to  
3 your marketing budget.

4 MR. PHIL KENNY: I think if you look,  
5 Mr. Thar, at the marketing aspects of what we  
6 have spent in our operations in East St. Louis,  
7 if you look at what Aerie Peterson has spent in  
8 their operations, if you look at the fact of what  
9 Carnival has spent in their operations, I think  
10 you will see that obviously we feel marketing is  
11 an essential and strong necessity to make this  
12 project that successful.

13 MR. JOHN THAR: Are we to understand then  
14 that you intend to market -- spend more money on  
15 marketing than what was represented in the  
16 application?

17 MR. PHIL KENNY: Absolutely. We can  
18 buy -- the interesting thing that we can buy with  
19 the ability that we have is we can buy at lower  
20 prices than anyone by the simple fact through Mr.  
21 Robinson, through the Kenny organizations and  
22 through Mr. Herb and through MZD, we can buy  
23 better than anyone, I can guarantee.

1 MR. JOHN THAR: The highest amount to be  
2 spent on market in a given year was \$3,295,000.  
3 That would have been in year five. Are you  
4 indicating you're going to spend substantially  
5 more than that?

6 MR. PHIL KENNY: I'm going to let Dr.  
7 Miller answer that.

8 MR. ROBERT MILLER: I'd like to answer  
9 the question two ways. One, marketing is more  
10 than just print ads and broadcast media. What  
11 we're finding in contemporary establishment of  
12 casino is more is better and that given consumer  
13 expectations, having a full resort itself, having  
14 the hospitality and the hotel amenities is a big  
15 portion of marketing. Another portion of  
16 marketing is it easy to get there? Is it safe to  
17 be there? Is it idiot-proof? And we've spent a  
18 lot of time and money making it that way. You  
19 can get from Indianapolis and get there without  
20 going through a red light I think is amazing.  
21 People have done a fabulous job on access.  
22 That's part of marketing. The other thing I  
23 think is interesting is what we have there.

1 We're spending \$40 million on a marketing tool.  
2 That's the discovery center. Seven days a week,  
3 24 hours a day this virtual reality anchor is  
4 going to be there. Ten o'clock Sunday morning,  
5 two o'clock Thursday afternoon. That's going to  
6 be cranking and giving people a reason to go  
7 there. If you look at the network of the  
8 amenities and the kinds of things we have, it  
9 starts to become very persuasive. It's an  
10 attraction rather than a promotion, and as we  
11 know, that's the best kind of marketing.  
12 Secondly, I really don't want to underestimate  
13 the network that Carnival has. Their ability  
14 through Carnival -- it's 22 jets. They're one of  
15 the largest growing private airlines in the  
16 country in terms of airlifts, in terms of their  
17 ability to market, to package. This is an  
18 incredible, incredible value portion of our  
19 advertising. Secondly, we have to be real  
20 careful in our plans. I think the experience in  
21 New Orleans clearly shows that you have to take  
22 care of your neighborhood, and our market  
23 essentially is initially going to be day

1 trippers. When you start spending millions of  
2 dollars -- and that's a lot of money in broadcast  
3 terms in a four-media market initially. That you  
4 establish a long customer base. And that's going  
5 to be the thing that makes us bullet-proof when  
6 other competition comes on line.

7 I'd like to ask Mr. Bob Montgomery who  
8 is president of MZD who has the advertising  
9 contract for --

10 MR. MICHAEL MAURER: I'd just like to  
11 add that the Zoo is going to make sure that  
12 discovery center is a success and we'll be  
13 marketing to our visitors, which I am told we are  
14 the highest -- we are the facility that has the  
15 most visitors in the State of Indiana, which is  
16 about a million a year, and we'll market  
17 aggressively to our visitors as well.

18 MR. ROBERT MILLER: I'd like to  
19 introduce Mr. Montgomery. They're pretty  
20 experienced in gaming marketing and all kinds of  
21 marketing.

22 COMMISSIONER SUNDWICK: Let me ask a  
23 question before he comes up. Are you defending

1 the 1.6 percent you have in here or are you  
2 telling us that you're going to spend more?

3 MR. ROBERT MILLER: I'm saying we have a  
4 workable plan for marketing. And we will spend  
5 more.

6 MR. PHIL KENNY: Absolutely.

7 MR. ROBERT MILLER: We will spend as much  
8 as we have to, but I think we're trying to put --  
9 step one is you have to have something to sell.  
10 We've accomplished that in spades.

11 MR. PHIL KENNY: Mr. Sundwick, one I  
12 thing I want to make note of.

13 CHAIRMAN KLINEMAN: You have to identify  
14 yourself.

15 MR. PHIL KENNY: Phillip Kenny with the  
16 Kenny Companies. One of the things that's been  
17 interesting is we have in the market that we've  
18 operated in spent the necessary amount of money  
19 that in that we've been beating our competition  
20 in those markets two to one, so I think the way  
21 the dollars are being spent is also critical and  
22 we think we have a distinct advantage.

23 COMMISSIONER SUNDWICK: You're saying the

1 1.6 you told Mr. Thar you plan to spend more, you  
2 didn't think that was sufficient going in.  
3 That's what I heard. I was trying to figure out  
4 if your defending the current 1.6 or telling us  
5 you're going to spend more.

6 MR. PHIL KENNY: I think that is a very  
7 safe assumption and unequivocally we commit to  
8 say obviously we would spend because we have the  
9 ability to spend more.

10 MR. ROBERT MONTGOMERY: Robert  
11 Montgomery, Montgomery, Zuckerman & Davis.  
12 We're in the advertising business. We've  
13 operated in most of the states at one time or  
14 another in all forms of media. For 14 years we  
15 did the tourist for the State of Indiana and we  
16 discovered that people want to buy in packages,  
17 and you have an extremely advantageous position  
18 here because you'll have the biggest attraction  
19 for the Cincinnati area and we can put together  
20 extraordinary packages and get other people to  
21 participate with us. For example, we can use  
22 King's Island as part of the package. We can use  
23 some of the professional football games,

1           basketball games, baseball games to put together  
2           packages that will bring them in here so they'll  
3           enjoy the other things, the other attractions  
4           that the Empire has in itself. There's a lot of  
5           ways that you could stretch dollars in the  
6           industry. We do that day in and day out, and  
7           that means putting two or three pieces together  
8           to make that advertising impact even greater.

9                        COMMISSIONER VOWELS: I have some  
10           questions in reference to the boat.

11                      CHAIRMAN KLINEMAN: If we're at a break  
12           point I think we will take a break right now.  
13           Before we go, since Mr. (inaudible) and Mr. Boyd  
14           are both here, one of the items we'll be  
15           considering on the 30th at our business meeting  
16           is the extension of the Certificates of  
17           Suitability for your two clients, and we will be  
18           giving you further notice of that, but I want to  
19           give you a warning shot.

20                      (Short break taken.)

21                      CHAIRMAN KLINEMAN: I'm advised that we  
22           would like to have an amplification of the  
23           financing answer which was given prior to our

1 taking our break.

2 MS. JAN KEEFER: Thank you, Chairman  
3 Klineman. If we could, just to spend another  
4 moment. I know that as Director Thar said, the  
5 financing package was just presented to the  
6 Commission and I know that you're trying to  
7 digest a lot of information, and we feel that  
8 perhaps if we could supplement our answers with a  
9 little bit more information about the financial  
10 net worth of the partners and their ability if  
11 they should desire to do any type of debt  
12 financing that that is available to them. So at  
13 this time I'd like for Phil Kenny to please speak  
14 again.

15 MR. PHIL KENNY: Thank you, Chairman  
16 Klineman. I guess clarifying the position. I  
17 convened with our partners. In order to put the  
18 statement out there as totally as, like I said,  
19 unconditional, unequivocal I've asked the  
20 partners and they have agreed that they would  
21 step forward and finance this project 100 percent  
22 out of their capital accounts. There would be no  
23 debt instrument necessary. If we choose to



1 pursue any debt instrument that is our own  
2 accord, but the partnership has agreed to finance  
3 this 100 percent with cash.

4 CHAIRMAN KLINEMAN: In other words, the  
5 license holding, if that happens, would have no  
6 debt? Is that what you're saying? The people  
7 would make arrangements outside of the entity to  
8 get the money and make it available to the  
9 entity? Did I misunderstand?

10 COMMISSIONER BOCHNOWSKI: If you decide  
11 to take on that.

12 MR. PHIL KENNY: Right, if we decide to  
13 take on a debt instrument, but the partners have  
14 agreed. I'm always careful in a public forum  
15 what I represent, but I convened with the  
16 partners and they've all agreed and concur this  
17 project will be financed with 100 percent of  
18 their cash if necessary, 100 percent  
19 unconditional commitment.

20 CHAIRMAN KLINEMAN: Thank you.

21 MR. MICHAEL KLINE: I'd like to add just  
22 something. I'm the guy you picked on before,  
23 Michael Kline. As a banker here I'm sure most of

1 you know the difference between best efforts and  
2 firm commitment. Best efforts, we're all pretty  
3 free with making those kinds of statements. They  
4 are really not commitments. I know Mr. Kenny and  
5 his group are new to this transaction, and you  
6 asked me before why weren't we investors early  
7 and why we would be investors today. The mix of  
8 resources and when Lee Iaccoca and I got together  
9 we made a commitment to each other that we would  
10 only get involved where we really could see the  
11 greatest degree of results with the greatest  
12 degree of resources. As long as it was in  
13 America, it created jobs. When we saw this group  
14 put together just recently we changed our tune a  
15 little bit, and today after a little caucus at  
16 the recess I would make like to make a firm  
17 commitment to the people of Indiana and the  
18 Commission beyond what Mr. Kenny and his group  
19 just said that Iaccoca Capital which has the  
20 resources and our principal partners to fund all  
21 of what would be debt -- and there could be debt  
22 obviously -- after the equity for this project.

23 CHAIRMAN KLINEMAN: Thank you. I guess I

1 would like to move to another topic. Yesterday  
2 in connection with the Ameristar -- and I guess  
3 you people have the same location. The question  
4 came up whether or not the conservancy district  
5 could lease property for use such as this, and I  
6 was informed that there was a legal opinion which  
7 was made available to the Commission. Do you  
8 likewise have any opinion as to whether or not  
9 the conservancy district can make such a lease?

10 MR. JAY BOYD: This is -- I'm Jay Boyd,  
11 legal counsel to the company. We have not formed  
12 any direct opinion on that but rather relied upon  
13 the assurances and representations made by the  
14 City of Lawrenceburg in the development agreement  
15 and negotiations relative to that as to its  
16 assurances that that site will be made available  
17 to us. I would be interested in the product of  
18 any research. I assume that's a public document  
19 if it has been turned over to the Commission.

20 CHAIRMAN KLINEMAN: I don't think it's  
21 come in yet, but if it comes in obviously we can  
22 take a look at it. The next item is the traffic  
23 problem. Do you have any maps showing how you

1 propose to propose the 275 - U.S. 50 problem and  
2 so forth? And if it's the same as we heard  
3 previously, tell us that. I think most of us  
4 remember.

5 MR. DAVE WENZEL: This is Dave Wenzel.  
6 The proposal is the same as was submitted in the  
7 original application and consists of really three  
8 things to deal with the traffic issue. Actually  
9 four. The location being on the east side is  
10 clearly the major reason to deal with the  
11 traffic. Secondly is at the intersection where  
12 275 meets 50 the city had identified some  
13 improvements that they would like to see be made  
14 which consisted of two turning lanes and a  
15 through lane. That would be -- we committed to  
16 do that as well as widening of 50, and unique, I  
17 think, to our project from what I've seen of the  
18 others is that at U.S. 50 we are not proposing a  
19 light. However, we are proposing a grade  
20 separated interchange for the continuous movement  
21 of traffic from U.S. 50 into and out of our  
22 facilities. You can see it depicted here.  
23 U.S. 50 comes around and if you imagine what's

1 called a trumpet interchange, it would loop  
2 around and then over the railroad and then into  
3 the site. Like a freeway interchange would have  
4 basically free movement into and out of the site  
5 and not involve any stopping of traffic to get in  
6 and out of the site. Third component of the  
7 traffic improvements then is the commitment by  
8 us, by Empire of the traffic signalization for  
9 the improvements of flow throughout the U.S. 50  
10 corridor.

11 CHAIRMAN KLINEMAN: I don't know if this  
12 is the first time that I happened to notice in  
13 the paper this morning the state highway  
14 department is in fact advertizing the U.S. 50  
15 project, at least as I read it.

16 MR. DAVE WENZEL: I know the question  
17 came up yesterday and I'd try to answer it in  
18 anticipation. We have met with INDOT. Again,  
19 their perspective, like DNR and the Corps, is to  
20 not act on an application and not be able to give  
21 us any specific guidelines but some feedback, and  
22 we have met with INDOT and again are very aware  
23 of the process that would need to be taken.

1                   COMMISSIONER ROSS: On your map where is  
2 Greendale and Aurora?

3                   MR. DAVE WENZEL: Greendale and Aurora  
4 are basically back in here, if you will, on that  
5 map. I think there's a better site location map.

6                   COMMISSIONER ROSS: If you're only going  
7 to make the intersection off of 50, then how will  
8 that help the traffic that backs up behind them?  
9 Seems to me coming off 275 would then just  
10 completely clean up 50?

11                  MR. DAVE WENZEL: There are two issues  
12 there. The issue coming off of 275 would be  
13 dealt with with the two turning lanes and the  
14 through movement which are shown on a site plan  
15 which is shown right there. That deals with the  
16 Greendale edge, if you will. This is farther  
17 west along U.S. 50 at our site and how you get  
18 off U.S. 50 and then into the site, and this is  
19 really a mile or so down the road from that  
20 interchange. More than a mile.

21                  COMMISSIONER SUNDWICK: Has there been  
22 any consideration to an interchange or something  
23 off that before you get to 50?

1 MR. DAVE WENZEL: I understand the  
2 question related to trying to peel off before you  
3 get to the interchange. We looked at that in a  
4 limited way because we had looked at some other  
5 sites in that area, and it's our opinion that  
6 that doesn't necessarily solve the problem  
7 because then you have a situation where you have  
8 basically an access road solely to your  
9 development, and so if you wanted to come out of  
10 the development you would have to go all the way  
11 back to that interchange to get -- and turn  
12 around to go in a westerly movement, and the  
13 rights of way that we looked at we thought were  
14 fairly limited to be able to accomplish that, as  
15 well as INDOT has spacing requirements for  
16 interchanges, if you will.

17 COMMISSIONER MILCAREK: How do you intend  
18 to deal with the parking for the temporary  
19 operation?

20 MR. DAVE WENZEL: Parking for the  
21 temporary would be constructed on the site and  
22 the first phase would be a partial construction  
23 of the channel to allow a way into the site and

1 part of the fill being used to take -- to put in  
2 as fill at the northern end of the site, if you  
3 will, to raise it above the flood plain and be  
4 able to provide the temporary parking.

5 CHAIRMAN KLINEMAN: When would you  
6 estimate that this interchange, the U.S. 50  
7 interchange you're talking about would be built?

8 MR. DAVE WENZEL: We provided a  
9 construction schedule and we identified that  
10 interchange is probably about a twelve-month  
11 period from the assumption of the licensing and  
12 the assumption of the permits from INDOT, but no  
13 more than that period of time. Probably shorter,  
14 but to be safe we put it in that period of time.

15 CHAIRMAN KLINEMAN: There probably would  
16 be property acquired in order to create --

17 MR. DAVE WENZEL: The site does go on the  
18 county fairgrounds.

19 COMMISSIONER MILCAREK: Does that mean  
20 without the interchange you wouldn't open for  
21 even temporary business?

22 MR. DAVE WENZEL: No, we would have  
23 facilities and that obviously is one of the fast



1 track projects that is paramount to get -- for  
2 the loads of people we would be having come in,  
3 but there are remedial ways, if you will, that we  
4 could deal with that traffic on a temporary basis

5 COMMISSIONER MILCAREK: What would your  
6 schedule be to open, to be in business temporary?  
7 How many months?

8 MR. DAVE WENZEL: The construction  
9 schedule that we put in the proposal in the Part  
10 II was that after the licensing and after the  
11 obtainment of the permits we're looking at a  
12 four- to six-month window to be open on a  
13 temporary basis.

14 COMMISSIONER MILCAREK: What would that  
15 be from today, if you were guessing?

16 MR. DAVE WENZEL: If we were issued the  
17 conditional license today, it's our estimate that  
18 the Corps process is probably going to be about a  
19 90-day process. Could be longer; could be  
20 shorter. These things -- this is a very high  
21 profile project clearly. In that you add that  
22 three-month period, if you will, to the four- to  
23 six-month period and you get a seven- to nine-

1 month period for the opening from today of the  
2 temporary facilities.

3 COMMISSIONER VOWELS: Where is your  
4 temporary boat going to come from?

5 MR. PHIL KENNY: Phil Kenny again of the  
6 Kenny Companies. Temporary boat that we have put  
7 into the marketplace is a boat that has a  
8 capacity of 2,500 passengers. It's 33,000 square  
9 feet of gaming space currently. It's outfitted.  
10 It's got all the security and surveillance.  
11 Everything is ready to go. That boat could be on  
12 the site in 60 days fully operational.

13 COMMISSIONER VOWELS: Where is it now?

14 MR. PHIL KENNY: It is now in St. Louis.

15 COMMISSIONER VOWELS: As far as the  
16 permanent boat --

17 MR. PHIL KENNY: The permanent boat  
18 would be built, but we would hope Jeffcoat, but  
19 it depends on Jeffcoat's schedule. We would  
20 obviously take it out to bid. We would like to  
21 keep it to an Indiana shipyard, but it also  
22 depends on Jeffcoat's schedule.

23 COMMISSIONER VOWELS: Some of the numbers

1 I've been looking at on the permanent boat shows  
2 there would be 3,800 gaming positions; is that  
3 correct?

4 MR. PHIL KENNY: Correct.

5 COMMISSIONER VOWELS: And 4,500 people on  
6 board, 500 employees. I couldn't tell from the  
7 reading if the 500 employees were included in  
8 that 4,500 figure.

9 MR. PHIL KENNY: Yes, they were, correct.

10 COMMISSIONER VOWELS: So it's 4,000  
11 patrons and 500 employees?

12 MR. PHIL KENNY: There will be more than  
13 500 employees at the casino operation. You mean  
14 on the boat at one time?

15 COMMISSIONER VOWELS: The information  
16 from the application shows that room for 4,500 on  
17 the boat. 500 employees is what is said here on  
18 the boat. My question is that 4,500 including  
19 the employees or 4,000?

20 MR. ROBERT MILLER: Coast Guard  
21 establishes the capacity of the vessel and  
22 it's -- we based on their certification, the  
23 maximum capacity vessel would be 5,000 people.

1 In terms of the compliment at any one given time.  
2 What do we run a shift in terms of employees?

3 MR. BOBBY YEE: It's about eight to one.

4 MR. ROBERT MILLER: Eight or nine to one  
5 according to Mr. Yee. So that the total capacity  
6 of the boat will be 5,000 people. Our biggest  
7 problem throughout this project is that the laws  
8 of physics don't allow us to build a boat big  
9 enough to accommodate the market demand.

10 COMMISSIONER VOWELS: The question I'm  
11 looking at 3,800 gaming positions and whether  
12 it's 4,000. Looks like you could have more  
13 people on there than you have gaming positions;  
14 is that right?

15 MR. ROBERT MILLER: Not everyone games at  
16 the same time. In terms of any kind of  
17 entertainment type of experience, some people  
18 will come with spouses. Some people will get  
19 tired. Some people, we hope not, run out of  
20 money, and so there is -- but our desire is to  
21 have -- not all the space on the vessel can be  
22 dedicated to casino space. There is safety,  
23 shift change, hard count, soft count room. But

1 when you take all that into consideration the  
2 capacity of the boat is larger than the casino  
3 capacity.

