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BEFORE THE INDIANA GAMING COMMISSION

REGULAR BUSINESS MEETING AND PUBLIC HEARING

DATE: May 20, 1996

PLACE: Indiana Government Center Auditorium
302 West Washington Street
Indianapolis, Indiana

REPORTED BY: Deanne S. Hutson, Notary Public

MEMBERS OF THE COMMISSION

Alan I. Klineman, Chairman
Ann Marie Bochnowski
Thomas F. Milcarek
David E. Ross, Jr., M.D.
Donald Vowels
Robert W. Sundwick
Robert Swan

ALSO PRESENT

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

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1 CHAIRMAN KLINEMAN: The meeting of the
2 Indiana Gaming Commission will come to order.
3 Let the record show that all the Commissioners
4 are present in person and therefore we do have a
5 quorum. The minutes of our last meeting which
6 are now recorded have not yet been circulated.
7 The Commissioners will postpone approval of those
8 minutes and move straight into the next item on
9 our agenda which is the report of Mr. Thar, our
10 Executive Director.

11 MR. THAR: Thank you, Mr. Chairman. Keep
12 this brief because we haven't done anything since
13 the last meeting. The beginning of the process
14 putting boats in Gary has basically been final-
15 ized the play money cruise for each boat will
16 occur on June 3rd. The live money cruising for
17 the Barden boat will occur on June 7th. The live
18 money cruise for the Trump boat will occur on
19 June 8th. They will then, assuming they balance
20 over the course of June 9th and 10th, hopefully
21 we'll open for regularly scheduled gaming com-
22 mencing either June 11th or June 12th. The
23 Commission will meet on June 3rd in connection
24 with the play money cruise or the shakedown
25 cruise that occurs that date on each boat.

1 The second item of interest also comes
2 up with regard to a new business item and that's
3 Indiana Gaming Company LP. Staff met with the
4 Indiana Gaming Company LP in preparation for this
5 Commission's later review of their certificate of
6 suitability. Staff presented to them certain
7 issues that certain commissioners have voiced at
8 certain meetings we've had in the past over
9 concerns over their financing process, where they
10 are in the Corps of Engineer permitting process,
11 and how far along they are in the overall
12 project. There were discussions on those issues.
13 They indicated they would be prepared. What I'm
14 would advise the Commission is that, as we are
15 aware from prior meetings, the Corps of Engineer
16 permit process with regard to Indiana Gaming
17 Company's Corps permit had been suspended. That
18 suspension was lifted last Thursday. They had
19 anticipated as much when we met with them on
20 Wednesday. I would also advise that they seem to
21 have made quite a bit of progress in a lot of
22 areas and it's not nearly as dismal as one would
23 think based upon some reports. They are going to
24 be prepared to have a thorough hearing on the
25 issue, and that basically concludes the report.

1 Are there any questions from any members
2 of the Commission?

3 CHAIRMAN KLINEMAN: Anyone have any
4 questions for Mr. Thar? Thank you for your
5 report. Are there any old business items? If
6 not, we'll move into new business. The sole
7 item -- two items under that. One is the Indiana
8 Gaming Company LP first mortgage notes. Mr.
9 Thar.

10 MR. THAR: Again, this is one of the
11 topics that came up. It was pointed out that the
12 Commission previously by Resolution 1996-15 had
13 authorized Argosy Gaming Company to proceed with
14 its issuance of high-yield notes or first
15 mortgage debt or bonds as long as it was
16 completed by June 1st of 1996 under substantially
17 the same conditions with few a exceptions as the
18 previous offering which has been approved by this
19 Commission.

20 During the course of meeting last
21 Wednesday it was pointed out two things. First,
22 June 1st is a Saturday so we either have to
23 complete it the previous Friday or the next time
24 would be Monday. The second was the technical
25 term of when is it completed? Is it when it's

1 price or when it's closed? Two, rather than just
2 request the Commission to extend it from January
3 1st, a Saturday, to January 3rd, a Monday -- of
4 June. I'm sorry. We are asking the Commission
5 to extend it until the next Friday which is June
6 7th. We've redrafted the Section 3 of the
7 resolution which now says that the closing of the
8 issue has to occur no later than June 7th, which
9 will be the close of the business day. That
10 means it's been priced, five-day period between
11 the pricing and the closing has transpired and
12 it's now been closed and the money escrow. There
13 would have been some confusion on this otherwise.
14 So we don't see this as a significant extension
15 of time. It does certainly clarify what we meant
16 by the prior resolution and it also does give
17 them probably an extra two or three days.