4 COMMISSIONER VOWELS: Let me ask this  
5 question. You were just talking about the -- as  
6 far as your figures, you included Evansville in  
7 the primary market. The fact that Evansville  
8 will probably have a boat before there will be a  
9 boat in the water, doesn't that impact what your  
10 numbers would be particularly since you've  
11 included Evansville in the primary market?

12 MR. ROBERT MILLER: I wrote the  
13 feasibility studies. The way that we account for  
14 marketing is through the standard equipment  
15 paragon of how one estimates demand which is the  
16 closer someone is to a gaming venue, the greater  
17 percentage of the individuals living in that area  
18 will game and they will do it more often. So  
19 when one gets a hundred miles out, both the  
20 percentages of gaming is much lower and the  
21 frequency with which those people game is much  
22 lower, and when we talk about primary gaming  
23 marketing, it's actually our tertiary resident

1 gaming market. We divide the gaming experience  
2 in three categories. The first is the resident  
3 market, proximity to the site. The second is  
4 current visitors to the trade area, and we  
5 really -- we don't account for the four million  
6 that come and visit Cincinnati every year as a  
7 practical matter. We count them in our market  
8 being plans, but in our demand study we say the  
9 resident market is strong enough. The third  
10 category of people coming into the area are  
11 people that would not ordinarily come to the area  
12 that are induced by gaming, and that is a huge  
13 portion of our effort.

14 COMMISSIONER VOWELS: You've got  
15 admission charge of \$10.50 and that's much higher  
16 than what we have seen. How is it that you can  
17 justify that? Dearborn County applicant averages  
18 \$5.08 so you're twice as high. Can you explain  
19 that?

20 MR. ROBERT MILLER: I think that it's  
21 part of the -- the thing is that we find a  
22 monopoly or near monopoly situations that you can  
23 charge admission charges. One of the boats in

1           downtown New Orleans was charging admission  
2           charge up until such time as other competition on  
3           the New Orleans riverfront opened. So it's  
4           totally feasible to charge an admission charge.  
5           Part of the -- it's part of the marketing. It  
6           allows us to discount away from the charge in  
7           terms of match play. We also find that based on  
8           the typical -- our analysis of what people are  
9           paying for prime demograhpic for entertainment  
10          experiences this seems to be an achievable  
11          number. All that being said is that if it's not  
12          working we'll reduce it or if it's working real  
13          well, we'll make it more.

14                    COMMISSIONER MILCAREK: Will that reduce  
15          revenues to the state or city or anything if you  
16          discontinue your admission?

17                    MR. ROBERT MILLER: The biggest source of  
18          revenues for the gaming is gamers coming and  
19          participating. So the thing that drives our  
20          entire revenue projections for the state is to  
21          generate as near capacity for the gaming  
22          operation as we can. In a very synical kind of  
23          sense, the whole enterprise is designed to put

1 people on the boat gaming on a consistent and  
2 durable basis. To answer your question, is it  
3 better to give up a small amount of revenue on  
4 gaming but have more people come and spend with  
5 us -- more spend \$55 to \$60 per person or  
6 provided to the bottom line that amount. We  
7 think that the gaming business is a business of  
8 very small margins and very tight control. I  
9 think these are the kinds of things that Carnival  
10 is very expert at managing.

11 MR. JOHN THAR: Go back to the size of  
12 the boat. During the projection or during the  
13 presentation this morning was a representation of  
14 going to be 500 feet long, 48 feet wide?

15 MR. ROBERT MILLER: Yes, sir.

16 MR. JOHN THAR: It's my understanding  
17 that the locks on the Ohio River won't handle a  
18 boat over 400 feet. Am I wrong?

19 MR. PHIL KENNY: Dave, you want to  
20 address that?

21 MR. DAVE WENZEL: Dave Wenzel. We  
22 consulted with the boat builders and actually the  
23 dimensions that we were given was the width of



1 the boat couldn't sustain anything longer or  
2 wider than the 85 foot width and, therefore, the  
3 84 was the parameter. It wasn't the length that  
4 we were given from our boat builder.

5 MR. JOHN THAR: The information  
6 previously received from different sources -- and  
7 I'm just checking because I don't know what's  
8 right -- is that the maximum size boat that locks  
9 can handle is 400 by 100. I had not heard the 85  
10 foot limitation before.

11 MR. DAVE WENZEL: That's not the same.  
12 We could certainly provide some follow-up  
13 information to that.

14 MR. JOHN THAR: I have not heard of any  
15 boat of 500 feet that anyone thought they could  
16 get through the lock system. I just wonder if  
17 you're planning to build it on site.

18 MR. DAVE WENZEL: No, the boat would be  
19 built off site and brought up, and that was an  
20 issue that we had discussed with the boat builder  
21 in terms of the design parameters of being able  
22 to handle the weight of that gaming establishment  
23 as well as the width and the length of the locks.

1 MR. RON SCHILLING: I'm Ron Schilling.  
2 I have two barges and they were 500 foot long so  
3 there's no problem with the locks. 100 foot  
4 width.

5 MR. JOHN THAR: Did they go down the Ohio  
6 River?

7 MR. RON SCHILLING: Yes, they did. They  
8 went down through all the way down Mobile,  
9 Alabama, to Mississippi.

10 COMMISSIONER SUNDWICK: You'll certainly  
11 check on that before you build the boat?

12 MR. JOHN THAR: Mr. Schilling, what is  
13 the present status of Splash? Is it still  
14 operational?

15 MR. RON SCHILLING: Presently we're  
16 closed because of high water, but we should be  
17 back in business within a week, week and a half.

18 MR. JOHN THAR: Last reports indicate  
19 since it's so far south or away from the  
20 Evansville market that it's not doing as well as  
21 it was.

22 MR. RON SCHILLING: We're twelve miles  
23 south of everyone else. We are the last person

1 down to the Mississippi. We may move the  
2 operation. We're looking for a partner right now  
3 to move it to another property maybe up north or  
4 down south.

5 MR. JOHN THAR: There's obviously been a  
6 lot of speculation just to close it down.

7 MR. RON SCHILLING: We did enact a  
8 warrant act to have give our employees 60 days  
9 notice, but we are looking for a partner  
10 presently.

11 COMMISSIONER SUNDWICK: Mr. Schilling,  
12 before you sit down. Six months ago somebody  
13 showed up at Mr. Kenny's office. Was it you?

14 MR. RON SCHILLING: No, not myself. It  
15 was Bob Miller.

16 COMMISSIONER SUNDWICK: Because when I  
17 read these reports at that time you were the  
18 project manager.

19 MR. RON SCHILLING: I started it all and  
20 it is a dream and, of course, I delegate my  
21 authority.

22 CHAIRMAN KLINEMAN: Maybe you can answer  
23 it; maybe you can't. The cruising, what is the

1                   cruising plan for this vessel?

2                   MR. ROBERT MILLER: First of all, we'll  
3                   cruise --

4                   CHAIRMAN KLINEMAN: This is Mr. Miller.

5                   MR. ROBERT MILLER: Bob Miller. Sorry.  
6                   First of all, we'll cruise as often as we can.  
7                   It's our intention to cruise the vessel and  
8                   comport with the regulations associated with  
9                   licenses. I think that's a very strong  
10                  commitment. It's a tremendous issue in  
11                  Louisiana, and we want to make it very clear it's  
12                  our intention to fully comport with the cruising  
13                  regulations. We can accommodate -- we can do a  
14                  maximum of six cruises a day. Obviously based on  
15                  some of the regulations which have been  
16                  promulgated by the Commission regarding how much  
17                  dock side time is allowed we can still game.  
18                  Rules regarding sweeping the boat and other kinds  
19                  of issues. We anticipate essentially about two  
20                  hour and 15 minutes of cruising, 45 minutes  
21                  shoreside. I think that's pretty much the  
22                  market. Obviously market conditions demand how  
23                  often we would cruise.

1                   CHAIRMAN KLINEMAN: I'm really more  
2 interested in the route.

3                   MR. ROBERT MILLER: Oh, the route.

4                   CHAIRMAN KLINEMAN: I guess I didn't make  
5 myself clear. Are we in Indiana waters? Which  
6 way would the boat naturally go or does it go  
7 both ways?

8                   MR. DAVE WENZEL: Just show on the  
9 drawing again. The boat obviously embarks from  
10 the channel and, as I understand, it docks going  
11 against the current and then comes out and will  
12 be all in Indiana waters. The boat basically  
13 pivots without any real turning radius to them so  
14 there's no problem at all with cruising within  
15 the state limit, and we looked at that line as  
16 well.

17                   CHAIRMAN KLINEMAN: Do you know how far  
18 downstream I guess that is?

19                   MR. DAVE WENZEL: No, I don't.

20                   COMMISSIONER VOWELS: I'm looking at a  
21 series of lawsuits here. This deals a lot with  
22 the operation of the Splash casino. There seems  
23 to be a number of recent contracts, allegations

1 here. I see some of these were settled and some  
2 of them are still pending. Is there anything in  
3 there that we need to be concerned with?

4 Obviously red lights go off here when you see  
5 that sort of problem.

6 MR. JAY BOYD: Commissioner Vowels, I  
7 assume you are referring to what are the items  
8 that are under Tab 7 and some of the supplemental  
9 information, the lawsuits that are pending in the  
10 states of Tennessee and Mississippi. I guess we  
11 would characterize -- I am not counsel of record  
12 in those matters. They are being handled by  
13 counsel for the company in those jurisdictions  
14 and insurance counsel, but I think we would  
15 characterize those lawsuits which are pending as  
16 things that happen in the normal course of  
17 employment of many people. These kinds of claims  
18 arise and certainly the kinds of claims that are  
19 listed in the index there are the kinds of claims  
20 that I think employment lawyers are seeing more  
21 and more these days. The company is contesting  
22 the allegations in there vigourously at this time  
23 to the extent that there are lawsuits and cases

1 that are indicated as currently pending.

2 COMMISSIONER VOWELS: There's one here  
3 I'm looking at that in February of '94 it was  
4 settled and the defendant paid, and then there  
5 was another --

6 MR. JAY BOYD: Are you referring to the  
7 personal injury matter styled as Ethel Nichols?

8 COMMISSIONER VOWELS: These are breach of  
9 contract lawsuits. Cummings Incorporated versus  
10 (inaudible) Casinos, Casino Consultants,  
11 (inaudible). This was in Davidson County,  
12 Tennessee, filed at the end of December '93. The  
13 Defendant agreed to pay the Plaintiff a little  
14 over \$9,000 and was dismissed. My question  
15 here -- and it's probably a rhetorical question.  
16 Is there something here that we need to be  
17 concerned about in reference of breach of  
18 contract because of the lineup here you will  
19 assure us that contracts will be adhered to and  
20 not breached?

21 MR. JAY BOYD: Yes, no question of that.

22 COMMISSIONER VOWELS: Let me ask another  
23 question. There's a number of wrongful death

1           lawsuits that have been filed here. Again, this  
2           investigation dealt with Splash. One of these  
3           had to do or maybe a couple of them had to do  
4           with people becoming intoxicated in the casinos  
5           and having accidents afterwards, traffic  
6           accidents. Will there be some, in particular  
7           because of the traffic problems that we have,  
8           education or some sort of assurance to bartenders  
9           that would be on board there of the necessity of  
10          not serving alcohol to obviously intoxicated  
11          persons other than telling them not to do that?

12                   MR. JAY BOYD: Absolutely. Alcohol  
13           awareness program for patrons, guests and  
14           otherwise is absolute essential for these kinds  
15           of businesses today not only from a liability  
16           standpoint, but a good management and public  
17           relations standpoint.

18                   COMMISSIONER VOWELS: Is there any  
19           thought given to putting anything in concrete to  
20           advise the bartenders and the waitresses as far  
21           as -- because if you travel that road there, if  
22           you travel -- and we were down there a couple  
23           months ago and you're coming from Bob's house and



1 heading back to the hotels and I had no alcohol  
2 in my blood and it was at night and I was  
3 cautious going down that road. If there was  
4 anybody with any impairment at all there's going  
5 to be real problems there as far as any  
6 intoxicated driver. It seems to me have to have  
7 some educational process in place for the  
8 bartenders and the waitresses on there to be  
9 assured because I think as far as the level of  
10 intoxication impairment down in this area is  
11 going to be more of a concern than would be  
12 somewhere we don't have any traffic problems.  
13 Would you care to address that?

14 MR. RON SCHILLING: This is Ron  
15 Schilling, Splash Casino. We have ingress and  
16 egress of our doors before we opened up in Tunica  
17 and night clubs and restaurants, of course, that  
18 we would take anyone home that was intoxicated  
19 and we were always instructed to our bartenders  
20 and waitresses to never serve anyone intoxicated.

21 MR. GERALD WEDREN: Gerry Wedren,  
22 Carnival man. This will be one of the  
23 operational aspects of course of the day-to-day

1 operations and I can tell you that Carnival has a  
2 very strict program with its employees and in  
3 particular with the service of alcoholic  
4 beverage. They go through a training program.  
5 They are made fully aware both of the laws and  
6 what the internal laws of Carnival are with  
7 regard to that, so I think that is a concern  
8 which you not need not be fear. It will be taken  
9 care of as we've done in others.

10 COMMISSIONER VOWELS: I'm just saying  
11 that the roadways that I traveled when I was down  
12 there seem to be more of a concern than any other  
13 place where we've had to go to. If you hire  
14 local people, familiarity of those roadways may  
15 not make this issue so highly aware to them  
16 without your help and assistance and direction.

17 MR. GERALD WEDREN: It's even more  
18 important because we try to make sure that it  
19 never gets to an issue where they cannot work on  
20 those roadways.

21 COMMISSIONER VOWELS: That answers that  
22 question. Let me ask you about another lawsuit  
23 here. Lady named Nancy Jefferson sued Splash

1 Casino based upon false imprisonment and  
2 everything else. She was charged with theft.  
3 Does anyone know the status of her case which  
4 would obviously affect the status of the lawsuit?

5 MR. JAY BOYD: We suspect that it's still  
6 pending. It's been contested by the company.

7 COMMISSIONER VOWELS: As far as the  
8 criminal charge of theft against her, do you know  
9 what the status is there?

10 MR. JAY BOYD: Mr. Schilling does not  
11 know.

12 COMMISSIONER VOWELS: Obviously have  
13 some effect if she was found guilty or pled  
14 guilty to the false imprisonment and malicious  
15 prosecution lawsuit. I don't have any other  
16 questions.

17 CHAIRMAN KLINEMAN: Mr. Boyd, while  
18 you're there. Is your client considered a  
19 non-compete? I know you have a problem with a  
20 manager who has an application on file for  
21 Harrison County, but is there any problem with  
22 respect to non-compete?

23 MR. JAY BOYD: The partners here are

1 definitely ready to commit to a non-compete  
2 agreement. Indeed, there is a non-compete clause  
3 that is included in the development agreement  
4 with the City of Lawrenceburg that has been  
5 carved out to specifically accommodate Carnival's  
6 participation in its other application, but this  
7 applicant has already signed a non-compete  
8 agreement and intends to at the outset of this  
9 proceeding indicated this was the top marketplace  
10 in the United States and they want to pursue this  
11 with all vigor and an appropriate non-compete  
12 agreement for this marketplace is ready and Mr.  
13 Kenny will respond to that further.

14 MR. PHIL KENNY: Mr. Klineman, absolutely  
15 I think with the capital value that we are trying  
16 to put into this project I think that is an  
17 essential aspect of our non-compete, but we would  
18 sign because we feel this market is such that it  
19 is going to be an attraction and destination  
20 resort so we absolutely concur with that  
21 assessment of signing a non-compete.

22 CHAIRMAN KLINEMAN: There is a  
23 non-compete in place with the city. Part of the

1 development agreement. If so, do you know the  
2 parameters of it? Do you know the parameters of  
3 it and how many miles, how long?

4 MR. JAY BOYD: I think it's 75 miles is  
5 my recollection. That was designed to  
6 accommodate the other interests.

7 CHAIRMAN KLINEMAN: And for what time  
8 period?

9 MR. JAY BOYD: The length of the license.

10 CHAIRMAN KLINEMAN: Does anyone have  
11 anything further?

12 COMMISSIONER SUNDWICK: If you were  
13 awarded the license would you consider changing  
14 that to a broader distance?

15 MR. ROBERT MILLER: Yes.

16 COMMISSIONER VOWELS: Don't have any  
17 agreement with anybody in Kentucky to pursue a  
18 amending the constitution?

19 MR. ROBERT MILLER: Absolutely not.

20 COMMISSIONER VOWELS: We did have an  
21 applicant once who turned out they did.

22 MR. KLINEMAN: Anyone on the Commission?  
23 Mr. Thar? Anyone have anything further?

1 MR. JOHN THAR: No.

2 MR. KLINEMAN: I think we've come to an  
3 end. We certainly appreciate the presentation.  
4 It's been most informative and we'll proceed this  
5 afternoon at 1:30.

6  
7 (Whereupon, a lunch break was taken at  
8 this time.)

9  
10 CHAIRMAN KLINEMAN: Let the record show  
11 the Commission is all here present. We're ready  
12 for the presentation of Indiana Gaming.

13 MR. PETER RUSTHOVEN: Thank you, Mr.  
14 Chairman. Chairman Klineman and members of the  
15 Commission, Mr. Thar, staff, my name is Peter  
16 Rusthoven with the law firm of Barnes & Thornburg  
17 here on behalf of Indiana Gaming Company, the  
18 applicant that we strongly believe you will  
19 conclude has earned your vote for the license in  
20 Dearborn County. Indiana Gaming is an Indiana  
21 partnership of three primary entities. The first  
22 is Argosy Gaming Company which is the nation's  
23 most experienced riverboat gaming company. Its

1 roots are here in the Midwest. Indeed, its  
2 headquartered in our sister state of Illinois  
3 right nextdoor. Had the first riverboat license  
4 granted in the State of Illinois. Today it is  
5 the only applicant with its license in all four  
6 of the other cruising riverboat states. It has  
7 operated more cruises and carried more passengers  
8 than all other applicants combined and it has  
9 done so with a perfect safety record.

10 The second member of our partnership is  
11 Conseco which is one of the nation's leading  
12 financial services companies. I believe it's no  
13 exaggeration to say perhaps the most  
14 extraordinary success story in Indiana business  
15 history. Conseco now has after starting with  
16 modest beginnings it now has under management  
17 over \$25 billion in assets. We believe we have  
18 the strongest possible financing partner that a  
19 gaming company could have. At the same time we  
20 have a partner whose roots and commitment to the  
21 State of Indiana are also as strong as they could  
22 possibly be.

23 The third member of the partnership is

1 Centaur. Centaur is a group of Indiana investors  
2 who saw early on the possibilities of riverboat  
3 gaming for our state. Indeed, they saw those  
4 possibilities long before the legislation was  
5 passed. They worked hard to get that legislation  
6 passed. They also worked hard to get community  
7 support in Lawrenceburg and Dearborn County which  
8 was one of the factors leading to success in the  
9 referendum.

10 We have focused from the outset and  
11 exclusively on Lawrenceburg and Dearborn County.  
12 We believe long before this day, long before the  
13 choice you are about to make that this would be  
14 perhaps the most important licensing decision  
15 that this Commission would make. We believe that  
16 for two principal reasons. First, it is our  
17 belief that this is the best potential market in  
18 the State of Indiana. The best market in the  
19 Midwest and indeed the best potential riverboat  
20 gaming market in America. It carries with it  
21 extraordinary potential for tax revenue and  
22 economic development for the state and for the  
23 region. In short, we believe this is the



1 location more than any other potential benefits  
2 of riverboat gaming can come to pass and actually  
3 be a reality for the citizens of this state.