18 So staff would recommend that the
19 Commission vote favorably on Resolution 1996-33
20 which in essence simply takes the date from June
21 1st to June 7th and vacates the prior resolution.
22 Any questions?

23 CHAIRMAN KLINEMAN: Any questions of Mr.
24 Thar? We have before us the Resolution 1996-33
25 which in Section 3 needs the insertion of the

1 word approve or deny, and this, as Mr. Thar has
2 indicated, will give Argosy until the 7th of June
3 1996 to complete and close the offering.

4 Do I hear a motion to adopt Resolution
5 1996-33 and to insert in Section 3 the word --
6 whatever you want. Is there a motion to adopt
7 that resolution?

8 COMMISSIONER BOCHNOWSKI: I'll make that
9 motion. I would move that we adopt this
10 resolution and insert the word "approve".

11 CHAIRMAN KLINEMAN: Is there a second?

12 COMMISSIONER SWAN: Second.

13 CHAIRMAN KLINEMAN: It's been moved and
14 seconded. Any further discussion? Hearing none,
15 all those in favor say aye. Contrary.
16 Resolution is adopted.

17 The next item of business is the
18 temporary suppliers licenses. Mr. Hannon.

19 MR. FLOYD HANNON: Mr. Chairman, we have
20 three companies ready for temporary supplier
21 licenses. A preliminary investigation has been
22 completed by the State Police and we feel that
23 they're eligible for the temporary license. The
24 first is Logic and Gaming Systems, Inc. It's a
25 Reno, Nevada company owned by primarily by

1 Stephen Yurry. The company's been in business
2 since 1990, provides computer software that
3 handles player tracking and casino accounting
4 systems. They're currently licensed in two
5 states and do business in most of the states that
6 have gambling in the country. Most states have
7 only recently required licensing of this kind of
8 a product.

9 The awarding of the temporary license
10 allows the company to do business in Indiana but
11 does not include authority to utilize this
12 system. That system must be approved at each
13 installation by Gaming Laboratories International
14 before it can be used. The preliminary investi-
15 gation has been conducted and nothing has been
16 found to indicate there are any statutory pro-
17 hibitions existing that would prevent the company
18 from being licensed.

19 The second company is Logical Solutions
20 International, Inc. It's out of Atco, New Jersey.
21 It's been in business since 1978. It's owned by
22 John Russell Keel. It also provides player
23 tracking and casino accounting systems similar to
24 that of Logic and Gaming. The company's licensed
25 in some manner in nine gaming jurisdictions and

1 with five Native American tribes.

2 Again, the awarding of the temporary
3 license does not preclude the necessity of the
4 company having a system approved at each
5 installation by GLI. The investigation has been
6 conducted. Nothing has been found to indicate
7 there are any statutory prohibitions existing
8 that would prevent that company from being
9 licensed.

10 The third company is Video Lottery
11 Consultants, Inc. out of Boseman, Montana. That
12 company has been in business 1985. It's a wholly
13 owned subsidiary of Video Lottery Technologies
14 which is publically traded. The company provides
15 video gaming devices that offer slots, keno and
16 video poker. It's licensed in some manner in
17 sixteen separate gaming jurisdictions. Their
18 products would also be subject to evaluation and
19 testing by GLI. Again, the investigation has not
20 found any statutory prohibitions against them
21 being licensed.

22 Staff would recommend that all three
23 companies be awarded a temporary license pending
24 the results of the complete investigation.

25 CHAIRMAN KLINEMAN: You've heard the

1 explanation. Anyone have any questions for Mr.
2 Hannon? This, of course, (inaudible) to allow
3 the suppliers to supply at this time subject to
4 the completion of the investigation. We're
5 comfortable we're following the right path.

6 Is there -- do I hear a motion to adopt
7 Resolution 1996-34 which is a resolution granting
8 temporary supplier licenses to Video Lottery
9 Consultants, Logical Solutions International
10 Inc., Logic and Gaming Systems?

11 COMMISSIONER MILCAREK: I make the
12 motion.

13 COMMISSIONER BOCHNOWSKI: Second.

14 CHAIRMAN KLINEMAN: It's been moved and
15 seconded. Any further discussion? Hearing none,
16 all those in favor of the Resolution 1996-34 say
17 aye. Contrary. Resolution is adopted.

18 Any of the Commissioners, Mr. Thar have
19 any further, anything that should come before
20 this commission before we go into the aspect of
21 the public hearing concerning the application for
22 Riverboat in Harrison County?

23 MR. THAR: I'd just reiterate, Mr.
24 Chairman, the next meeting will be nine a.m.
25 local time in Gary, Indiana, at the pavillion of

1 the Trump Indiana Magestic. The business meeting
2 will start and precede the shakedown cruises.

3 Nine a.m., June 3rd, Gary time.

4 CHAIRMAN KLINEMAN: And at that time we
5 will consider the question of licensing the boats
6 in Gary and also any other business which might
7 become part of our agenda at that time. It will
8 be a regular business meeting.

9 MR. THAR: That is correct, Mr. Chairman,
10 and while the public is of course always welcome
11 and invited to business meetings, the cruise will
12 be by invitation.

13 CHAIRMAN KLINEMAN: Anyone have any
14 questions about that? Then we will now take a
15 very short recess and then start discussing the
16 licensing of -- the issuance of the license for
17 Harrison County, Indiana. We'll take a ten-
18 minute recess.

19 (Short break taken.)

20 CHAIRMAN KLINEMAN: At the request of the
21 Commission, I think each of the applicants has
22 someone here who might be able to answer any
23 questions which still remain. So we'll start
24 with that part of the proceedings. Do any of the
25 Commissioners have any questions of any of the

1 applicants?

2 COMMISSIONER SUNDWICK: I have one. The
3 Ceasar's representative.

4 CHAIRMAN KLINEMAN: For the record, if
5 you'd state your name, please.

6 MR. PETER BOYTON: I'm Peter Boyton,
7 President of Ceasar's World, and David Mitchell,
8 Vice-President of Development of Ceasar's World.

9 COMMISSIONER SUNDWICK: One of the
10 issues that certainly has been talked about in
11 the last week and I'm sure you're aware of it is
12 we continue to hear about the cruising path of
13 your boat. Everybody has an opinion about your
14 cruising path, the length, if you can cruise.
15 Can you reassure this commission that that boat
16 is capable of cruising in waters specified?

17 MR. DAVID MITCHELL: David Mitchell with
18 Ceasar's World. We have with us today Captain
19 Bill Wilson with the New Orleans Steamboat
20 Company and John Baker who is with Thompson
21 Engineering. Some of the documentation that we
22 sent in to Mr. Thar last week was prepared by
23 those two firms. They have prepared that inform-
24 ation from the Corps of Engineer charts showing
25 the Indiana state line and the normal low pool

1 level of the river. I think the lowest point in
2 our two-mile -- the narrowest point in our two-
3 mile pool at normal low pool is 128 feet. Our
4 vessel's water line is 88 feet wide. So there's
5 more than adequate room for it to make the two-
6 mile cruise as the river is currently now
7 situated.

8 COMMISSIONER SUNDWICK: Do you have to do
9 anything with the Indiana banks to make that
10 happen or the banks can be left just exactly like
11 they are?

12 MR. DAVID MITCHELL: There's some
13 minimal dredging right around the marine
14 facility, but other than that, no, that does not
15 entail doing any extensive dredging of that
16 two-mile stretch, no, sir.

17 COMMISSIONER SUNDWICK: I look at this
18 because I think as we get down the road here if
19 that comes up again and people can't cruise,
20 obviously we got a real problem down the road.
21 So I guess we're going to take everybody on their
22 face word today that holds you responsible down
23 the road.

24 MR. DAVID MITCHELL: Yes, sir, as I
25 said, they're both here today and have prepared

1 that information which was submitted last week.

2 CHAIRMAN KLINEMAN: I think what Mr.
3 Commissioner Sundwick is suggesting is that if
4 this Commission has received -- and we have
5 received evidence from you that you can cruise
6 and you're telling us that again now. I guess
7 the bigger problem would be if you get all
8 already and do the things you're planning to do
9 and build the thing and then all of a sudden it
10 turns out you can't cruise, I think you would be
11 in great jeopardy financially and otherwise. You
12 wouldn't just be fooling us, you would be fooling
13 yourselves.

14 MR. DAVID MITCHELL: Yes, sir.

15 CHAIRMAN KLINEMAN: If I could ask a
16 question then of Ceasar's while we're here. We
17 have received, of course, information, aerial
18 photos of water on sites and so forth and, of
19 course, you're one of the sites that has been
20 shown to us there is a considerable amount of
21 water from time to time pooling on your ground.
22 I guess my first question is this really a flood
23 from the Ohio River which we received statistics
24 on or is this as a result of the flooding of the
25 creeks which run through the property?