4 Second, we believe this is the location  
5 where those benefits must be realized if  
6 Indiana's venture into this new entertainment and  
7 economic development industry is going to  
8 succeed. It's no secret to anyone in this room  
9 and certainly no secret to the members of this  
10 Commission that riverboat gaming is not without  
11 controversy in the State of Indiana. This is not  
12 something that was passed by acclimation by the  
13 legislature. It is not something that was passed  
14 by acclimature in any of the counties including  
15 Dearborn where the referendum had been approved.  
16 This Commission has recognized this and  
17 (inaudible). I say that as one who has attended  
18 I think just about every one of your meetings. I  
19 think this Commission has recognized that this  
20 has if anything heightened its charge to make  
21 sure that this enterprise works for the state and  
22 citizens. We believe that Dearborn County and  
23 Lawrenceburg are the area that's simply crucial

1 for that to happen. The location can later be  
2 pointed to as an unqualified success. That's why  
3 we believe that this extraordinary opportunity  
4 for Indiana which is presented by their location  
5 demands certain things. We believe it demands  
6 the best and most experienced riverboat gaming  
7 operator. We believe it demands the best and  
8 strongest financial partner and the partner that  
9 is absolutely committed to the State of Indiana.  
10 We believe it requires the best actual site, a  
11 site that minimizes traffic and other disruptions  
12 and that maximizes the financial and other  
13 benefits to the state and region.

14 Over the next hour we're going to show  
15 you why we believe and why we hope that you will  
16 agree that Indiana Gaming is the applicant that  
17 combines those things. Most of our presentation  
18 will be made by Tom Long, vice-chairman and chief  
19 executive officer of Argosy. Sitting next to Tom  
20 is Steve Hilbert who is the president and chief  
21 executive officer of Conesco. Next to Steve is  
22 Ngaire Cuneo who is the executive vice-president  
23 for corporate development of Conesco, and we have

1 Steve norton who is the president and chief  
2 operating officer of Argosy. Next to him is Joe  
3 Uram who is the vice-president and treasurer and  
4 chief financial officer of Argosy, and to Joe's  
5 left at the end of the table is Paul Keller who  
6 is our director of investment. At the outset of  
7 Q&A I will also introduce other members of the  
8 team we're bringing before you.

9 Before introducing Tom and Steve I'd  
10 like to start, with your permission, with a brief  
11 video. It is an overview of our proposal. Why  
12 we believe it is a world class team for a world  
13 class project that will be a gateway to Indiana.

14 (A video presentation was made at this  
15 time.)

16 MR. PETER RUSTHOVEN: It is now my  
17 pleasure to introduce to you Jay Thomas Long who  
18 is the chief executive officer of Argosy Gaming  
19 Company who will give you a detailed description  
20 of the project you've just seen and of the  
21 exceptional strength of the Indiana Gaming  
22 Company partnership. Tom will introduce Steve  
23 Hilbert who is the head of Conseco whom Tom will

1           introduce at the close of his presentation.  
2           Steve Hilbert and Tom Long are individuals who  
3           had the vision to see a new opportunity, had the  
4           courage to back that vision with their time and  
5           money and talent and effort. Who brought to that  
6           effort exceptional business acumen, a kind of  
7           bottom line problem solving approach that is  
8           needed to surmount tough challenges that confront  
9           the best visions and ideas. For Steve, of  
10          course, the vision was Consec. Extraordinary  
11          Indiana history whose highlights we'll see a bit  
12          later.

13                       For Tom Long the vision involved what  
14                       was then a brand new endeavor for the State of  
15                       Illinois called riverboat gaming. The company  
16                       was Argosy which began with one employee whose  
17                       name happened to be Tom Long, and the challenge  
18                       was to launch a new riverboat venture in Alton, a  
19                       small river community located just across the  
20                       river from a major metropolitan market called St.  
21                       Louis. In 1990 Argosy became the first riverboat  
22                       applicant in Illinois. In 1991 it was awarded  
23                       the first riverboat license in Illinois. Four

1 years later it is now an enormous success. It is  
2 now a public company. It is the premiere  
3 riverboat gaming company in the nation. Tom is  
4 now joined by some 2,800 other employees and with  
5 an operation generates tax revenue and economic  
6 development in every jurisdiction it serves, and  
7 shortly Tom Long, you have a strong experienced  
8 business executive who used a can-do problem  
9 solving approach to build an enterprise from  
10 modest beginnings to tremendous success. We  
11 happen to believe that's exactly the venture, the  
12 challenge that confronts Indiana. Our state's  
13 beginning this new enterprise called riverboat  
14 gaming. I also think you'll see firsthand why  
15 the experience, talents and strength of Argosy  
16 and Tom Long, what they bring to that challenge  
17 are why your sister commissions in each of the  
18 four other riverboat cruising states that have  
19 decided that Argosy was a definite yes on their  
20 list of licensees. Tom.

21 MR. TOM LONG: Thank you, Peter. Mr.  
22 Chairman, Members of the Commission, Mr. Thar, it  
23 is certainly a pleasure to be here today to talk

1 to you about the Indiana Gaming Company riverboat  
2 experience for the total market. We emphasize  
3 the fact that experience is in fact one of our  
4 pride points today because as we guide you  
5 through our discussions we believe it will become  
6 apparent that there are a number of experiential  
7 factors that will lead to your decision. We have  
8 the greatest financial strength, the best  
9 location and the best site plan and we'll talk  
10 about that in a little.

11 Argosy is very proud to be the only  
12 riverboat company before you who operates in all  
13 cruising riverboat states. Illinois, Missouri,  
14 Louisiana, Iowa have all given us the distinct  
15 honor of operating in their states and we take  
16 that honor and guard it jealously. We believe  
17 our record of operations in those states speaks  
18 for itself and it leads to the experienced  
19 applicant who will be able to bring to you and  
20 design for you a world class riverboat for a  
21 world class area. All completed on time because  
22 we've been through shipyards before. We know how  
23 to bring our projects in on time and on budget,

1 and that experience in shipyards and that  
2 experience in the marine atmosphere lends to  
3 another very significant issue, safety. After  
4 all, we're going to be carrying millions of  
5 passengers a year. Argosy to date has carried  
6 nine million four hundred thousand plus  
7 passengers, has held 8500 plus cruises. We have  
8 17 marine boat captains with a combined  
9 experience of 385 years all with a perfect safety  
10 record. I believe all of us our first and  
11 foremost concern with safety and with our  
12 customers, and experience brings you that great  
13 safety factor, and the marine experience we have  
14 is unassailable. We are one of the most  
15 experienced applicants in dealing with the  
16 adversities of floods and weather and rain and  
17 things that cause interruptions in operations.  
18 We worked through the Great Flood of 1993 which  
19 was a 500-year flood. They told just because it  
20 floods once every 500 years it doesn't mean it  
21 won't do it again. And it did it again in 1995.  
22 But what does working through the adversity of  
23 the flood mean? It meant that our employees

1 continued to work. It meant that state revenues  
2 continued to flow and it meant that our  
3 operations and our marketing went on impeded.  
4 There again, experience will bring to you a very  
5 strong benefit if and when tough times come from  
6 unseen source.

7 Experience in our application also comes  
8 at the top. Mr. Steve Norton, our present chief  
9 operating officer, (inaudible) in the gaming  
10 business. Irv Rogers, our vice-president and  
11 director of casino operations, opened the first  
12 gaming school and has been the driver behind our  
13 gaming schools, and we're very proud to say that  
14 his accomplishments have brought us promotions of  
15 local people through our casinos in the top  
16 management positions. Experience not only in  
17 training our employees, but in marketing is very  
18 important. We spend approximately six to seven  
19 percent of our gross win on marketing all through  
20 slot clubs, data bases, bus tours, conferences  
21 and et cetera. What is important about this  
22 market is we understand the riverboat market.  
23 It's a day-in and day-out market. It's not



1 We don't have to go ask for it. We can draw it  
2 now.

3 The combined financial strength of  
4 Argosy and Consecos is amazing. We look at total  
5 assets of \$11 billion, total equity of \$838  
6 million, total earnings of \$288 million. We  
7 think we have the largest combined assets of any  
8 of the applicants and competitors and, in fact,  
9 we think with those assets we'll be able to  
10 establish for you a pretty nice rainy day fund if  
11 something should happen that we have to fall back  
12 on our financial resources because after all, if  
13 you trust us with this endeavor you should have  
14 the confidence that when the going gets tough we  
15 have the resources to reach in and pull out the  
16 financial tools to make the project work.

17 So our partnership investment summary,  
18 our total project costs we estimate at \$180  
19 million. Our share 108, Consecos's 72. \$180  
20 million. It's not a commitment. It's not a  
21 wish. It's cash in the bank today. We don't  
22 come asking for any approvals in the future to go  
23 to Wall Street or to do anything other than write

1 a check and get on with the project.

2 So money in the bank is important  
3 because that means there's no risk associated  
4 with the commitments which may not materialize.  
5 Conseco has cash marketable securities of \$12  
6 billion. They have the \$250 million available to  
7 put into any single operation today. And as  
8 you'll see, Conseco is committed to this project  
9 110 percent. Mr. Hilbert will confirm that fact  
10 for you. What are we going to use the funds for  
11 this project? As I said, we believe it's a world  
12 class project and it deserves a world class  
13 investment. \$48 million in a riverboat that I  
14 think when you see it you'll be amazed at the  
15 scope and the size and the grandure of the  
16 project. Any of you have visited Argosy vessels  
17 you know we build projects to be proud of.  
18 You'll be very proud of this vessel. The gaming  
19 entertainment and equipment of course is  
20 important. We know how to buy it, we know how to  
21 stall it and we know how to make it work to the  
22 best of our advantage. The entertainment complex  
23 to support our guests and customers, it must be

1 comfortable. We must have (inaudible) queuing  
2 areas, hotels, parking garages and all the things  
3 to support them when they come and seek to enjoy  
4 this tremendous entertainment facility. Of  
5 course, we have commitments to the city and soft  
6 costs for a total project cost of \$180 million.

7 Why build this project? Because we have  
8 the most attractive riverboat location we believe  
9 in America. Primary market being that in  
10 Cincinnati area, secondary market over in  
11 Kentucky and and further into Ohio. What does  
12 that mean for the State of Indiana? It means  
13 that we'll be able with our marketing drive to  
14 entice the good citizens of our sister state to  
15 come over here and spend tax dollars here.  
16 That's a win win situation for both the State of  
17 Indiana, for the City of Lawrenceburg and the  
18 communities surrounding it and, most of all, for  
19 the employees that we'll hire and work in our  
20 facility.

21 What types of revenues will we project  
22 we will be able to deliver to you with a world  
23 class operation? I've always been optimistic.

1 I've always believed we can deliver what we say.  
2 We believe that we can deliver 300 hundred plus  
3 million dollars in win. State tax revenues, a  
4 total revenue of 300 plus million, state tax  
5 revenues of 50 million plus, local statutory  
6 revenues of 20 millions plus and of course local  
7 overrides for our commitments of \$21 million. We  
8 believe this can be accomplished because of our  
9 experience, our site, our financial strength and  
10 our ability to seize the market. The bottom line  
11 to maximize revenue, of course, is building what  
12 we refer to as the largest riverboat casino ever  
13 built. We have the best location, the best  
14 access for our guests and the most riverboat  
15 marketing experience, which is certainly  
16 different than land-based marketing experience.  
17 People come to riverboats not as a destination,  
18 but to enjoy a day or a half day of fun in our  
19 facilities.

20 A few weeks ago a challenge was issued  
21 that there were traffic issues and traffic  
22 problems to be resolved in this area because of  
23 congestion that is anticipated to be on Route 50.

1 Steve Hilbert and I got together and we said  
2 let's do something about it. In true Consec  
3 style he said let's solve the problem. We went  
4 out and we solved the problem. We negotiated  
5 with and have acquired the rights to the Central  
6 Indiana Railroad. We will be able to take up the  
7 track, put a dedicated two-lane road coming off  
8 I- right into our site. We will eliminate a vast  
9 vast majority of all the traffic on Route 50.  
10 And what does that do? It gives the merchants  
11 and business people in that area the ability to  
12 come and go without the crowds and without the  
13 traffic problem that could exist on Route 50. It  
14 gives the businesses an opportunity to grow and  
15 it also gives the towns on the other end of Route  
16 50 the ability to put some development into their  
17 operations so the traffic flow will not be  
18 terribly congested. So we've addressed local  
19 manufacturers' concerns. We've concluded with  
20 this that the east side truly is a vastly  
21 superior site when we look at the location and  
22 the traffic access.

23 But not only do we have to solve traffic

1 problems, we have to solve potential flooding  
2 problems. So a couple of years ago we acquired  
3 the Pearson Hollowell site knowing full well it  
4 would protect our operation day in and day out  
5 from serious flooding. We believe that we are  
6 the only site where the hotels and our main  
7 operation are located behind the 100-year levee  
8 system, and those areas, as you saw in pictoral,  
9 those areas that are outside the levee systems  
10 are designed so the water flow is underneath and  
11 it adjusts as the water rises and decreases. So  
12 we believe that we have with the acquisition of  
13 Pearson Hollowell. We've cleared it. It's the  
14 best site. We own it today. Construction can  
15 begin, if you desire to give us the green light,  
16 immediately. We can pull our permits and begin  
17 work. We've designed our site to compliment the  
18 city's historic preservation efforts. We will  
19 have room with the acquisition of the CIRR to  
20 expand our project and rework our project as we  
21 pull track out of the middle of the area and, as  
22 I said and emphasized, we can go when you say go.

23 So the best facility will bring to you

1 and to the community and to the State of Indiana  
2 3,000 plus parking spaces, an entertainment  
3 complex second to none with five distinct  
4 restaurants, first class meeting and banquet  
5 rooms, a sports bar and of course a very  
6 exquisite Argosy Club, gift shops for our  
7 businesses and local business, pre-boarding areas  
8 and 100-room resort hotel. We haven't come here  
9 with a 300-room hotel. Why? Because we believe  
10 the people in the local community who are the  
11 hoteleers and those who may decide to get into  
12 the business should have an opportunity to fill  
13 that void as well. We believe 100 rooms is a  
14 good way is to start to encourage those who are  
15 currently expanding their businesses to expand  
16 them and then we'll see where the market is. We  
17 don't come to Lawrenceburg to dominate the  
18 market. We come to Lawrenceburg to assist and  
19 compliment the market. We believe that's very  
20 important. Indiana's best boat for the best  
21 market. As I said, we can be proud of this boat.  
22 If we have the opportunity to build the boat,  
23 90,000 square feet of casino space, 2,500 gaming

1 positions, 3,400 passengers.

2 Let's reflect back to safety. When we  
3 have those passengers on board who is going to be  
4 in charge of their lives and their safety? We  
5 think that's very important. A wonderful  
6 entertainment lounge with daily entertainment  
7 for those who may want to take a break, may not  
8 want to sit through a whole afternoon or a whole  
9 cruise of gaming. And a designed propulsion and  
10 steering system that will be unique that will  
11 allow our boat to come and go, to be able to turn  
12 on its own radius and to be able to ply the  
13 waters of Indiana without offending any sister  
14 state. We can do this because we've built boats.  
15 We've built boats from scratch. We've rehabbed  
16 hand boats. We bought boats and cut them in half  
17 and put middle in them. We know the marine  
18 market. We know how to design one that will  
19 provide the best opportunity to maximize profits  
20 and the revenues to the State of Indiana.

21 Speaking of that, we want to get  
22 started. We would like to start our project as  
23 quickly as possible by Operation Fast Start.



1 Subject to the city being able to complete the  
2 engineering and design they need to do, we  
3 believe that we can comply with their desires to  
4 open in December of 1995. We'd start immediate  
5 tax revenues but what's the most important thing?  
6 We'll begin putting people to work. Because it's  
7 the smiling faces of working people day in and  
8 day out that confirms the wisdom of the  
9 legislature when they passed the riverboat gaming  
10 law. We have vessels in our current inventory  
11 that we can use at 1,200 passenger level. We  
12 have dockside restaurants to support Operation  
13 Fast Start in our own inventory. We don't have  
14 to look for it. And we have parking availability  
15 through our agreements with the city. We believe  
16 that we will also then have a parking garage open  
17 in the spring of '96 to help support the downtown  
18 area and move some of the congestion into that  
19 parking area.

20 So what is our construction schedule?  
21 We believe Operation Fast Start will have us open  
22 by December of 1995. That's with the city's help  
23 and assistance with the Corps permits, et cetera.

1 We would tell you by the end of '96 with all  
2 permitting in place and sitting the schedule on  
3 time we could be open at the end of December  
4 1996. Our complete project could be open.

5 Our commitment to Indiana has been well  
6 known. We were the first to assist with Indiana  
7 legislation, first to establish a full-time  
8 office in Lawrenceburg, expended tremendous  
9 efforts in helping work the referendum for  
10 passage throughout the community, and we've  
11 received endorsement, unanimous endorsement of  
12 Lawrenceburg city government. Our commitment to  
13 the community is unassailable. Our commitment to  
14 the State of Indiana is unassailable, and we  
15 believe that with that we will bring for you the  
16 experience, the financial ability and the  
17 financial ability and best site to bring a  
18 project that is truly world class to your  
19 facilities.

20 When you speak of world class  
21 facilities, you speak of world class companies.  
22 That's when I truly have the pleasure of being  
23 associated with the gentleman I'm about to

1 introduce. Mr. Stephen Hilbert, the chairman of  
2 the board, president and CEO of Conseco. His  
3 commitment to the State of Indiana, his  
4 commitment to this project are unquestioned. I  
5 believe after you've heard from Mr. Hilbert you  
6 will also agree the partnership between Conseco  
7 and Argosy and Centaur is a world class  
8 partnership for a wonderful state in a world  
9 class site. Thank you very much.

10 MR. STEPHEN HILBERT: Tom is definitely a  
11 tough speaker to follow, and for those of you  
12 that know Conseco I think that you understand  
13 that gaming is really not our business. At the  
14 same time we look at Indiana truly as our  
15 business because we believe what's good for  
16 Indiana is good for Conseco. So it's with  
17 pleasure that I'm here today to have an  
18 opportunity to tell each of you on the Gaming  
19 Commission why Conseco is involved with Indiana  
20 Gaming LP and in particular why we chose Argosy  
21 as the operating partner to align ourself with.  
22 I say choose because just as you commissioners  
23 had choices, so did we. Back when the

1           legislation for riverboat gaming was passed my  
2           phone truly rang off the hook. Many of the  
3           companies that you've talked with and seen in  
4           past hearings in other parts of the state called  
5           as well as some you're going to see in the  
6           future. They called to see if we would be  
7           involved in their quest to receive a riverboat  
8           license. I'd like to think they were calling  
9           because Steve Hilbert is such a nice guy, but in  
10          reality they were calling because Conseco has  
11          such tremendous financial resources. But first,  
12          we at Conseco had to truly make a decision. That  
13          decision was did we want to really be involved in  
14          gaming because as Peter alluded to, it is  
15          somewhat controversial, but as we did the  
16          analysis, we quickly concluded that gaming was  
17          good for Indiana because it was going to increase  
18          employment and it was also going to increase tax  
19          revenues, but we felt it had to be done right and  
20          I felt it was important to have a financially  
21          strong Indiana participant in as many of the  
22          gaming licenses as possible. I note that every  
23          applicant you've seen has one or more Indiana

1 connections, but when we analyzed those  
2 applications it appears to us that they're all  
3 poised to take money out and spread it into any  
4 organization that they think might win your vote  
5 but could just as easily say in the event that  
6 things get started just a little slower than  
7 anyone anticipates or along the way there's some  
8 stormy periods of time, well, nothing ventured,  
9 nothing lost. Well, I can assure you Conesco  
10 cannot make that statement. We are committing  
11 real money to this project. \$72 million to be  
12 exact. So we made the decision to we wanted to  
13 be involved in Indiana Gaming.