1 MR. DAVID MITCHELL: No, sir, I think it
2 is actually from the Ohio River, but as we
3 indicated at the hearings two weeks ago, the
4 Corps of Engineer statistics on this particular
5 mile marker three days in the period of 1984 to
6 19 -- 1985 to 1995 there were only three days in
7 which that particular site had water on it. Yes,
8 in the last six months we had a very big flood in
9 that area and there was some flooding on the site
10 earlier this winter. We do not see that as a
11 problem. The bigger problem is the road coming
12 down from New Albany. All of our facilities are
13 15 feet, 18 feet above the existing elevation so
14 that it's one foot above the hundred year flood
15 line and consequently we don't have any problems
16 at all, but the most difficult thing will be the
17 entire stretch of the road is clear from there to
18 New Albany or we have to bring -- traffic come
19 back that direction.

20 CHAIRMAN KLINEMAN: In connection with
21 your improvement of State Road 111, are you
22 anticipating trying to mitigate flooding problem
23 on that road?

24 MR. DAVID MITCHELL: Yes, sir, Walt Land
25 and with our agreement with Harrison County in

1 that agreement is that the road will be studied
2 and those locations in which the road is low, the
3 road will be raised to some level so to mitigate
4 any problems associated with flooding.

5 CHAIRMAN KLINEMAN: And that would be at
6 your expense?

7 MR. DAVID MITCHELL: Yes, sir.

8 COMMISSIONER SUNDWICK: I have a question
9 about -- and I noticed in the information received
10 since the hearings that the hotel's been
11 moved. It's hard for me to understand a week ago
12 from hotel environment that we saw, relatively
13 fancy presentation, to a couple weeks later
14 saying, well, that really was kind of a mistake.
15 We're going to move the hotel someplace else.

16 MR. DAVID MITCHELL: No, sir, we still
17 don't believe it is a mistake. The original Part
18 2 application of the hotel was placed higher on
19 the hill. When we amended that application in
20 December we moved the hotel down and consolidated
21 all the facilities closer to the riverboat
22 operation. The State of Indiana has a law in
23 which boats are not allowed to be constructed in
24 the floodway. The floodway line, as currently
25 designated by the Corps of Engineers, would

1 include where the hotel was sited on that plan.
2 We'd move the hotel -- as we submitted, we would
3 propose moving the hotel up the hill out of that
4 floodway area to eliminate any controversy. It
5 causes us no problem whatsoever to do so. It
6 avoids any conflict that we might have with DNR.
7 We still have the opportunity of working with DNR
8 and redesignating where the floodway line is and
9 allowing that -- the hotel to remain where it was
10 originally located, but to avoid any conflict we
11 would propose to the Commission go ahead and move
12 it out of the floodway so it is not any problem
13 in the permitting process.

14 MR. PETER BOYTON: There were some
15 concerns about the dominance of the facility
16 within the proximity of 111 there, and part of
17 this is in response to that. Actually moving the
18 garage back from the highway as well as the
19 hotel.

20 CHAIRMAN KLINEMAN: Anyone else have any
21 questions of Ceasar's.

22 COMMISSIONER ROSS: The question of the
23 gondola. Did I understand you to say that as it
24 stands now it's in the plan and will be started
25 right along with the rest of the project.

1 MR. PETER BOYTON: That's correct, it
2 is. We have touched bases with everybody that we
3 believe has some dealings with that matter, and
4 we've gotten no -- have received no negatives
5 from anybody that it cannot be done, but of
6 course, we're prepared to withdraw it if it does
7 become a problem and reinvest whatever moneys,
8 approximately eight million dollars plus, back
9 into the facility. We want to do it. We will
10 pursue those avenues if we are chosen.

11 COMMISSIONER MILCAREK: When you say
12 you've checked with everyone that you felt was
13 concerned, did this include the State of
14 Kentucky, anyone in Kentucky?

15 MR. DAVID MITCHELL: Yes, sir, David
16 Presnell & Associates, Mr. Presnell was president
17 of that engineering firm which is located in
18 Louisville, Kentucky, is here today. His firm
19 here in the last ten days has recontacted for a
20 second time all the Kentucky agencies that would
21 have any permitting responsibilities over that
22 particular site and that location to verify with
23 them that there's no specific reason why they
24 would preclude our ability to construct and
25 operate the gondola across the Ohio River.

1 COMMISSIONER SWAN: I'd like to ask a
2 follow-up question on the cruise path. We have
3 seen some information that suggests that the
4 cruise path that you're proposing is one in Floyd
5 County, I think. How are we going to deal with
6 that issue? I guess it's not really cut and dry
7 right now that is water that's available to you,
8 and if it's not and determined that it cannot be
9 be -- what do you plan to do then if you really
10 are not able to go that way?

11 MR. DAVID MITCHELL: I guess I would -- I
12 hope I'm not confused, Commissioner Swan. We
13 posed that question to the Commission, and I'm
14 sorry, I don't know the lady's name, but the
15 attorney general representative for the
16 Commission was asked that question, and the
17 response that we got back was there was no
18 difficulty with the boat moving up the Ohio River
19 into the riverfront that is adjacent to Floyd
20 County. If it is not available, if for some
21 reason that changes in the future, then we would
22 have to change the direction of the cruise and go
23 downstream as opposed to upstream.

24 MR. THAR: Commission staff, I think,
25 through Kay Fleming advised that in the

1 Commission staff's opinion we didn't see a
2 problem. We don't see the waters as being county
3 waters. We them as being state waters, but that
4 doesn't mean that people can't disagree. The
5 representation they are making is accurate from a
6 staff point of view. I'm asking to follow up on
7 your question, Commissioner Swan. You've talked
8 about the width of the water on the Ohio River
9 that you have to cruise. How much of that's
10 actually navigable by a boat of your size? How
11 much of it is in the channel? How much of it's
12 only a foot and a half deep?

13 MR. DAVID MITCHELL: Could I ask Captain
14 Bill Wilson with New Orleans Steamboat?

15 MR. THAR: Yes.

16 MR. BILL WILSON: Bill Wilson with New
17 Orleans Steamboat. We've looked exactly at the
18 issue the question that you're asking. The river
19 is nearly navigable bank to bank except for very
20 very close to the shore. This particular vessel
21 is going to draw no more than seven feet of
22 water. So what we looked at was the position of
23 the state line and the position along the shore
24 that allows us at least eight feet of water or a
25 foot of clearance under the keel, and those are

1 the measurements that was used to determine the
2 width that's available for us for the cruise.

3 MR. THAR: Is a foot of water clearance
4 considered a safe margin?

5 MR. BILL WILSON: That's the Coast Guard
6 guideline for clearance on the bottom, yes.

7 COMMISSIONER BOCHNOWSKI: Now, in my
8 materials that I've received since our hearings
9 you have signed an agreement, a development
10 agreement, with the county and, Mr. Thar, in your
11 opinion do you feel that the relationship is
12 improved from the representation we heard during
13 the hearings or have you had any feedback?

14 MR. THAR: I've had feedback on two
15 regards. One, the relationship may not -- was
16 probably not as bad as the question may have
17 inferred at the time of the hearings. Secondly,
18 there's a letter from John VanBuskirk or Dale
19 Lucas addressed to Ceasar's, the same counsel who
20 was present the day of the questioning, indicat-
21 ing that the relationship was quite good.

22 CHAIRMAN KLINEMAN: Anything further of
23 Ceasar's?

24 COMMISSIONER BOCHNOWSKI: Just one
25 thing. I will expect a certain stint on this

1 anyway. I just wanted to get it out. In
2 addition to that, some of the other materials
3 indicate that again -- and this was brought up in
4 the hearings -- that your project just was too
5 big for that particular county and that site.
6 How do you respond to that? I'd like to hear
7 that one more time.

8 MR. PETER BOYTON: I think at the last
9 hearing we responded that we've done a lot of
10 analysis of the market. We think this project is
11 appropriately sized. We think that -- we know
12 that in the gaming business if you can build your
13 church for Easter Sunday you're better off
14 because you're (inaudible). Most of the gaming
15 revenue is done on weekends, holidays during the
16 peak seasons. I think to have that capacity in
17 size does a number of things. It maximizes the
18 tax revenues to the State of Indiana. We are
19 terming this a destination resort. We will
20 market it as a destination resort. We will look
21 well beyond the boundaries of the immediate area
22 for customers. We think it's exactly the right
23 size.

24 CHAIRMAN KLINEMAN: Along the same lines.
25 Unless I missed it, you really don't have a,

1 quote, convention facility, anyplace you could
2 seat a bunch of people or have displays. I am
3 very interested in destination resorts, but one
4 of the ways destination resorts get filled up is
5 through conventions and trade shows, I believe.