14 Our next decision was who should we  
15 align ourself with. Most people believe that  
16 cash is king, and if you don't have cash, that's  
17 true, but when you do have money and you're  
18 looking at going outside your core business, then  
19 operating expertise is king. So we did our due  
20 diligence on the entire riverboat gaming  
21 industry. We talked to people all over the  
22 country, and one name kept coming to the surface  
23 time and time again as being the leader and the

1 best by any criteria that you want to measure.  
2 Experience, safety, depth and management. So  
3 here we are today with Argosy and Centaur and we  
4 hope you agree that we're the right team for  
5 Lawrenceburg.

6 Now, what I'd like to do is just to take  
7 a few minutes and tell you a little more about  
8 the Conseco part of that team. I'm quite proud  
9 of the fact that Conseco was looked at on a  
10 national basis as a true Indiana success story.  
11 My ex-business partner and I founded Conseco, an  
12 Indiana company, in August of 1979 with \$10,000  
13 and three employees. Over the next three years I  
14 traveled all over the state. I talked to gas  
15 station attendants, farmers, doctors, every walk  
16 of life about investing in a start-up company and  
17 over 2,000 additional Indiana residents provided  
18 another \$3 million of capital. This gave us our  
19 foundation to build where Conseco is today. I  
20 was also able to take the company public in 1985,  
21 and if you look at all of the companies that have  
22 gone public since 1985 until today, there's been  
23 literally thousands, and forbes Magazine's most

1 recent issue covered who were the top ten  
2 performers of those thousands of companies in  
3 multiple industries over the last ten years and  
4 Conseco is the sixth best performing initial  
5 public offering in America. I was able to list  
6 the company on the New York Stock Exchange in  
7 1986. Since then we have spun off three other  
8 companies that are all listed on the New York  
9 Stock Exchange with a total market value today of  
10 over \$4 billion. Forbes Magazine again just came  
11 out a few months ago with their ranking of the  
12 life insurance group. We were first in five-year  
13 return on equity, first in five-year earnings per  
14 share growth and we were first in five-year stock  
15 performance, but what I am most proud of, since I  
16 am a native Hoosier, is the fact that we have  
17 relocated eight insurance companies that were out  
18 of state to our home state Indiana. If you  
19 recall those three employees we had here in 1979,  
20 that number has grown to over 1,100 employees  
21 today. Our financial strength has truly been  
22 said to be unparalleled. Conseco today manages  
23 more than \$25 billion of assets. Over the last

1 looked at the project. We thought the project  
2 made sense. We did due diligence on Sunshine as  
3 an operating entity. We knew that they had done  
4 a terrific job in their past theaters that  
5 they've been managing so we provided the entire  
6 \$11 million of capital. We today own 50 percent  
7 of Deer Creek Music Center which is a showcase in  
8 the Noblesville area. Even when a competitor in  
9 Indiana, another insurance company, came to see  
10 us because no one again outside of the state or  
11 in state was willing to lead a financing package  
12 so they could buy another insurance company,  
13 which is what we do, we decided to take a look at  
14 it because we thought again it would be good for  
15 Indiana. We let \$20 million financing package  
16 and they were able to complete the transaction  
17 and they brought more jobs to our state. When  
18 you look at elderly housing projects, we provided  
19 \$3 million for such programs. These are just a  
20 list of the few of the Indiana civic  
21 organizations that we support. So I think it's  
22 obvious that we are committed to Indiana. I have  
23 always believed in putting your money where your



1           mouth is, and I couldn't be more proud to be  
2           involved with Indiana Gaming LP and be able to  
3           tell you that we have committed and we have the  
4           money in the bank. We're ready to fund the \$72  
5           million.

6                        So as you as commissioners do your  
7           analysis of Lawrenceburg, I hope you agree with  
8           us that it is truly a world class project and  
9           deserves a world class team. Indiana Gaming is  
10          that team. As Tom Long just pointed out, we're  
11          the most experienced. When you look at the  
12          financial strength of Argosy as well as Consec, it's un  
13          paralleled as far as any other applicant  
14          throughout the state. We didn't bring today an  
15          investment banker. We didn't bring a commercial  
16          banker to tell you how we might be able to raise  
17          the money because we don't need the money. We  
18          have the money, and we have it for the best site  
19          in Lawrenceburg, and as Tom pointed out, Indiana  
20          Gaming is ready today. I hope each of you agree  
21          that we have earned and worked to receive your  
22          vote and I'm asking you each personally for that  
23          vote. But before we open it up to questions or

1 have a brief recess, first I'd like to ask my  
2 operating partner Tom Long to come up and just  
3 say a few wrap-up words. Tom.

4 MR. TOM LONG: Thank you, Steve. We both  
5 stand here before you today as gentlemen who had  
6 vision in industries where we've provided  
7 commitment to communities, commitment to people  
8 who work for us and for our companies, and Steve  
9 and I are asking today that that vision that we  
10 have for this project be allowed to come to  
11 fruition and that the financial commitments,  
12 commitments to people, commitments to community  
13 and commitments to state be allowed to take  
14 place. We believe in it. We'll get it done and  
15 we'll deliver it to you in a very proud and  
16 efficient and world class manner. Thank you very  
17 much.

18 MR. PETER RUSTHOVEN: I think I told you  
19 that we're going to see two businessmen with very  
20 strong and very qualified, very experienced. I  
21 think you've seen that. I think I told you you  
22 were going to see two people and organizations  
23 that can do and problem solving. I think you've

1           seen that. I think you've also seen two men who  
2           have a great deal of intesrigyt and work with  
3           this commission to make this a big success in  
4           Indiana. Mr. Chairman, this concludes our  
5           presentation. This marks the first time that we  
6           will come in below time and on budget for you and  
7           we'll be back after you've had a recess to answer  
8           your questions. Thank you.

9                         CHAIRMAN KLINEMAN: We'll take a five-  
10           minute recess.

11                         (Short break taken.)

12                         CHAIRMAN KLINEMAN: I think we're ready  
13           to commence the question portion of these  
14           proceedings. First, I want the record who to  
15           show that Dr. Ross who stayed through the  
16           presentation made by Indiana Gaming has now left  
17           and, as I announced yesterday morning, Dr. Ross  
18           will be unable to be with us from now through the  
19           conclusion hopefully Thursday. He will, however,  
20           receive videotapes of the proceedings from here  
21           forward and he intends to participate fully in  
22           the decision-making process next week. With  
23           that, I will open up to any questions by any of

1 the members of the Commission or Mr. Thar. Are  
2 you going to serve as the moderator?

3 MR. PETER RUSTHOVEN: I'm going to try.  
4 From Argosy also here back there a little bit is  
5 William Cellini who is our chairman. Mr. Long  
6 you met. Mr. Norton who is our President and  
7 Chief Operating Officer on stage, as was Joe  
8 Uram, our Vice-President and Treasurer and CFO.  
9 Vice-President here in their operational  
10 responsibilities include Irv Rogers who is  
11 Director of Casino Operations. Paul Keller who  
12 is on stage is our Director of Site Development.  
13 Rick Watts who is our Director of Project  
14 Development. Bill England who is our Director of  
15 Corporate Marketing. Dan Marshall who is our  
16 Director of Investor Relations. Larry Trent who  
17 is our Chief Corporate Security. Ed Voumard is  
18 our Development Manager and found himself living  
19 in Lawrenceburg for quite some time. And putting  
20 lawyers in the place where we know they always  
21 (inaudible) is my friend Jeff Roberts who is our  
22 associate general counsel. With Conseco Steve  
23 Hilbert you obviously met. Wally Dick who is the

1 Executive Vice-President and Chief Financial  
2 Officer of Consec, and Ngaire Cuneo who was on  
3 stage is Executive Vice-President of Corporate  
4 Development. Jim Hubregson who is Senior  
5 Vice-President of Corporate Development. And Jim  
6 Rosensteele who I believe is around here. Jim is  
7 Director of Investor Relations. Been doing a lot  
8 of work in the last hour. With Centaur we have  
9 Michael Murray who is President of Centaur. Rod  
10 Ratcliff. Rod is also the head of RJ Investments  
11 which is the investment vehicle through which Rod  
12 now owns his percentage of the project.  
13 Engineers are from American Consulting Engineers,  
14 Jim Wurster, Michael Marinaro. And I have two  
15 colleagues with me from Barnes & Thornburg, Steve  
16 Lee, my partner who knows about real estate, and  
17 Margaret Burlingame who has worked hard with Mr.  
18 Thar and Mr. Fleming. Been very helpful in terms  
19 of dealing with the Commission and following up  
20 with inquiries. Also Jim Sommer and Tom Hicks  
21 from Sommer & Barnard who represent Centaur.  
22 That's pretty much the cast, Mr. Chairman. Try  
23 and field the questions as best we can.

1                   COMMISSIONER BOCHNOWSKI: As long as I  
2                   have been on this track, I might as well start  
3                   out with the environmental issues. How your site  
4                   impacts on the delicate environmental areas and  
5                   are you disturbing any wetlands? Will you be  
6                   replacing those? What are your plans?

7                   MR. PETER RUSTHOVEN: I think the answer  
8                   to that is no, we have absolutely worked to  
9                   minimize that. That's one of the reasons you saw  
10                  the clip design there. We've run an  
11                  archeological (inaudible). We're located inside  
12                  the levee in terms of the permanent site  
13                  development so that's not really an issue we're  
14                  going to have there, and I think Mike can talk  
15                  for just a minute about how we've explored and  
16                  studied and give you more detail on that.

17                  MR. MIKE MARINARIO: Mike Marinario,  
18                  American Consulting Engineers. We've done a  
19                  wetlands delineation of the lands outside the  
20                  levee that we propose for our project. There's  
21                  about six acres of wetlands that we will be  
22                  disturbing to build the project. We will  
23                  mitigate that, as you heard yesterday, by

1 creation of new wetlands. We propose do in the  
2 same area adjacent to the Oxbow land. We have  
3 about six acres that we'll be constructing  
4 somewhere between 20 and 30 acres of new wetlands  
5 depending on what the Corps of Engineers asks us  
6 to use as a ratio.

7 COMMISSIONER BOCHNOWSKI: You're using  
8 six and it will be between 20 and 30 you'll  
9 replace?

10 MR. MIKE MARINARO: That's correct.  
11 We've also performed the Phase I archeological  
12 reconnaissance of the site. We understand that  
13 there are archeological resources in the vicinity  
14 of where we are constructing, both historic and  
15 prehistoric elements. We've done the best we can  
16 to avoid the historic because we have a fairly  
17 good idea of where those are. The prehistoric,  
18 we understand most of the problem areas or areas  
19 we would have problems with because of our  
20 resources are on the north side of the railroad  
21 track, so ours should be minimal impact. We do  
22 have plans ready to go for Phase II  
23 reconnaissance, which is digging in the soil to

1 see what is there. We also have in place a  
2 proposal to DNR to do a Phase II reconnaissance  
3 of the site as private property. We are not  
4 required to do that. But because of the  
5 sensitive nature of the area, we have chosen to  
6 go ahead and start on that work. As soon as we  
7 can get approval from them we'll be out there  
8 digging.

9 COMMISSIONER BOCHNOWSKI: Have you been  
10 in touch with the Oxbow people? Have you talked  
11 to them?

12 MR. MIKE MARINARO: Yes, we have. They  
13 have not seen a wetlands mitigation plan from us  
14 and so they are not willing to come up and say  
15 we're fully behind them. They have told us that  
16 they like what we have done to minimize the  
17 impact of our project on the environment. We'll  
18 work with them. We've told them that. We've had  
19 conversations with them to create a new wetlands  
20 that is pretty agreeable to them and the Corps of  
21 Engineers.

22 COMMISSIONER VOWELS: When is the last  
23 time you were in contact with someone from Oxbow?



1 And who was it?

2 MR. JEFF ROBERTS: My name is Jeff  
3 Roberts. I'm associate general counsel for  
4 Argosy. We met with Oxbow about two weeks ago.  
5 We were in Lawrenceburg in a meeting we held for  
6 the local residents. It was an opportunity we  
7 had to speak with them. Their primary concern  
8 was our accessing the property through the  
9 roadway. We believe that by acquiring the rights  
10 to Central Indiana Railroad we will satisfy the  
11 majority of the concerns that Oxbow had. When we  
12 told them that that was a consideration they were  
13 greatly relieved and it appears that many of  
14 their concerns may be alleviated by that.

15 COMMISSIONER VOWELS: Was there -- I  
16 don't know how Oxbow is set up. Do you recall  
17 was it the attorney from Oxbow that you met with  
18 along with the others?

19 MR. JEFF ROBERTS: Yes, we had their  
20 attorney Mr. Morrow was there as well as a couple  
21 of their operations people who historically  
22 helped them with acquiring the easements that  
23 they have, the environmental easements. So we

1 had, I think, a representation of three or four  
2 individuals including their counsel.

3 COMMISSIONER VOWELS: This is a couple  
4 weeks ago?

5 MR. JEFF ROBERTS: Yes.

6 CHAIRMAN KLINEMAN: Why is it that the  
7 mitigation plan hasn't been submitted? Is it  
8 just starting to come in formation or is it --

9 MR. MIKE MARINARO: Mike Marinaro,  
10 American Consulting Engineers. We've submitted  
11 our delineation plan to the Corps, and until they  
12 come back to us and tell us what ratio that they  
13 want us to use, we cannot come up with a plan.  
14 If they come back and say we're disturbing six  
15 acres and we want a four to one ratio, we'll have  
16 to come up with a plan for 24 acres. If they say  
17 three acres, we'll come up with a plan of 18  
18 acres. So until they get back with us and, as  
19 you know, they're not moving on any of the  
20 applications.

21 CHAIRMAN KLINEMAN: Wouldn't you want to  
22 overmitigation or don't I understand the problem?  
23 Wouldn't you want to plan for a maximum they

1           might request and have that as a plan? Is that a  
2           problem that you don't have a plan or what would  
3           be the reason not to overmitigate?

4                       MR. JEFF ROBERTS: We have not done that  
5           because we don't see that as a problem, Mr.  
6           Chairman. There's plenty of land in the region  
7           or in the neighborhood that we could acquire for  
8           mitigation purposes. We have not gone out and  
9           identified it largely for the reason that we know  
10          it's there. We know that it's acquireable. It's  
11          simply a question of how much. So we haven't  
12          focused on that as our priority right now. It's  
13          a timing consideration, and we placed it from a  
14          time line standpoint back simply because they'll  
15          tell us how much they want and there's plenty  
16          there.

17                      CHAIRMAN KLINEMAN: That doesn't answer  
18          my question. I'm not sure I'm fully satisfied.

19                      MR. JEFF ROBERTS: We would expect that  
20          we could -- once the Corps of Engineers were to  
21          tell us the amount of wetlands that they would  
22          ask us to mitigate, we could expect we could get  
23          that done in very short order. We certainly

1           could, if you would prefer, go out and acquire a  
2           quantity of mitigation property right now that we  
3           think would be reasonably expected the Corps of  
4           Engineers would ask us to do. We could do that.  
5           We are not priororitized.

6                        COMMISSIONER BOCHNOWSKI: Maybe what Alan  
7           is getting at here is we heard from some other  
8           applicants that they have gone out and really  
9           they've worked up plans for a tremendous amount,  
10          probably more than is necessary to make a  
11          mitigated area, however you say that, but I think  
12          maybe that's why you're asking that question.

13                       MR. RUSTHOVEN: I understand the  
14          concern. My understanding is in terms of the  
15          overall (inaudible) this is not something that  
16          poses a difficulty in doing, and when we say it's  
17          not prioritized, we're not prioritized right now.  
18          It's not that we haven't done the exploration.  
19          It's just that we know that we can get that done  
20          and we can get that done in a way that would  
21          satisfy people. Every reasonable expectation  
22          people can have and are absolutely committed to  
23          doing. In terms of this stage of the process,

1 it's not something you have to have all lined up  
2 right now, but we can have this Commission --  
3 this Commission is going to be very happy with  
4 the mitigation that we do with any wetland.  
5 That's not going to be an issue.

6 CHAIRMAN KLINEMAN: I think one of my  
7 concerns is that, at least speaking for myself, I  
8 don't intend to have the wetlands issue be  
9 completely decisive of what happens in regards to  
10 the Certificate, but it is of a major concern as  
11 you've heard from the questioning that's been  
12 going on these last two days and we're going to  
13 be faced with trying to make a decision and maybe  
14 we won't have a good feel as to whether or not  
15 you are the desirable choice if you're unable to  
16 work out the mitigation. I guess I would feel  
17 more comfortable as a lawyer if you had an option  
18 on a bunch of ground and you said if we have to  
19 go to court and we've got the land under control  
20 or it's (inaudible). I get the feeling you  
21 really don't have a handle on this, and I know  
22 the Corps is not going to give you a permit until  
23 you do, and to me that's going to drag out the

1 Corps procedure maybe longer than it should be if  
2 you were all set to go. If I don't understand  
3 the problem, tell me.

4 MR. JEFF ROBERTS: First of all, we  
5 understand your concern. We have developed four  
6 riverboat properties and we have dealt with  
7 wetlands issues in four states and certainly  
8 there may be some nuances here in Indiana, but we  
9 believe that the approach we're taking is a  
10 prudent approach, that it's an approach that has  
11 been successful and has worked in our other  
12 locations. We're confident, Mr. Chairman, that  
13 we will be able to obtain the property necessary  
14 to satisfy the Corps of Engineers.

15 MR. PETER RUSTHOVEN: I was going to  
16 introduce Tim Kovacks with American Consulting  
17 Engineers who has worked on some of the wetlands  
18 issues.

19 MR. JIM KOVACKS: Good afternoon. I'm  
20 Jim Kovacks with American Consulting Engineers  
21 and I'm the environmental scientist for our  
22 company. I did the delineation work on this site  
23 and the application that has been submitted to

1 the Corps. What we have is a forested flood  
2 plain wetland and most of the area down there is  
3 of neither a Newark or Huntington soil that could  
4 easily be restored back to wetland, and the area  
5 that the conservancy district has that several of  
6 the other firms vying for a license have already  
7 suggested as suitable for wetland would certainly  
8 be suitable for wetland on this site, and it's  
9 not a situation that Argosy would take lightly,  
10 but it's a situation that is not uncommon to  
11 something that they've done in the past and that  
12 our firm has done in the past.

13 CHAIRMAN KLINEMAN: So the answer is the  
14 land which might be used is under, quote,  
15 friendly control; it's in the conservancy. Is  
16 that what I'm to understand.

17 MR. JIM KOVACKS: That land is suitable  
18 for restoration or creation.

19 CHAIRMAN KLINEMAN: In other words, even  
20 though you are not part of the, quote,  
21 conservancy district, none of the land you're  
22 talking about is in that area; is that correct?

23 MR. PETER RUSTHOVEN: None of the land-

1 base -- Steve Lee, my partner, can describe this  
2 for you a little better.

3 CHAIRMAN KLINEMAN: You bought the old  
4 lumber yard?

5 MR. PETER RUSTHOVEN: That's correct.  
6 That's where the land-base facility is going to  
7 be.

8 MR. STEVE LEE: But each of us needs to  
9 get to the river and conservancy district at  
10 least for our side is located controls the  
11 property to the south of the CSX railroad tracks  
12 and we will locate the pavillion in that area.  
13 These are the CSX. The conservancy district  
14 controls this property. Also controls this  
15 property. The environmental engineer was  
16 referring to this property which is under control  
17 of the conservancy district but can be used to  
18 restore the wetlands disturbed in creating this  
19 canal.

20 COMMISSIONER BOCHNOWSKI: The Oxbow  
21 property is above there?

22 MR. STEVE LEE: Right here.

23 COMMISSIONER BOCHNOWSKI: How many



1            acres -- is this triangle that you have here  
2            where your land-base facility, how many acres is  
3            that?

4                        MR. STEVE LEE: This?

5                        COMMISSIONER BOCHNOWSKI: That's right.

6                        MR. STEVE LEE: Approximately seven and  
7            a half, eight acres, plus we have some over here.  
8            The total is about ten acres.

9                        COMMISSIONER SUNDWICK: I think you have  
10          co-applicants that have talked about this  
11          particular area being one of the premiere gaming  
12          locations in the country today. Am I right?

13                        MR. PETER RUSTHOVEN: As did we.

14                        COMMISSIONER SUNDWICK: It seems they  
15          continue to talk about this as a destination, and  
16          I've heard something in your presentation someone  
17          say that this really is not much of a destination  
18          as a day trip issue. Therefore, we need 100  
19          hotels room and we only need this much, seven  
20          acres of land because this is really not a  
21          destination. It is in fact a day trip.

22                        MR. PETER RUSTHOVEN: The person who  
23          said that I think is Tom Long who is best able of

1 addressing that issue.

2 MR. TOM LONG: Thank you, Mr. Sundwick.  
3 Our experience in the riverboat gaming business  
4 is that we aren't building Las Vegas here. We're  
5 certainly not building the critical mass that  
6 would allow a strip of casinos or a strip of  
7 hotels to be built that would support 12, 14, 15  
8 thousand people at a time. The fact that it is  
9 called a day trip business doesn't deprecate the  
10 strength of the market. The market is very  
11 strong. It's very deep and it is very compelling  
12 from an economic standpoint and marketing  
13 standpoint. But we don't kid ourselves to think  
14 that we're building Disneyland or that we're  
15 building a resort that everyone is going to come  
16 and spend seven days at. What we're building is  
17 a facility that will be very amenable to the  
18 guests who will come. It will allow them easy  
19 access to our site to allow them to enjoy  
20 themselves for a day. They can stay overnight in  
21 our hotel or the hotel some of our fellow  
22 businessmen may build, but we don't in our  
23 experience in operating four sites so far don't

1 see a vast desire for people to come and spend  
2 three, four and five days like they do in the  
3 Las Vegas market. It's riverboat gaming. It  
4 requires a great deal of marketing and we put a  
5 great deal of marketing in bringing the people  
6 here, and the hotel feature is one that is very  
7 significant, but our experience on it is that  
8 these are very much like baseball, basketball,  
9 football franchises. People use them as an  
10 alternative for the entertainment dollar in the  
11 metropolitan area and they make a decision on  
12 that, and that's what our experience has been and  
13 that's why I made at that statement, sir.

14 COMMISSIONER SUNDWICK: The legislature  
15 prior to that there could be a number of boats  
16 that could be a licensed in that particular  
17 county. As of Friday the court said that in fact  
18 it could be one. Doesn't that change your  
19 attitude about a market with eleven million  
20 people within driving distance that this and all  
21 the other issues doesn't it make more of a  
22 destination than just a day seven-acre location?  
23 Marketing business seems to me better off with a

1 destination location than a boat that says this  
2 is not a very big project relative to maybe the  
3 opportunity when you might have the only license  
4 in the area.

5 MR. TOM LONG: I'm going to let Mr.  
6 Norton address that issue for you.

7 MR. STEVE NORTON: I've been in the  
8 situation --

9 CHAIRMAN KLINEMAN: For the record, state  
10 your name.

11 MR. STEVE NORTON: Steve Norton,  
12 president of Argosy. This is a lot more like  
13 Atlantic City than it is Las Vegas where you have  
14 significant population nearby. Ninety percent of  
15 it is in other states other than Indiana, so  
16 Indiana is going to get the benefit of these tax  
17 dollars, and those were part of my  
18 recommendations in the past before the Indiana  
19 legislature that there are several locations in  
20 this state that are very close to population --  
21 great population in surrounding states where the  
22 benefits are going to be primarily bringing  
23 people from other states into Indiana, but this

1 business is still primarily a day tripper  
2 business here. Atlantic City 90 percent of the  
3 business is day tripper in New York, Philadelphia  
4 from Washington, Baltimore. They drive up to  
5 three hours and then go back the same night. We  
6 have Indianapolis, we have Columbus, Dayton, we  
7 have Lexington. For a while we may have  
8 Louisville. Those markets will all be coming  
9 here, but initially they will be coming primarily  
10 for a same day trip. There are a lot of hotel  
11 rooms in the region. Most of those are dead on  
12 weekends when this kind of project would have the  
13 strongest hour of demand. So we'll be working  
14 with the existing hotels in the greater  
15 Cincinnati area and in Lawrenceburg to try to  
16 help them with a lot of weekend demand to offset  
17 their midweek demand for convention and for  
18 commercial business, but initially the important  
19 thing is here to build a facility that can  
20 accommodate a lot of people coming on bus, coming  
21 in their own cars, coming by train. They will be  
22 going home the same day. We will gradually  
23 build, expand that and we have developed a site

1           that gives us the ability to expand a number of  
2           hotel rooms as the demand increases, but as you  
3           see Atlantic City, most of the properties still  
4           have the 500 rooms they started with in 1978, '79  
5           and '80. Only a few of the properties have  
6           expanded beyond that. In Nevada in order to be  
7           successful, since there is no drive-in market,  
8           they need 3,000 or 4,000 rooms. In Nevada the  
9           average win per available room is about \$40,000  
10          per year per room. That means that a 200-room  
11          hotel is only producing \$8 million in win. I  
12          think all of the proposals you've seen here  
13          before you today and yesterday and probably  
14          tomorrow is talking about casino wins in the \$200  
15          to \$250 million range. That is not being driven  
16          by the 200 or 300 or 100 rooms that are being  
17          proposed by these developers. It is being driven  
18          by the seven million people that are in a  
19          one-and-a-half-hour drive, the eleven million  
20          people that are within a three-hour drive.

21                    COMMISSIONER SUNDWICK: Your parking  
22                    facilities is close to 3,000 cars, right?

23                    MR. STEVE NORTON: We have space for

1 3,000. It's not all in the garage. We have flat  
2 parking. We also have an off-site parking that  
3 we will use extensively during the interim  
4 facility.

5 COMMISSIONER SUNDWICK: This seven-acre  
6 plot you currently have has space for 3,000 cars?

7 MR. STEVE NORTON: That's space for  
8 2,000 in a garage. There is additional -- you  
9 can figure about a hundred cars per acre of other  
10 flat acres for flat parking, but we have 2,00 --  
11 two garages of 1,000 cars each planned for the  
12 permanent facility.

13 COMMISSIONER SUNDWICK: How many  
14 people -- what's the capability of your boat?

15 MR. STEVE NORTON: Including employees  
16 it's like 3,400. You take away the employees and  
17 you're probably just under 3,000 passengers for  
18 2,500 gaming positions. Which is about the right  
19 ratio we like to see, about 1.2 times as many  
20 potential passengers as you have gaming  
21 positions, but with 2,000 cars, the average car  
22 brings 2 to 2.1 person each. You've got the  
23 ability to put 4,000 people there. With the

1 cruise. That's where that number comes from. We  
2 can't accomodate any more than 3,000 at one time  
3 on the boat itself. Now, there will be some  
4 other people that will be accommodated in the  
5 support facility in the restaurants and the  
6 nightclub and the banquet facilities, but it's  
7 not likely that we'll see more than 4,000 or 4,  
8 500 people in that complex at any one time.  
9 2,000 cars will take care of that most of the  
10 time.

11 COMMISSIONER SUNDWICK: That's currently;  
12 you expect that right away?

13 MR. STEVE NORTON: Not on the interim  
14 facility.

15 COMMISSIONER SUNDWICK: When you get it  
16 finished right away?

17 MR. STEVE NORTON: I just think we'll see  
18 that kind of demand early.

19 COMMISSIONER SUNDWICK: Where do you plan  
20 to expand? You said you're going to put in  
21 another 250 hotel rooms?

22 MR. STEVE NORTON: That plan does have  
23 the ability to be expanded with additional hotel



1 possibility for expansion west should that become  
2 desirable.

3 MR. STEVE NORTON: If a large hotel were  
4 desirable and necessary in the future, it could  
5 be built on fairly small footprint. Some of the  
6 Atlantic City properties, one of the smaller ones  
7 had a two-acre footprint for a 500-room hotel.  
8 The Taj Mahal which is one of the largest has  
9 about a 17-acre footprint and has three million  
10 square feet of space in it. Some of the Las  
11 Vegas properties have more acreage but they  
12 spread their facilities, but there is plenty of  
13 property available to develop anything that would  
14 be needed in terms of marketing this property,  
15 but we are limited in the property by the fact  
16 that a single riverboat and the potential size of  
17 a riverboat is very difficult to get a casino  
18 riverboat of in excess than 100,000 square feet.  
19 Right now we think that's a practical maximum.

20 MR. PAUL KELLY: Paul Kelly again. Just  
21 to show you that we are thinking about the  
22 future, we have developed a site plan that shows  
23 potential expansion to the west once the Central

1 Indiana Railroad is acquired, and I've shown that  
2 plan up there. You can see here that this  
3 property -- you can see that by eliminating the  
4 railroad it really improves the geometry of the  
5 site. Again, we don't feel this is necessary for  
6 what we envision for day one. It certainly does  
7 allow this whole area to become available for  
8 expansion.

9 COMMISSIONER SUNDWICK: Would you set  
10 that one down on the floor. Show me -- you're  
11 talking about -- you're not just talking about  
12 future expansion. You're talking about changing  
13 everything because that building you have in the  
14 west certainly doesn't fit into what you have  
15 proposed currently, so expanding that to that is  
16 not practical.

17 MR. PAUL KELLER: Well, these are  
18 conceptual drawings. What we attempted to show  
19 here was that there is land available if it is to  
20 be acquired, that you are correct in assuming  
21 that these -- this does not really represent a  
22 natural extension of this plan. We simply  
23 basically drew this to show you that there is

1 room there for expansion. We strongly believe  
2 that site is totally adequate for the market as  
3 it is.

4 COMMISSIONER SUNDWICK: Almost looks like  
5 the bottom plan was the original plan at one time  
6 and decided to go back to the other one.

7 MR. PAUL KELLER: No, this has always  
8 been our plan. This is the plan that was  
9 submitted originally with our application.

10 CHAIRMAN KLINEMAN: Mr. Keller, we see  
11 lots of plans. There's another one in the annual  
12 report. I assume this came out a couple months  
13 ago. It doesn't look anything like either one of  
14 those and it's supposed to be Lawrenceburg. It  
15 doesn't even have the boat coming on an angle. I  
16 don't know whether this is an earlier one or late  
17 one.

18 MR. MIKE MARINARO: Mike Marinaro,  
19 American Consulting Engineers. The plan you see  
20 on the bottom is one we generated to convince  
21 Tom Long and Steve Hilbert to buy the railroad so  
22 that if the land became available we could expand  
23 the project. It doesn't represent the expansion

1 of the project. It represents what we could do.

2 CHAIRMAN KLINEMAN: Annual report shows a  
3 pretty big building. I don't know where that  
4 came from.

5 MR. STEVE NORTON: Steve Norton, Mr.  
6 Chairman. That is the same site. What you see  
7 there is a facade on the side of the parking  
8 garage that's now been changed somewhat, but it's  
9 still basically the same number of hotel rooms.  
10 We just designed the site to cover up the side of  
11 the garage, and they did a very excellent job in  
12 that artist rendering.

13 CHAIRMAN KLINEMAN: This is a site plan  
14 I'm looking at. It's a site plan. It's not  
15 facade.

16 MR. STEVE NORTON: You're not looking at  
17 the picture then.

18 CHAIRMAN KLINEMAN: No, I'm looking at  
19 the site plan.

20 MR. STEVE NORTON: But it is basically  
21 the same site. We have not changed the site. We  
22 have changed the architectural somewhat.

23 MR. MIKE MARINARO: Mike Marinaro,

1 American Consulting Engineers. I'm looking at  
2 the same drawing you are.

3 CHAIRMAN KLINEMAN: What is that large  
4 building which is on the other side of the levee?

5 MR. MIKE MARINARO: That was designed to  
6 be a hotel.

7 CHAIRMAN KLINEMAN: And how large?

8 MR. MIKE MARINARO: That was a 300-room  
9 hotel with a central atrium.

10 CHAIRMAN KLINEMAN: That's what I thought  
11 it looks like.

12 MR. MIKE MARINARO: That's correct. It  
13 was a Grand Hotel. When we found out the  
14 concerns with, wetlands with archeological we  
15 started looking at alternates to putting a hotel  
16 out there and the real killer was when Ed Voumard  
17 was out there one day he saw that entire land  
18 where that hotel was was under two feet of water  
19 and his comment was we can't put a hotel where  
20 there's two feet of water, so we brought it back  
21 inside the the levee.

22 CHAIRMAN KLINEMAN: Pretty smart man.

23 MR. STEVE NORTON: Steve Norton again,

1 Mr. Chairman. We also brought the hotel back in  
2 because it functions much better as part of the  
3 public space with the facility. If it's on the  
4 other side of the levee it doesn't have the same  
5 synergy in terms of the restaurants, the night  
6 clubs, the casino that it would have if it's on  
7 the same side of the levee that we are. That  
8 happened to be one of our earlier plans. The  
9 more recent ones had the facade and had 100  
10 rooms, but we do have the ability to expand this  
11 plan to, I think, 400 was the last I saw.

12 MR. STEPHEN HILBERT: Steve Hilbert,  
13 Conseco. I've sort of got egg on my face because  
14 your concern was Argosy's concern. My concern  
15 was the fact that I was born and raised in Terre  
16 Haute, Indiana, north Terre Haute to be exact,  
17 and before I got in the insurance business I was  
18 with a wholesale appliance company and as I  
19 traveled in Indiana, Linton, Jasper, all the  
20 different spots, all of these wonderful  
21 businesses were in place and then something like  
22 Wal-Mart came in, and Wal-Mart's been a wonderful  
23 success story but it's also killed an incredible

1 amount of businesses. There are 300 rooms  
2 available in Lawrenceburg. We can expand this  
3 hotel to the 300, and I'm the one that said,  
4 look, let's give the business community an  
5 opportunity to utilize their space. Tom, his  
6 idea was to make it larger. I said if the demand  
7 is there we'll make it larger, but I think going  
8 in and killing others in the community doesn't  
9 make a lot of sense so, again, these issues  
10 they're answering a lot of questions that I'm the  
11 real genesis for so I apologize.

12 CHAIRMAN KLINEMAN: We're not in a  
13 position where we want you to change your plan  
14 because we have some ideas, but you are the flip  
15 side of what we heard this morning. We heard  
16 destination, destination, beautiful facilities to  
17 draw people during the week and all sorts of  
18 times. The gaming got to be a very small part of  
19 what was going to get people to the site and you  
20 people are exactly the opposite.

21 MR. STEPHEN HILBERT: With all due  
22 respect, Mr. Chairman, and with nothing negative  
23 about the competitors, the reason we chose Argosy

1 is because they have the most experience in  
2 riverboat gaming and I believe they understand  
3 the dynamics of riverboat gaming and more  
4 importantly the demographics, so I think that  
5 from a destination perspective Tom Long is right.  
6 It's primarily a day trip, but in the event that  
7 destination becomes an issue, we have on the  
8 drawing board and we could quickly go to another  
9 200 rooms if need be.

10 CHAIRMAN KLINEMAN: The only reason with  
11 300-room hotel produces more jobs and produces  
12 more dollars in place on ground.

13 MR. STEPHEN HILBERT: As long as it's not  
14 eliminating jobs.

15 MR. PETER RUSTHOVEN: And as long as 300  
16 rooms are being filled.

17 CHAIRMAN KLINEMAN: That's a trade-off we  
18 go through. Everybody says, sure, you're  
19 creating jobs, but there are going to be jobs  
20 lost other places, but we have IUPUI who works  
21 those numbers around for us and we believe that  
22 there's definitely a net gain with jobs.

23 MR. JOHN THAR: To follow up on that



1 point. This is the current trend on riverboat  
2 gaming across the country to build more of a  
3 destination resort as opposed to just a day trip  
4 market item?

5 MR. TOM LONG: Yes, Mr. Thar. We're  
6 putting rooms in Kansas City. We're looking at  
7 rooms certainly in Baton Rouge. I'm not debating  
8 the issue that there is never any issue of  
9 destination concept here, but it's a question of  
10 how much. I guess we're talking about real money  
11 here. We want to maximize the revenues to this  
12 great state and to this project, but Steve and I  
13 would like to grow into this and we believe  
14 starting with a 100 rooms and allowing the  
15 community to grow into the project with us is a  
16 prudent thing to do, but Mr. Thar, you're right,  
17 this trend is coming along and it is growing and  
18 it is maturing and we recognize that as we are  
19 doing with some of our other sites.

20 MR. JOHN THAR: My concern isn't so much  
21 whether or not you would reinvest in the project  
22 as it would get bigger. It what looks to me your  
23 project is basically landlocked. You've got

1 approximately 7.5 acres plus another some acres  
2 to make it a total of ten under your control; is  
3 that right?

4 MR. TOM LONG: Yes, sir.

5 MR. JOHN THAR: The problems I have is,  
6 number one, you're right up against the levee on  
7 two sides. I don't know how you're going to  
8 traverse to get traffic into that site. I don't  
9 know how -- what your plans are to handle the  
10 levee to go to the docking facility on the  
11 outside of the levee. I don't know where your  
12 expansion would be except it would have to go  
13 either into the city or on the other side of the  
14 levee, and that would seem to me put the project  
15 a little bit disjointed. Can you address some of  
16 those issues starting with how you get the  
17 traffic into the sawmill area and deal with the  
18 levee?

19 MR. TOM LONG: Mike, can you help us  
20 with that and Paul, please.

21 MR. MIKE MARINARO: Mike Marinaro,  
22 American Consulting Engineers. Our original  
23 proposal was to reconstruct Canal Street from

1 U.S. 50 down to the sawmill side. It used to be  
2 there before they built the levee. They stopped  
3 it. There's still a curb cut. We're going to  
4 build up the road to come over the levee back  
5 down adjacent to the railroad tracks and then off  
6 to our site.

7 MR. JOHN THAR: Is that the way you're  
8 going to do it now or go over the levee?

9 MR. MIKE MARINARO: We would still go  
10 over the levee. Now we are planning on building  
11 a road that starts at 275, has an overpass over  
12 the 275 ramp, comes down, lands on the railroad  
13 tracks, follows the railroad tracks and through  
14 the gate through the levee and on to the site.

15 MR. JOHN THAR: When you say you dealt  
16 with the railroad, they're going to remove track  
17 and it's going to become your road?

18 MR. MIKE MARINARO: That's correct.

19 MR. PAUL KELLER: Paul Keller. In our  
20 opinion there is simply no easier way to get to  
21 any site than to get to this site. People will  
22 come, cross the bridge, off an off-ramp off the  
23 freeway. They will arrive onto what we are going

1 to call Argosy Parkway which will be the old  
2 railroad bed that will be limed, lit and  
3 landscaped. They will move directly to the site  
4 without any stoplights and without any turns or  
5 questions in their mind as to how to get to the  
6 site because basically it is our driveway. I  
7 would just remark -- make one other remark. Our  
8 experience in the riverboat business is that  
9 travelers to a riverboat who are constrained by  
10 the cruising times, if they find themselves  
11 running a little behind with the potential of  
12 missing a two-hour cruise, these people will do  
13 some unusual things. These people will drive on  
14 sidewalks. They will drive around crossing  
15 guards, over railroad tracks. We have videos of  
16 this happening. That is why traditional traffic  
17 analysis that looks at sites that require people  
18 to travel down a road that has stoplights on it  
19 doesn't take into account the fact that there is  
20 a safety consideration when people start to get  
21 nervous that their whole evening will be ruined.  
22 I think what we have provided is a very very  
23 simple way to get off the freeway. There's no

1 light. There's no stop signs. You arrive at our  
2 parking garage and get on the boat.

3 MR. JOHN THAR: Now, you've got to funnel  
4 all those cars into that 7.5 acre spot where  
5 you've got 2,000 parking spots, right?

6 MR. PAUL KELLER: That's correct.

7 MR. JOHN THAR: Where does the overflow  
8 traffic go?

9 MR. PAUL KELLER: Well, the 2,000 parking  
10 spots will accommodate approximately 4,000  
11 passengers. We would --

12 MR. JOHN THAR: I just want to know where  
13 the overflow traffic goes.

14 MR. PAUL KELLER: Overflow traffic?

15 MR. JOHN THAR: Where does the 2,001 and  
16 first car go?

17 MR. PAUL KELLER: We have an overflow lot  
18 on the fairgrounds that the city will provide.

19 MR. JOHN THAR: How does that work? Do  
20 you have to kick back out? Do you go on to  
21 another street? How does that work? I just want  
22 to understand the traffic flow on your property.

23 MR. PAUL KELLER: That is a matter solved

1 simply with signage.

2 MR. JOHN THAR: I'm sorry.

3 MR. PAUL KELLER: With signage.

4 MR. JOHN THAR: And how? So I'm on your  
5 property and there's no parking spots. What  
6 signage do I follow to get to the parking lot?

7 MR. JIM WURSTER: My name is Jim  
8 Wurster. We will have -- on that arrow that you  
9 saw coming off the ramp there will be an overflow  
10 or an access to 50 from the railroad track right  
11 in the Hardingsburg area. Hardingsburg is a  
12 little town right there in the corner of the  
13 interchange of U.S. 50. There will be a road out  
14 to 50. When the parking lot is full there will  
15 be a sign that says overflow and they'll be  
16 directed to the overflow.

17 MR. JOHN THAR: Off this new road that  
18 you built there's going --

19 MR. JIM WURSTER: Off the new road there  
20 will be a connection back to 50, yes.

21 MR. JOHN THAR: Let's talk about your  
22 temporary spot. Where is the temporary parking  
23 going to be and where is the location of your --

1 have you changed the location of your temporary  
2 boat facilities from originally to present?

3 MR. TOM LONG: The parking for the  
4 temporary facility, Mr. Thar, will be the  
5 fairgrounds area. We have -- our experience in  
6 the business we shuttle all our locations today,  
7 and although not ideal, it's the trade-off of  
8 getting a temporary site open or not. We'll run  
9 an extensive shuttle system for people from the  
10 fairgrounds area into our temporary site. Your  
11 second question have we changed it. I don't  
12 believe so, sir, but I'm going to look for  
13 confirmation here from these people. Always been  
14 at the Walnut Street site.

15 MR. JOHN THAR: Is that the site where  
16 those coal chutes are?

17 MR. TOM LONG: Yes, sir, it is.

18 MR. JOHN THAR: That is what you still  
19 propose to be your temporary site?

20 MR. TOM LONG: It's downstream of it  
21 some but not right behind it but it's in the  
22 vicinity.

23 MR. JOHN THAR: Does it involve that

1 land?

2 MR. TOM LONG: It does not involve the  
3 land, sir.

4 MR. JOHN THAR: But it's between there  
5 and the sawmill?

6 MR. TOM LONG: Let's show you exactly on  
7 the site plan.

8 MR. MIKE MARINARO: Mike Marinaro,  
9 American Consulting Engineers. Temporary  
10 facility that's proposed will be constructed on  
11 land that is owned by the city. It's the current  
12 right-of-way for Walnut Street and land adjacent  
13 to that downstream. We are not using any private  
14 property for this construction.

15 MR. JOHN THAR: Is it right at the end of  
16 Walnut Street?

17 UNIDENTIFIED SPEAKER: Yes, sir.

18 MR. JOHN THAR: So it's not as far north  
19 as those coal chutes?

20 MR. MIKE MARINARO: That's correct.

21 CHAIRMAN KLINEMAN: It's the site that  
22 the city is already attempting to get permits  
23 for?



1 MR. MIKE MARINARO: That's correct. They  
2 have applied to the Corps of Engineers for a  
3 permit for docking facilities.

4 COMMISSIONER VOWELS: Your original  
5 application didn't have anything about the  
6 100-room hotel. How come?

7 MR. TOM LONG: We believe that the  
8 dynamics of the program dictated that we have a  
9 100-room hotel there, that we start off with it  
10 and look forward to expanding it if necessary.

11 COMMISSIONER VOWELS: So somewhere along  
12 the line you got religion. You didn't have it in  
13 the beginning. Was there something that spurred  
14 that or was that an oversight?

15 MR. TOM LONG: As we said -- did I  
16 answer you, Mr. Thar? We do believe there is  
17 certainly room in the market area for hotels  
18 attached to riverboats. Our company has a policy  
19 beginning with 100 rooms moving up to 200 if we  
20 need so, and we believe that there is certainly a  
21 piece of the market there that we use that.

22 COMMISSIONER VOWELS: How you come didn't  
23 put it in in the first place?

1 MR. TOM LONG: At that point we didn't  
2 believe that that was so. We changed our mind  
3 and I guess, as you said, we got religion.

4 COMMISSIONER VOWELS: Was that after the  
5 other applicants proposed it?

6 MR. TOM LONG: I don't think so.

7 COMMISSIONER VOWELS: Was it in reaction  
8 to the other applicants?

9 MR. TOM LONG: No, sir, I don't believe  
10 so.

11 COMMISSIONER VOWELS: In the application  
12 it says sometime later 250 rooms will be added.  
13 What time frame are we talking about or what  
14 condition will spur that?

15 MR. TOM LONG: I think the market is  
16 going to dictate that, sir. I don't have a  
17 specific time frame for you. If you'll look at  
18 our properties, we have invested heavily back  
19 into our properties and as we see a need, we will  
20 be glad to expand.

21 COMMISSIONER SUNDWICK: The question I  
22 have. A 250-room hotel. We're getting caught up  
23 in this. I think it's a (inaudible). You

1           apparently ahve a lot of renderings up here and  
2           some of them show a pretty large hotel. The  
3           gentleman out here said I've been around Indiana  
4           and we ought to share some with of the local  
5           people. I think that's certainly commendable,  
6           but somebody in this process said we ought to  
7           have 250 rooms and then we're beating back full  
8           200 rooms. Do you agree with 100 rooms or do you  
9           think we ought to go back to our original 250?

10           MR. TOM LONG: Mr. Sundwick, to open up  
11           this project in the City of Lawrenceburg 100  
12           rooms is absolutely very adequate. I believe  
13           this market can mature, but until we mature I  
14           think 100 rooms is certainly adequate in my  
15           professional opinion.

16           COMMISSIONER VOWELS: So the opinion  
17           would be 100 rooms is what there should be and if  
18           the market later down the road shows that you  
19           were incorrect, you'll add another 250 rooms?

20           MR. TOM LONG: That's correct.

21           COMMISSIONER VOWELS: Basically you want  
22           to see if your market pans out if it's going to  
23           be worthwhile?

1 MR. TOM LONG: That's how we've done  
2 business in the past.

3 COMMISSIONER VOWELS: Let me ask this  
4 question. You've got parts of your presentation  
5 you had told us that of all the jurisdictions  
6 that have cruising gaming vessels you have  
7 vessels there. What would be your response to  
8 the other side of that coin that you've expanded  
9 too fast. You've got a second boat. The pursuit  
10 of that in Iowa, whether it would be your  
11 statement or reaction to the statement that that  
12 may detract from the Indiana operation. Rapid  
13 expansion, what's your response to that?

14 MR. TOM LONG: I certainly don't think  
15 so. My response is it certainly will not. All  
16 of our operations are stable moving forward very  
17 well. We opened up three operations in 1994.  
18 They've been digested very well and we're moving  
19 forward. Lawrenceburg has been on our radar  
20 screen for almost three years now. Our movement  
21 into Indiana market is well thought out. It's an  
22 easy movement for us to do and it's a project  
23 that can easily be developed alongside our

1 Lawrenceburg project. We have committed all of  
2 our corporate resources and we have committed our  
3 corporate executive time and our developmental  
4 time to this Lawrenceburg project and we think  
5 developing projects going forward is not outside  
6 the scope of our ability as we certainly have  
7 done in the past.

8 COMMISSIONER VOWELS: My understanding,  
9 total amount of investment \$138 million; is that  
10 correct?

11 MR. TOM LONG: \$180 million.

12 COMMISSIONER VOWELS: From what we have  
13 received \$35 million for the boat and the gaming  
14 equipment, the land-based operations. Can you  
15 give me a breakdown because that's different than  
16 what I read.

17 MR. TOM LONG: Yes. There's a slide on  
18 that. I think we have \$48 million in the boat.  
19 \$19 million for FF&E.

20 COMMISSIONER VOWELS: How much for the  
21 boat?

22 MR. TOM LONG: \$48 million.

23 COMMISSIONER VOWELS: Does that include

1 MR. TOM LONG: It would be hard for me  
2 not to agree with that, sir.

3 COMMISSIONER VOWELS: \$14,500,000 for  
4 gaming equipment.

5 MR. TOM LONG: It's 19.

6 COMMISSIONER BOCHNOWSKI: Can you put  
7 that slide back up that breaks it down. I guess  
8 we've got it.

9 COMMISSIONER VOWELS: The marina  
10 dockside improvements are twelve and a half  
11 million dollars. What is that now?

12 MR. TOM LONG: I'm going to have to ask  
13 Mike and Paul. It's in the \$75 million number,  
14 sir.

15 COMMISSIONER VOWELS: You got landbase  
16 development of \$67 million, related development  
17 of \$23,500,000. So what's included in the \$75  
18 million? Landbase development?

19 MR. TOM LONG: The \$75 million includes  
20 all dockside development, the buildings, the  
21 parking garages and everything but the boat and  
22 FF&E and everything but the road work that needs  
23 to be done to make the site accessible.

1                   COMMISSIONER SUNDWICK: That's \$23  
2 million for this related development?

3                   MR. TOM LONG: City infrastructure is 423  
4 million.

5                   COMMISSIONER VOWELS: So we have 23 and  
6 a half million. Well, let's get back to my  
7 question. My point was whether it's \$138 million  
8 or \$180 million. My reading shows that there was  
9 \$100 million line of credit. Is that going to be  
10 sufficient for all the projects including  
11 Indiana?

12                   MR. TOM LONG: I ask Joe Uram, our chief  
13 financial officer, to deal with that, sir.

14                   MR. JOSEPH URAM: My name is Joseph  
15 Uram, Chief Financial Officer of Argosy. Argosy  
16 has two projects where we are completing from  
17 temporary permanent sites, that in Riverside --  
18 Kansas City, Missouri, and Baton Rouge.  
19 Remaining project costs to complete there is  
20 about 440 million. Argosy has annual cash flow  
21 in excess of \$70 million. Therefore, the line of  
22 credit with Bank of America as the lead bank  
23 allows for \$90 million in addition to the \$10

1 million of cash that I have. I have 100  
2 available for this project. In addition, that  
3 bank group specifically allows for supplier  
4 financing for slot machines, so this project is  
5 well within Argosy's capability even without cash  
6 flow.

7 CHAIRMAN KLINEMAN: On day one --

8 MR. JOSEPH URAM: I think it's probably  
9 appropriate to comment that we have a partner who  
10 is bringing 40 percent of the funds. Balance  
11 sheet is a tad bigger than ours, but certainly  
12 Argosy has the ability to pay for existing  
13 projects from cash flow and for Lawrenceburg from  
14 the line cash and supplier financing.

15 COMMISSIONER VOWELS: I show Consecos owns  
16 26 and a half percent and providing 40 percent of  
17 the financing; is that correct?

18 MR. JOSEPH URAM: Consecos is indeed a  
19 financier.

20 COMMISSIONER VOWELS: What is RJ and  
21 Centaur providing for their investments?

22 MR. PETER RUSTHOVEN: Answer that and  
23 then we can have other people from Centaur



1           respond. You have to understand the history of  
2           this a little built. This is an unusual project  
3           in terms of the applicants before you. The  
4           Indiana investors were there first as opposed to  
5           people who were found later. Centaur put the  
6           money in and did the preliminary work, got in  
7           touch with Argosy and tried to put this project  
8           together, later was instrumental in bringing  
9           Conseco to the table to make the whole project  
10          work, so Centaur had money in this project as it  
11          moved along. When you came to the point where we  
12          were going to bring in a major Indiana financial  
13          partner, Centaur's original investment got  
14          repaid, but they were left still with the  
15          opportunity to participate in this project and  
16          that they will still have a real money investment  
17          in this project. This was an arm's length -- and  
18          I can speak as the attorney who represented the  
19          group and therefore was not involved in doing the  
20          specific negotiations. This was an arm's length  
21          business-like negotiation. Everybody feels it  
22          was very fair all the way around. This is not,  
23          repeat not, a situation where some local Indiana

1 people were found where people then handed out  
2 points to. Centaur was involved in gaming in  
3 Indiana before there was a gaming act, before  
4 there was a gaming commission. So they put some  
5 real hard work and equity into this project, and  
6 the people who are supplying the major money feel  
7 it's very fair for them to be involved.

8 COMMISSIONER SUNDWICK: So they were in  
9 fact reimbursed their money?

10 MR. PETER RUSTHOVEN: Yes, at the time  
11 they were reimbursed for some of that money their  
12 percentage interest in the project dropped  
13 significantly from where it was before. That's  
14 where Conseco came in with the 26 and a half  
15 percent.

16 COMMISSIONER SUNDWICK: They only got a  
17 percentage of their money back or all their money  
18 back?

19 MR. PETER RUSTHOVEN: I think it would be  
20 helpful to have Jim Sommer of Sommer & Barnard  
21 who represents Centaur to give you details.

22 MR. JIM SOMMER: Jim Sommer of Sommer &  
23 Barnard. To put this in perspective as I think

1 Peter did, Centaur was an early player in this  
2 project and were not a token Indiana investor but  
3 Centaur was out in front at a time when \$100,000  
4 to Centaur maybe didn't mean as much as ten to  
5 Steve Hilbert coming in 1979, but was a  
6 significant investment. In February of 1993  
7 Centaur and Argosy entered into a letter of  
8 intent that called for a three-step process to  
9 bring this project to fruition. At that time  
10 Centaur had a 40 percent interest. It was  
11 contemplated that Centaur would remain a partner  
12 of Argosy through the development of the project.  
13 I must add that the project at that point in time  
14 was maybe a \$32 million project whereas now it's  
15 \$180 million project, and so the need and role of  
16 Centaur necessarily had to shrink, and Centaur  
17 has become, I guess, something of a minor player  
18 on the side line, but our position was finding  
19 negotiating with Tom Long and Argosy and with  
20 Consec in April of 1994, and at that point in  
21 time Centaur did get a payment back. I believe  
22 they left those funds in for further development.  
23 I think their investment at that point in time

1 MR. JIM SOMMER: He did not sell his  
2 interest. He was -- RJ Investments was separated  
3 from Centaur. If you left Rod Ratcliff's  
4 interest in, the combined Centaur-Ratcliff  
5 interest would be 13 and a half. Centaur's down  
6 to nine and a half. RJ investments is Rod's  
7 separate interest because in his situation I  
8 think because of the effort he had given it was  
9 felt appropriate that his category be something  
10 different than that of Centaur's so Rod's  
11 interest or RJ Investments does not have an  
12 obligation to make capital contributions as does  
13 Centaur. I want to make that clear again.  
14 Consec loans those funds for Centaur.

15 COMMISSIONER VOWELS: Let me just see if  
16 I can get this clear. Mr. -- RJ Investment  
17 was -- its four percent interest was originally  
18 four percent interest of Centaur?

19 MR. JIM SOMMER: Before that he had an  
20 interest in Centaur. His interest, indirect  
21 interest in the whole entity was, I think,  
22 something like 5.8 or 6 percent so when Consec  
23 came into the picture he dropped down by

1 approximately two percent, but he didn't drop  
2 down as much as the other Centaur investors as a  
3 group.

4 COMMISSIONER VOWELS: Is it correct to  
5 say that he took his Centaur Incorporated  
6 interest, came over here and created RJ  
7 Investment with that interest?

8 MR. JIM SOMMER: He was simply separated  
9 from Centaur.

10 COMMISSIONER VOWELS: His four percent  
11 interest -- that's fine.

12 CHAIRMAN KLINEMAN: I've got some more  
13 on that, Mr. Sommer. The Steven Norton who is  
14 Centaur, is that the same Steven Norton who is in  
15 Argosy?

16 MR. JIM SOMMER: Yes, sir.

17 CHAIRMAN KLINEMAN: Could you tell me how  
18 he got in and was he an officer of Argosy when he  
19 got into Centaur?

20 MR. PETER RUSTHOVEN: I think Tom  
21 probably knows that better.

22 MR. TOM LONG: Yes, Mr. Klineman. When  
23 the project came to us Steve Norton had not been

1 working for Argosy. We were just then going  
2 public. The opportunity was brought to us and  
3 Steve had indicated he was at that point in time  
4 a shareholder in Centaur. Brought it to us,  
5 disclosed it to us. We said fine. We still  
6 wanted your services so we made an agreement he  
7 could maintain that interest. Our board approved  
8 that. We entered into an employment contract  
9 with Steve, and at the same time we kind of  
10 Chinese Wall-ed it to some extent. The decision  
11 that had been made with regard to the project was  
12 related to financing and significant issues other  
13 than planning. Planning and input have been  
14 pretty much within my bailiwick so that Steve  
15 didn't have a conflict but our board has approved  
16 it. He came with that opportunity, disclosed it  
17 to us and we said we want you and we want you to  
18 maintain your opportunity.

19 CHAIRMAN KLINEMAN: That clears it. It  
20 did look like a corporate opportunity to me, but  
21 if it existed prior, it existed prior and that's  
22 fine.

23 COMMISSIONER SUNDWICK: I had Mr.

1 Ratcliff -- I'm sorry. Your name is --

2 MR. JIM SOMMER: Jim Sommer, Sommer &  
3 Barnard.

4 COMMISSIONER SUNDWICK: I'm sorry. I  
5 think I misunderstood what you said. You said  
6 the 9.5 percent of Centaur, their original  
7 investment was about \$100,000?

8 MR. JIM SOMMER: I believe that's  
9 accurate, yes. I think it was \$137,000. I  
10 believe there was either invested or loaned into  
11 the company, provided to the company at the  
12 outset.

13 COMMISSIONER SUNDWICK: The 137 has not  
14 been paid back?

15 MR. JIM SOMMER: I do not believe it's  
16 been paid back to the shareholders of Centaur.  
17 It's been left in the company.

18 COMMISSIONER SUNDWICK: So Centaur gets  
19 9.5 percent for \$136,000 investment?

20 MR. PETER RUSTHOVEN: I'd like to address  
21 that just a little bit. Centaur, yes, gets 9.5  
22 percent for the \$137,000 investment or whatever  
23 it was, but for some other things too. Centaur

1 gets that percentage because Centaur before there  
2 even was legislation in the state was trying to  
3 build community support for this idea in  
4 Lawrenceburg and Dearborn County, before they had  
5 a partner named Argosy, long before they had a  
6 partner named Conesco. Centaur was trying to  
7 persuade the legislature that this was a good  
8 idea. Centaur helped put this together. I  
9 emphasize that's part of what there is such thing  
10 called sweat equity and in this case sweat equity  
11 is pretty important when you're talking about the  
12 whole game, whether there is riverboat gaming in  
13 Indiana. The other thing I would emphasize is  
14 this has been an arm's length negotiated deal. I  
15 know that as well as anyone because representing  
16 partnership I've had to sit on the side lines  
17 because I can't represent one partner in  
18 negotiations. And I've watched the arm's length  
19 negotiations. These are people who deal with  
20 each other on a straight-up business-like basis.  
21 Nobody feels that anybody is getting something  
22 for nothing out of this deal. I think that --  
23 let's put it. Our deal is not anybody getting



1 something for nothing. I'll just leave it there.  
2 Steve.

3 MR. STEPHEN HILBERT: No one appreciates  
4 pioneers more than I do because when I founded  
5 Conseco my initial stock was a quarter of a cent  
6 a share and I think that initial stock that I  
7 paid a quarter of a cent of share for for \$10,000  
8 turned into \$85 million for me. So when you sit  
9 down and you really have an idea and you make the  
10 idea work, we had no problem participating with  
11 and helping continue to keep their ownership  
12 because again, I don't believe we'd be here today  
13 if it hadn't been for the week they did. We have  
14 loaned them money to maintain their ownership at  
15 the nine and a half percent and the first money  
16 out pays us back so they're not getting any  
17 freebies, I can assure you.

18 MR. JOHN THAR: Mr. Rusthoven. The  
19 partnership contained a provision uncomparable  
20 with the licensing ability of certain partners  
21 within the partnership. Does the partnership  
22 acquire that interest?

23 MR. PETER RUSTHOVEN: I think it does. I

1 confess, there are people who are much more  
2 familiar when I say it does.

3 MR. JEFF ROBERTS: Mr. Thar, the  
4 partnership agreement, as all of our agreements  
5 in our other jurisdictions, has a provision which  
6 would require a limited partner to redeem out  
7 one of its significant shareholders or  
8 significant investors if the state DCI were  
9 determine that individual were unsuitable. If  
10 that person were not bought out we would have an  
11 opportunity to buy the partner out.

12 COMMISSIONER VOWELS: I need to ask a  
13 question. The other jurisdictions where you've  
14 received a license for the gaming vessels, as far  
15 as the local endorsement process in those other  
16 jurisdictions, my understanding was that was --  
17 and I get some of these confused. Was it in  
18 Missouri or one of the other jurisdictions where  
19 the local endorsement carried so much weight that  
20 the commission within that state just grants and  
21 allows the locals to choose. Can somebody shed  
22 some light on that? Let me sum up the question  
23 in this way. In the other jurisdictions you're

1 in what is the importance of local endorsement  
2 and how does it play into the issuance of the  
3 license?

4 MR. TOM LONG: I think that all of the  
5 commissions are very sensitive to the issue of  
6 local endorsements, although I'm not aware that  
7 in any state where the local endorsement is the  
8 essence of the licensing process. In other  
9 words, it doesn't carry the final word or it is  
10 not a statutory prerequisite for licenses to be  
11 issued by the gaming board. Certainly in our  
12 philosophy as a company we believe it's very  
13 important that you be able to work with the local  
14 community and the government within that  
15 community, and we've sought that very actively in  
16 the areas in which we have operated and competed  
17 for a license, but they have not in Illinois nor  
18 in Missouri or nor in Louisiana or Iowa are they  
19 prerequisite or mandatory for licensing. I think  
20 they are given great weight, but I don't think  
21 they are at all -- they are not at all required.

22 COMMISSIONER VOWELS: When we first  
23 started up in between the time that legislation

1           went into effect in July of '93 until Mr. Thar  
2           came on in October or so of '93 and we had to  
3           pass a resolution specifically addressing the  
4           problem of local endorsement priority, the  
5           deadlines of application process and your company  
6           had entered into the arena in the southeastern  
7           portion, how important -- it seemed to me as soon  
8           as that legislation hit everybody got on the  
9           ground and got going and tried for local  
10          endorsement. Was that the way it was here? I'm  
11          not pointing any fingers at anybody because we  
12          hadn't put a resolution in. Was that seen as  
13          extremely important or somewhat important for  
14          your company when you went to the southeast?

15                 MR. TOM LONG: When we went there -- and  
16                 I've got to speak after the fact because I wasn't  
17                 there originally, but we went there to work with  
18                 the community and asked the community if they  
19                 would be interested. The administration said  
20                 they would. This is before there was a law even  
21                 passed. It was important to us that they said  
22                 they would want to support it so that we had the  
23                 ability to go to the legislature and say there's

1 an area that certainly wants this. It was very  
2 important. We negotiated an agreement up-front  
3 before anybody thought there could be gaming. It  
4 said if it happened we would have the ability to  
5 develop in that community. Subsequently this  
6 commission indicated that that should be  
7 rescinded, and we certainly did that, but to  
8 answer your question, Mr. Vowels, it's very  
9 important. It was a very important issue to us  
10 and I think continues to be.

11 COMMISSIONER VOWELS: Let me ask what I'm  
12 leading up to here. When you went into  
13 Lawrenceburg to seek the endorsement prior to  
14 that resolution, then following the procedure as  
15 we set forth, Mr. Zerbe was the city attorney and  
16 he was at some point allowed to invest and --  
17 returning to attorneys. Let's talk about the  
18 conflict there.

19 MR. PETER RUSTHOVEN: I very much  
20 appreciate your raising that issue. I think it's  
21 something we can clarify.

22 COMMISSIONER VOWELS: I can't imagine  
23 going into an area and approaching the city

1 attorney or allowing the city attorney to invest  
2 because that conflict just hits me right off the  
3 bat.

4 MR. PETER RUSTHOVEN: It would hit me  
5 right off if the city attorney were involved  
6 representing the city. In that particular  
7 discussion we were very very careful to make sure  
8 that didn't happen. Let's back off a little bit.  
9 We did not -- so that the timing is understood.  
10 The sequence here was not --

11 COMMISSIONER VOWELS: Let up or back off?

12 MR. PETER RUSTHOVEN: I would not tell  
13 you to back off.

14 COMMISSIONER VOWELS: As an attorney you  
15 understand I have to kiss up to you the entire  
16 time.

17 MR. PETER RUSTHOVEN: I do understand  
18 that. I understand what it means to say thank  
19 you when you've been told you're stupid too. The  
20 timing is important here. If I may go back to  
21 what was sort of an assumption and an  
22 understandable one in your question to Mr. Long.  
23 The timing here was not legislation gets passed.

1 Argosy says great, legislation is passed. One of  
2 the areas is Lawrenceburg. Let's go get  
3 Lawrenceburg lined up with us. That's not the  
4 timing here. The timing here is Indiana is  
5 considering gaming, but a lot of people back then  
6 weren't giving it much of a chance. Before  
7 gaming is passed we weren't going to go try to  
8 get gaming passed. Sort of on the blind. We  
9 wanted a site, a place where it could be done,  
10 both to generate community support and show  
11 interest in legislature, and so if it did get  
12 passed, looking at the situation then, we thought  
13 we would have a place to go. What happens? So  
14 we have this endorsement and I'll address the  
15 Zerbe thing in detail. We have an endorsement.  
16 Legislature passed and this commission is put in  
17 place. This commission quite understandably says  
18 we do not want to have local endorsements before  
19 the application process is done so that whatever  
20 weight we give to local endorsement we know this  
21 is a competitive process. We're faced with a  
22 situation then where we have an exclusive  
23 agreement with the city, and the commission rules

1 doesn't order to us get out of that. The  
2 commission rule says we're not going to give it  
3 that much weight. Couple ways you can go with  
4 that kind of situation. And one of the things  
5 that you could think about is legal action.  
6 That's not what we thought about. We went to the  
7 city and we said we think it is important that  
8 the cities recommend applicants, whoever they be,  
9 be someone the commission is comfortable with and  
10 we do this right. We're going to rescind this  
11 agreement, and the only thing we want as part of  
12 rescinding this agreement is if you do an  
13 endorsement process -- and at that time we didn't  
14 know what that process was going to be. We don't  
15 want having put all this effort into it and all  
16 this time getting legislation passed, we don't  
17 want then to be in a situation where we're not  
18 one of the endorsements. So if you endorse, we  
19 will be among those endorsed. Not only do we do  
20 this. I think we tried very hard to keep the  
21 staff aware of exactly what we were doing in  
22 terms of the position we were taking,  
23 understanding the staff understood why we were



1 taking that position. Now, what happened then?  
2 The city did have an endorsement process in which  
3 we participated. We participated fully. I will  
4 tell you candidly -- and I say this is not  
5 (inaudible). We kind of set the standard because  
6 first there was an RFP that everybody was  
7 supposed to meet and we came in with our request  
8 for proposal, and we thought it was the best.  
9 Then we found out the next stage it wasn't going  
10 to close but then there were going to be detailed  
11 negotiations with the city where everybody sort  
12 of came up to a certain standard, and we  
13 participated in those. I will tell you the city  
14 was represented by the Indianapolis law firm of  
15 Lowe, Gray, Steele & Hoffman, a very fine firm,  
16 and I will tell having been in those negotiations  
17 the city had very strong representation at those  
18 negotiations. Those were arm's length. At the  
19 end of that we were unanimously endorsed by the  
20 city council. Looking back, if I could have  
21 known what the process was going to be and what  
22 was going to come up, I wouldn't even have put a  
23 recission agreement in the endorsement because I

1 think we won it. That's the endorsement. Mr.  
2 Zerbe has also got to be put in the proper time  
3 frame. The time frame is there is no  
4 legislation. There is no structure for how any  
5 of this is going to happen. Nobody knows what's  
6 going to happen, but one of the things we're  
7 going to try to sell this whole idea is to build  
8 community support and if you to southeast  
9 Indiana, you go to Dearborn County and you go  
10 Lawrenceburg, one of the most respected names in  
11 Lawrenceburg is Zerbe. David's father, Harry  
12 Leland Zerbe, has a building named after him.  
13 David's father is one of the most respected  
14 people there. David is extremely respected  
15 there. We thought in terms of building community  
16 support he was important, but we also thought if  
17 we're going to do this you cannot be involved in  
18 any way in representing the city, and he wasn't.  
19 Now, I'm an officer of the court, like everyone  
20 else, so I hope you can take my word on it, but  
21 you don't just have to take my word on it because  
22 David Zerbe was then subjected to an independent  
23 counsel investigation because -- well, let's just

1 put it this way. I discovered over the course of  
2 the last few years maybe that occasionally rumors  
3 come up in this business. I don't know why.  
4 Occasionally people try to suggest -- maybe they  
5 try to suggest when they're dealing with somebody  
6 who is terribly strong on the merits that there's  
7 some other issue we ought to look at. So David  
8 Zerbe was subject to an independent counsel  
9 investigation, and the independent counsel  
10 investigation comes back that David Zerbe did  
11 exactly right except for one thing. You're  
12 supposed to file the same disclosure in two  
13 places at the same time, and he made one on time  
14 and he was a couple days late on the other. The  
15 executive (inaudible) that's all it turned up.  
16 David Zerbe continued -- and I speak with some  
17 passion on this because I think David's been  
18 through a lot. David continued to be the subject  
19 of rumors to the point he resigned as city  
20 attorney to try to put them to rest. The state  
21 out of litigation that was otherwise he was  
22 handling if it had the possibility of a  
23 connection, of a hint with any impact on gaming

1 stayed out of it. Finally reached the point  
2 where David decided two things. He didn't want  
3 to deal with this anymore. He had heard enough  
4 about this. Second, he knew what kind of project  
5 this was. He knew what kind of money people are  
6 putting into it and what kind of effort, and he  
7 did not want to be the person, the issue, this  
8 extraneous side issue that would cause any  
9 problem with the city that he's worked for and  
10 its endorsed candidate and with the company he  
11 worked for. So David got out. I will tell you  
12 candidly I think he's been through a lot and I  
13 admire him for how he handled it.

14 COMMISSIONER VOWELS: He didn't redeem  
15 his stock until May 17th of this year but then he  
16 did return it for the purchase price; is that  
17 correct?

18 MR. PETER RUSTHOVEN: That is correct.

19 CHAIRMAN KLINEMAN: If we're at a  
20 breaking point I would like to take a small  
21 break. We've been going steadily now for an hour  
22 now. Why don't we take a 15-minute break until  
23 about five after four.

1 (Short break taken.)

2 CHAIRMAN KLINEMAN: I've got a few  
3 questions I think you could handle. First, as I  
4 have now understood you were talking about using  
5 part of the conservancy district property in your  
6 operation, and the question has come up  
7 heretofore whether or not the conservancy  
8 district could lease the property for use as  
9 intended, and I'm told that there is an opinion  
10 by someone. Have you done any research in that  
11 respect? Can you give us an opinion?

12 MR. PETER RUSTHOVEN: We absolutely have  
13 and I believe that there are no problems with  
14 that. The best person to talk about that is my  
15 partner Steve Lee who knows about real estate.  
16 Steve.

17 MR. STEVE LEE: Steve Lee of Barnes &  
18 Thornburg. We have investigated it. We think  
19 there is absolutely no question that the  
20 conservancy district has the power directly to  
21 lease property for water-related recreation  
22 activities, and I can't imagine a better  
23 description of what we're going to do.

1                   CHAIRMAN KLINEMAN: Tell everybody it's  
2                   water related activities. And you -- never mind.  
3                   Then the non-compete situation. Have you given  
4                   any thought to that?

5                   MR. PETER RUSTHOVEN: Tom, I think you  
6                   should address that.

7                   MR. TOM LONG: Mr. Klineman, what do you  
8                   have in mind?

9                   MR. KLINEMAN: I'm not in a position to  
10                  negotiate, but obviously one of the things that's  
11                  important to Lawrenceburg and the State of  
12                  Indiana is that you go into Lawrenceburg and stay  
13                  there and not jump across in case they say new  
14                  ports open and that's closer to Cincinnati,  
15                  easier to get to or whatever. We want you to  
16                  there.

17                  MR. TOM LONG: I understand that.  
18                  Certainly it's -- we have never done it before,  
19                  but I will stand here and tell you that we will  
20                  certainly enter into a non-compete for a  
21                  reasonable period of time and reasonable  
22                  circumstance around it, and I think as I used to  
23                  draft the language in my non-competes, subject to

1 the blue line. Whatever the court says.

2 CHAIRMAN KLINEMAN: You haven't  
3 forgotten all the lawyer talk.

4 MR. TOM LONG: I haven't forgotten it  
5 all. We certainly will, sir, and I don't know --

6 CHAIRMAN KLINEMAN: Would you send us a  
7 letter in the next couple days outlining -- as I  
8 say, I'm not in a position negotiating a non-  
9 compete. Just tell us what you'll do for us.

10 MR. TOM LONG: Absolutely.

11 MR. PETER RUSTHOVEN: You do pretty well  
12 for not trying to negotiate.

13 CHAIRMAN KLINEMAN: The process that you  
14 outlined a minute ago vis-a-vis the original  
15 contact with the city and the subsequent release  
16 and the subsequent negotiations, would you say on  
17 balance the city of the citizens of Dearborn  
18 County are going to do better by the subsequent  
19 agreement maybe than they would have under the  
20 early one?

21 MR. PETER RUSTHOVEN: Yes, absolutely,  
22 although I think part of that it's not so much  
23 because it was some kind of a bad deal when we

1 were all trying to figure it out at the very  
2 beginning. It's just that people have learned an  
3 awful lot more as they studied what the potential  
4 for this is and what kind of project can be built  
5 there. In terms of comparing where they are now  
6 in terms of where we all thought it might be  
7 three years ago, it's much better.

8 CHAIRMAN KLINEMAN: I like to feel this  
9 Commission did open the situation up to  
10 competition and the fact that you people --

11 MR. PETER RUSTHOVEN: Be absolutely  
12 candid about this. If this Commission doesn't do  
13 what it does with Resolution 10, our legal  
14 position, the whole playing field is a little  
15 different from where it was . Did it open it up?  
16 Absolutely.

17 CHAIRMAN KLINEMAN: I just wanted to go  
18 home feeling good tonight. On day one, so I can  
19 understand the financing. I understand  
20 everybody's got money running out of their  
21 pockets, but on day one when this place opens up  
22 tell me how much is going to be equity and how  
23 much is going to be debt.



1 MR. PETER RUSTHOVEN: Joe.

2 CHAIRMAN KLINEMAN: At the partnership  
3 level.

4 MR. JOSEPH URAM: At the partnership  
5 level, the total project cost is \$180 million.  
6 25 percent of that is equity. If I can do math  
7 in my head -- and I probably can't because I can  
8 no longer work without a calculator -- I think  
9 that's \$45 million.

10 CHAIRMAN KLINEMAN: I think you did very  
11 well.

12 CHAIRMAN KLINEMAN: The balance is either  
13 equipment financing or other sorts of secured  
14 debt; is that correct?

15 MR. JOSEPH URAM: I want to clarify.  
16 There's \$180 million project costs. Argosy  
17 brings 108, Consecos brings 72. Consecos comes  
18 from their checkbook. Argosy's comes -- Argosy's  
19 108 comes from \$90 million of bank agreement  
20 that's in place. It's not a credit agreement.  
21 \$10 million of cash and \$10 million of supply  
22 financing on the slot machines.

23 CHAIRMAN KLINEMAN: We were at the

1 partnership level and you said 445 million is  
2 equity and the rest in debt, and that's the  
3 question I asked was the form of the debt.  
4 Partnership day one.

5 MR. TOM LONG: The debt goes back to  
6 Consec and Argosy so it's basically friendly  
7 debt, it's inside debt. It's 25 percent equity,  
8 75 percent debt. It goes back to Consec and  
9 Argosy on the inside. So effectively I call it  
10 friendly debt.

11 CHAIRMAN KLINEMAN: But there still will  
12 be equipment financing probably?

13 MR. TOM LONG: No, sir, we don't think  
14 so. probably up to \$10 million on the slots  
15 machines.

16 CHAIRMAN KLINEMAN: I guess I'm getting  
17 off a little bit. I'm more interested in equity.  
18 Look to equity and that's \$45 million.

19 MR. TOM LONG: Yes, sir.

20 CHAIRMAN KLINEMAN: That answers that.  
21 Next question I have -- I'm jumping around a  
22 little bit because these are sort of cleanup  
23 things I've got. The railroad. I think we heard

1           yesterday somebody else says they're going to  
2           come down the Central Indiana abandoned track.  
3           Is that a possibility, you have control of that?

4                   MR. PETER RUSTHOVEN: I think they're  
5           coming down someplace a little different. Mike  
6           can talk about that.

7                   MR. MIKE MARINARO: Mike Marinaro,  
8           American Consulting Engineers. I was here in  
9           that presentation. They are talking about  
10          building a road between the railroad tracks and  
11          U.S. 50, not on the railroad tracks.

12                   CHAIRMAN KLINEMAN: Not on the  
13          right-of-way. You own the whole right-of-way?

14                   MR. MIKE MARINARO: The railroad  
15          right-of-way.

16                   CHAIRMAN KLINEMAN: How wide is it? Wide  
17          enough for two lanes?

18                   MR. MIKE MARINARO: I believe it's 80  
19          feet wide, most of the lane. One spot is a little  
20          narrower than that.

21                   MR. PETER RUSTHOVEN: He is the engineer.

22                   MR. MIKE MARINARO: The other thing we're  
23          going to do with that railroad that's a little

1 bit different is that we're going to raise it up  
2 ten inches. That would allow -- according to  
3 Greendale, that will provide a levee for their  
4 town so they can do more development of their  
5 property or private property in their city.

6 MR. PETER RUSTHOVEN: How many acres is  
7 that, Mike?

8 MR. MIKE MARINARO: I'm not sure how many  
9 acres it is.

10 CHAIRMAN KLINEMAN: In the large  
11 construction of the offramp off of 275, the  
12 Argosy Parkway, when do you envision that to be  
13 constructed? Is that going to be constructed  
14 when the permanent is put in place or would it  
15 come on later? If so, what temporary provisions  
16 have you made for traffic?

17 MR. JIM WURSTER: Jim Wurster with  
18 American Consulting Engineers. The ramp kind of  
19 off I-275 ramp that would become Argosy Parkway  
20 would all be subject to the State of Indiana  
21 because it will be coming off the state highway.  
22 We anticipate no problems in getting that  
23 approval because it's going to help tremendously,

1 help the already bad situation without a casino  
2 on 50 that already exists. We're not going to  
3 add to that problem. It can be accomplished in  
4 twelve months.

5 CHAIRMAN KLINEMAN: My point really is  
6 that I'm convinced that 275 needs two left-turn  
7 lanes now. The day everybody opens up, whoever  
8 opens up, and have you made any provision for  
9 doing that?

10 MR. JIM WURSTER: That can be  
11 accomplished, yes. We understand there's already  
12 a project about going to letting on U.S. 50 that  
13 will have have to be expanded at this  
14 intersection.

15 CHAIRMAN KLINEMAN: Yeah, but it's on a  
16 different road. The U.S. 50 thing I'm satisfied  
17 is at least very much in the mill, but the other  
18 hasn't even -- nobody even talked about.

19 MR. JIM WURSTER: At 275? The project  
20 goes all the way to 275.

21 CHAIRMAN KLINEMAN: 275 itself as you  
22 come off these two left-turn lanes.

23 MR. JIM WURSTER: That can be

1 accomplished, and we will do that.

2 CHAIRMAN KLINEMAN: You will do that?

3 MR. JIM WURSTER: It can be done, yes,  
4 sir.

5 MR. PAUL KELLER: Paul Keller. I  
6 understand that that is actually part of the  
7 INDOT plan now. That will be let this summer  
8 and, as we heard yesterday, completed by the end  
9 of the year, according to the state.

10 CHAIRMAN KLINEMAN: I guess I  
11 misunderstood. We will be hearing from the state  
12 highway. But if it isn't, you people are willing  
13 to take a look at it?

14 MR. PAUL KELLER: Oh, sure, absolutely.  
15 I would like to make one other comment because  
16 the comment the question was raised about the  
17 right-of-way, and one of the reasons we preferred  
18 to acquire the railroad in lieu of what might  
19 appear to be a more cost effective solution of  
20 just utilizing an existing city right-of-way is  
21 that that right-of-way goes through some existing  
22 commercial areas, so we don't believe that it is  
23 nearly as clean as simply acquiring the railroad,

1 pulling up the trucks and paving the road. We  
2 think that's a very simple solution and a very  
3 effective one.

4 CHAIRMAN KLINEMAN: Mr. Thar or any  
5 Commissioners have anything?

6 COMMISSIONER VOWELS: Just a quick  
7 question about the temporary boat. Reading  
8 through this it says that the best efforts to  
9 within six months of awarding the license in  
10 place temporary boat. That temporary boat is 750  
11 positions; is that correct? That's what it says  
12 here.

13 MR. JOSEPH URAM: Joe Uram, chief  
14 financial officer. We have a boat that  
15 accommodates 1,200 passengers and it's just over  
16 900 -- close to 1,000 gaming positions that's  
17 available today. Candidly, we will seek another  
18 vessel that's larger as an interim boat if we are  
19 selected by this Commission. We felt like not  
20 competing against numerous other people  
21 pre-licensure would allows us more negotiating  
22 posture for a larger boat, but the fact of the  
23 matter is we have nearly 1,000 gaming position

1 vessel available today.

2 COMMISSIONER VOWELS: So that's different  
3 than what you had earlier?

4 MR. PETER RUSTHOVEN: I think what you're  
5 reading from, but I know in terms of the  
6 development agreement was, but that was like  
7 absolute floor as part of that agreement as  
8 opposed to what we were going to do.

9 COMMISSIONER VOWELS: It seems small.  
10 Now you're talking about 1,000. How long would  
11 you anticipate if you receive a license you got  
12 the temporary boat? How long would the temporary  
13 boat have to be in place before you get a  
14 permanent boat?

15 MR. TOM LONG: If we could hit the  
16 construction schedules that were up there, we're  
17 budgeting the end of '96 to open up the entire  
18 facility. Our boat would be done -- I believe  
19 the 13-month buildout on the boat and so the boat  
20 would be ready and we would open the large boat  
21 up with the this facility.

22 COMMISSIONER VOWELS: That's what we're  
23 looking at here?



1 MR. TOM LONG: Yes, sir, that's our  
2 construction schedule.

3 COMMISSIONER VOWELS: So end of '96 then  
4 you'd have a permanent boat in place?

5 MR. TOM LONG: That's correct.

6 COMMISSIONER VOWELS: So let's say you  
7 get the license next week. Six from now would be  
8 the end of year so we're taking ten, twelve,  
9 eleven months that you have to use a temporary  
10 boat?

11 MR. TOM LONG: That's about correct, yes,  
12 sir.

13 COMMISSIONER VOWELS: I don't have any  
14 other questions.

15 COMMISSIONER MILCAREK: This road on the  
16 railroad tracks, will that be built to the  
17 Department of Transportation standards and will  
18 it be dedicated road or will it be owned by the  
19 company?

20 MR. PETER RUSTHOVEN: I'm told, yes,  
21 first part dedicated road Department of  
22 Transportation standards.

23 COMMISSIONER SUNDWICK: Two lanes, four

1 lanes?

2 MR. JIM WURSTER: Jim Wurster. It will  
3 be two lanes for most of its length. That's  
4 plenty adequate to service the facility. At the  
5 intersection it, of course, will be wide enough  
6 for turning movements.

7 CHAIRMAN KLINEMAN: Anything further?

8 MR. JOHN THAR: Couple questions on the  
9 Baton Rouge project of Argosy. From what has  
10 been published with regard to that project seems  
11 to indicate that the cost has been a little bit  
12 more expensive and the project has not quite  
13 performed up to expectations. Would you consider  
14 that to be accurate or inaccurate?

15 MR. TOM LONG: Yes, sir, they're both  
16 accurate.

17 MR. JOHN THAR: Will that then have any  
18 effect on your company's ability to finance the  
19 Lawrenceburg project?

20 MR. TOM LONG: It does not, sir. The  
21 Lawrenceburg money is committed. The Baton Rouge  
22 project is gaining. This month's numbers are  
23 looking very good. We have funding on a cash

1 flow to finish out the project which requires  
2 about 20 million more dollars which are -- less  
3 than that and we'll be able to finish that,  
4 complete it. The after we finish that we believe  
5 that the numbers are really going to build and  
6 we're opening up pieces of the project as we go  
7 along.

8 MR. JOHN THAR: The performance of your  
9 boat in Baton Rouge, has it not met the  
10 expectations that you had hoped in your earlier  
11 projections?

12 MR. TOM LONG: It has not.

13 MR. JOHN THAR: One of the concerns that  
14 we had over the course of investigation done by  
15 IU and Purdue is they find that you made some  
16 relatively optimistic assumptions with regard to  
17 your operating profit and net profit margins as  
18 being somewhat optimistic compared to your record  
19 at other places. My question then is is this.  
20 If you do not perform or your performance in  
21 Lawrenceburg false as far short as it did of your  
22 expectations in Louisiana, what effect do you see  
23 that having on your ability to keep going with

1 the project?

2 MR. TOM LONG: I guess I'll frame it up  
3 this way, Mr. Thar. We're talking about two  
4 totally separate markets and venues. The  
5 Lawrenceburg project is going to be an  
6 (inaudible) market if there are two boats in the  
7 market or three. The Baton Rouge market is a  
8 market that has been heavily serviced by  
9 Mississippi, New Orleans and two boats in Baton  
10 Rouge. The Lawrenceburg market, if you want to  
11 look at margins, will more likely resemble our  
12 Alton margins before the all the competition came  
13 into Alton. The Baton Rouge market will continue  
14 to grow with us as we open up our additional  
15 facilities there. So I guess the answer to your  
16 question is we don't see our Baton Rouge project  
17 at all imperiling at all the commitments we've  
18 made to this Commission, and certainly we believe  
19 that the expectations we've indicated in our  
20 projections are attainable and that the  
21 Lawrenceburg market will bear out those  
22 expectations from a margin standpoint.

23 MR. JOHN THAR: With regard to your Alton

1 project, has the original debt on that project  
2 been paid off?

3 MR. TOM LONG: Yes, sir.

4 MR. JOHN THAR: Is that basically a  
5 debt-free project, long-term debt?

6 MR. TOM LONG: Yes, it is.

7 MR. JOHN THAR: In terms of the  
8 performance of the boat, from the numbers I see  
9 from Illinois you'd be in the bottom half  
10 performance-wise, but my guess would be your  
11 operating margins would be a lot higher than some  
12 others?

13 MR. TOM LONG: I'm going to let Joe  
14 answer that.

15 MR. JOSEPH URAM: Mr. Thar, we are in a  
16 segment of the market of St. Louis that is the  
17 smallest population portion. Argosy has right  
18 now 19.6 percent caasino with 13 percent of the  
19 gaming positions which means we have a  
20 disproportionate percentage of revenue to our  
21 level of capacity. One of the things that  
22 company has done reasonably well in all markets  
23 except Baton Rouge is try to build the right size

1 project for that market, and we understood the  
2 competition would be immediate from the state of  
3 Missouri and, accordingly, we did not commit the  
4 kind of funds to the Alton market that we  
5 committed that we're committing today to the  
6 Lawrenceburg project. Again, we have the highest  
7 win per slot machine, the highest win per gaming  
8 position of anyone in the St. Louis area on the  
9 Missouri side by a margin of two and a half  
10 against any of your Missouri competitors.

11 MR. STEVE NORTON: Steve Norton of  
12 Argosy. I think we need to say one more thing  
13 about our Baton Rouge facility. Our original  
14 projections there were based on the fact that we  
15 would be getting in and all of the land-based  
16 facility would have been completed by our partner  
17 in that project. Our partner was unable to  
18 finance his part of the development in spite of  
19 loans from us. We had to go in and buy out his  
20 interest and we are having to complete that  
21 project itself. Had he performed according to  
22 the contract, all of the land side development at  
23 Catfish Town in Baton Rouge would have been done

1 by the time we opened the boat in the latter part  
2 of last year. None of that was done and we have  
3 now been completing it ourself. So our revenues  
4 were good until competition opened and they were  
5 able to offer valet parking, self park. They  
6 were able to offer restaurants. None of those  
7 things were available to us at Catfish Town  
8 because the land-based development had not been  
9 completed. We have started the phase completion  
10 of that now and our revenues have jumped from  
11 somewhere in the \$3 million range to possibly as  
12 high as \$5 million this month or next month. So  
13 we have had substantial improvements. We have  
14 been able to add valet parking even though it's  
15 not as good as our competitor right now and we  
16 are building our garage which will open this  
17 summer. We're building -- we've opened our first  
18 restaurant there. We've opened our Argosy  
19 landing with a casino club with an entertainment  
20 venue and with another lounge overlooking the  
21 river. We are doing things, but our original  
22 projections were based on facts that turned out  
23 not to be the case when our partner failed in his

1 development.

2 MR. JOHN THAR: Before you sit down, you  
3 might be the right person to throw this to.  
4 Could you explain for the Commission Argosy's  
5 version of what transpired in Louisiana resulting  
6 in the investigation of this year?

7 MR. STEVE NORTON: During our first few  
8 weeks of operation there we had the normal kind  
9 of problems that you would always have in a  
10 startup operation. At the state's request and  
11 part of our commitment to them, we started with  
12 all training of new cashiers, dealers. The only  
13 people that really had experience were floormen  
14 and pit bosses that we brought in from outside.  
15 So it was natural that there would be issues  
16 where things were not done totally a hundred  
17 percent correct. They came into our position  
18 earlier than they have in any other case in the  
19 state of Louisiana and started taking a look at  
20 our operations within weeks of our start and they  
21 came up with a number of issues where i's weren't  
22 dotted, t's weren't crossed. Something that  
23 might required three signatures might have had



1 two signatures. Those things have all been  
2 corrected. We've had outside auditors ourselves  
3 and also the state. There's been no indication  
4 of any missing revenues which would be the  
5 primary thing you'd be looking for or concerned  
6 about. None of that has taken place. The  
7 state -- the police recommended a fine, but  
8 nothing has been done at this point. We will be  
9 continuing to have discussions with them, but  
10 there is no determination yet. That was not a  
11 fine. That was a recommended amount, and I think  
12 there will be some discussion on that amount.

13 MR. JOHN THAR: On that point then, if I  
14 may. If you could get the license in Indiana you  
15 would probably experience the same type of  
16 employees here, meaning relatively inexperienced  
17 people because of, A, I would assume you want to  
18 hire locally if you can. B, you're going to want  
19 to train them. What have you learned from that  
20 that would help you get through those types of  
21 problems in this jurisdiction?

22 MR. TOM LONG: Mr. Thar, let me answer  
23 that, please. First and foremost, let me say as

1 the CEO of the company when I find out about  
2 situations like this I don't react very nicely  
3 within my company, so there have been a great  
4 deal of memos and new policies put in place as to  
5 what we are going to do. In the Louisiana  
6 situation we had a moving starting date. We  
7 could never get out of the state you will be able  
8 open on such and such a day and such and such as  
9 day we hired 800 employees in literally six days.  
10 They had to be 90 percent Louisiana residents.  
11 We didn't have a day when we could say we could  
12 open. For a lot of reasons targets kept moving.  
13 No excuses. No excuses. I don't stand here and  
14 give any excuses. If there is an issue we've got  
15 to learn from. We've learned from it. I can  
16 give you my personal assurance as CEO of this  
17 company that this issue will never come up again.  
18 We will very forcefully, very thoroughly get out  
19 in front of this issue, be well aware of it and  
20 have the opportunity in Indiana to do a lot more  
21 of advanced training, a lot greater opportunity  
22 for advanced training than we did in Louisiana.  
23 I don't stand here with any excuses other than to

1 say we fixed the problem if there was one, and I  
2 guarantee you that it's fixed for good.

3 MR. JOHN THAR: Don't get me wrong.  
4 There's no suggestion in anything I've read or  
5 anything that said I'm saying there was anything  
6 unlawful about what occurred. The impression  
7 that I have from the information that I received  
8 was that, A, there could have been some startup  
9 problems, maybe they called you on relatively  
10 (inaudible) and, B, that maybe you had more cash  
11 than you thought you did. Are those two things  
12 that you think probably happened? Your books  
13 didn't reconcile right.

14 MR. TOM LONG: They ended up -- it  
15 initially talked about not reconciling, but in  
16 the end it did. We were very very close. There  
17 was a lot of banter, but I can assure Ernst &  
18 Young has looked at it. They certified there was  
19 payment. They indicated there was no material  
20 breach in internal control, and it's not good  
21 enough for me because I don't want to be in a  
22 situation again and I'll guarantee that.

23 MR. JOHN THAR: I suppose if we were to

1 look at it most optimistically you can say you've  
2 been through it, you know what it's like and you  
3 can assure it won't happen again, right?

4 MR. TOM LONG: Been there, done that is  
5 an issue that can fall in that category, yes,  
6 sir.

7 MR. JOHN THAR: That's all I have.

8 COMMISSIONER VOWELS: I just have one  
9 brief question. You were one of the three who  
10 received local endorsement from the city council.  
11 Will you assure the Commission that you made no  
12 promises or that any member, city official  
13 elected or otherwise, spouse or child will  
14 receive any future compensation or any future  
15 employment, that there have been no promises made  
16 up to this point to guarantee that?

17 MR. PETER RUSTHOVEN: I gave you a very  
18 long answer before. Let me give a real short  
19 answer here. Absolutely give you that assurance.  
20 Absolutely no promises have been made. You can  
21 hear that from anybody else involved.

22 COMMISSIONER VOWELS: The statute now  
23 requires that we can't grant the license of the

1 applicant if the Commission determines that would  
2 be difficult or unlikely for a riverboat to  
3 depart from a dock. Would you respond to that,  
4 that the boat will be able to --

5 MR. PETER RUSTHOVEN: You mean sail from  
6 Indiana? Absolutely we can do that.

7 MR. TOM LONG: This boat absolutely will  
8 be able to depart from the dock and sail in  
9 Indiana waters, yes, sir.

10 COMMISSIONER VOWELS: I have no other  
11 questions.

12 COMMISSIONER BOCHNOWSKI: I just have  
13 one. I'm sure that you people at Centaur did do  
14 a lot to pass this legislation, but I'm sure you  
15 weren't intending to leave out the fact that the  
16 City of Gary did a lot too.

17 MR. PETER RUSTHOVEN: That's true, but if  
18 we had to try and take care of everybody who  
19 helped in Gary, we couldn't be here with the  
20 financial backing we have today.

21 COMMISSIONER BOCHNOWSKI: Just wanted to  
22 get that out in the open.

23 CHAIRMAN KLINEMAN: As was said before,

1 the legislature in its wisdom.

2 MR. STEPHEN HILBERT: I'd just like to  
3 add one thing about Louisiana, and that is that  
4 is one of the reasons that we truly made the  
5 decision to align ourselves with Argosy is  
6 because when you look at what happened to them  
7 with a defaulting partner they still fulfilled  
8 their commitment to the community in a very tough  
9 political environment. Tom didn't want to say  
10 that, but I can say it. We don't have any  
11 Louisiana companies and there's a reason. We  
12 have done -- Tom did solve that problem and he's  
13 fought through it and, as Tom said, it is not  
14 going to happen here in Indiana. I'd also like  
15 to say the fact that I'm a little sensitive to  
16 that hotel issue because again that was my issue,  
17 and I've done several billion dollars worth of  
18 transactions and I can assure you that when  
19 people stand up before you and tell you they're  
20 going too build \$300 million projects, 300 rooms,  
21 500 rooms but they don't have the money, you may  
22 get a letter that says, you know, we're going to  
23 start a little smaller because our financing

1 sources want to be sure we can make this  
2 transaction work. You'll never get a letter from  
3 us saying that the transaction that we proposed  
4 is going to be smaller. We're going to do  
5 everything in our power and you'll see  
6 Lawrenceburg in essence grow because of Indiana  
7 Gaming LP's participation.

8 CHAIRMAN KLINEMAN: Anything further from  
9 the Commission? I guess you're through then,  
10 unless you have something.

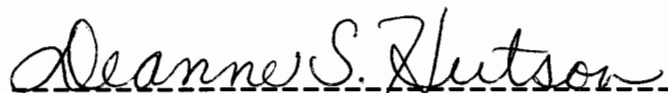
11 MR. PETER RUSTHOVEN: Just to thank you  
12 for your courtesy and your attention.

13 CHAIRMAN KLINEMAN: We want to thank you  
14 for a very interesting presentation.

15 (Whereupon, the proceedings were  
16 concluded.)  
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19  
20  
21  
22  
23

1 STATE OF INDIANA )  
2 ) SS:  
3 COUNTY OF MARION )  
4

5 I, Deanne S. Hutson, Stenographic  
6 Reporter within and for the County of Marion,  
7 State of Indiana, do hereby certify that on the  
8 20th day of June, 1995, I reported the foregoing  
9 Public Meeting; and that the transcript is a  
10 full, true and correct transcript made from my  
11 stenographic notes.  
12  
13

14   
15 Deanne S. Hutson, Notary Public  
16 Residing in Marion County,  
17 Indiana  
18

19 My Commission expires:  
20 November 6, 1998  
21  
22  
23