6 MR. DAVID MITCHELL: Yes, sir, in the
7 hotel itself we have probably five to six
8 thousand square feet of meeting space, but in the
9 pavillion we have a very large entertainment
10 complex of 31,000 square feet, a facility which
11 with proper seating you could probably seat
12 anywhere from five to six thousand people. The
13 31,000-square foot facility will be of course
14 available to the hotel and will be as nice a
15 facility as anyplace in the country.

16 COMMISSIONER BOCHNOWSKI: Would that be
17 able to be converted to an exhibition hall? Is
18 that what you're saying?

19 MR. PETER BOYTON: For trade shows,
20 absolutely, sure.

21 COMMISSIONER BOCHNOWSKI: There is
22 nothing in Indiana, as you know, for that kind of
23 purpose.

24 MR. THAR: Indianapolis.

25 COMMISSIONER BOCHNOWSKI: There's no golf

1 course right in front of it.

2 CHAIRMAN KLINEMAN: Anything further of
3 Ceasar's?

4 MR. THAR: One last one on the same line.
5 There's an issue out of Canada in regard to a
6 project up in Canada about whether or not when
7 you were selected it was a big project, it was
8 oversized. Now there's an attempt to scale it
9 down. Can you speak on that issue?

10 MR. PETER BOYTON: I'm not sure where in
11 Canada -- in Windsor which certainly would not
12 probably qualify for that because it's one of the
13 most successful casinos. Halifax, Nova Scotia,
14 would that be the one?

15 MR. THAR: Yes.

16 MR. PETER BOYTON: That's a casino that's
17 part of the Sheraton Hotel. It is not a large
18 casino. I think the confusion may be that the
19 market there has been less vital than we had
20 anticipated, but none the less, we're still up
21 there. We're putting our money in it. It is not
22 losing money. It is actually making money and I
23 think that may be where your question is coming
24 from.

25 MR. THAR: That is where my question is

1 coming from. There seems to be a controversy
2 between the government, which I believe would
3 have 65 percent in it.

4 MR. BOYTON: That's correct.

5 MR. THAR: Saying that the project as
6 selected is much bigger than the project that you
7 are now willing to develop because of an over-
8 estimation of the market. My question to you is
9 the question has been raised here that your
10 project also looks quite big and you say the
11 market appears to handle it. Are we to antici-
12 pate that if that doesn't happen you'll scale
13 this project down?

14 MR. BOYTON: No, not at all. Again, just
15 to correct the technical aspects of that. We're
16 in a temporary casino up in Halifax at the moment
17 and we are working with the government to develop
18 a permanent casino. They're concerned about the
19 size as well as we are on the permanent casino
20 because they're getting the foot traffic up
21 there, but the yields are not just what they
22 should be. It's improving and will continue to
23 improve, but it wasn't as overwhelming as we had
24 anticipated.

25 MR. THAR: But isn't it a fact there are

1 negotiations between you and the government on
2 scaling down the size of the project from its
3 original description?

4 MR. BOYTON: Gary Saunders is here from
5 Ceasar's and Gary is responsible for that
6 particular project. If I may just-- he can
7 specifically address your question.

8 MR. GARY SAUNDERS: Gary Saunders,
9 Executive Vice-President of Ceasar's. We are
10 negotiating right now, but right now it's an
11 agreement between both of us that the permanent
12 casino is too large as originally envisioned, and
13 the real issue is what size to make at this
14 point, and we really have not gone that far. One
15 of the things we're looking at is going through
16 the summer season is to get a better idea of what
17 this summer will look like in business volume.

18 MR. THAR: There is some (inaudible), is
19 there not, that the project is being scaled down
20 from what some people thought it should be?

21 MR. GARY SAUNDERS: Criticism from the
22 government, the most recent criticism is that
23 they want to make it smaller, not that we were
24 trying to make it smaller than what they wanted.
25 We had a timeline for doing our submission. We

1 just recently submitted the permanent plan, which
2 their response is they think it's too large.
3 They would like for us to make it smaller.

4 MR. THAR: Well then, who's taking the
5 pot shots? The critics of the project?

6 MR. GARY SAUNDERS: The opposition
7 party.

8 MR. THAR: Do you see it as a political
9 issue up there rather than a real gaming issue?

10 MR. GARY SAUNDERS: Everyday in the
11 paper, yes.

12 MR. THAR: But that's how you see it?

13 MR. GARY SAUNDERS: Yes.

14 CHAIRMAN KLINEMAN: They even play
15 politics in Canada?

16 COMMISSIONER VOWELS: Some place the
17 project envisioned to be too large, the original
18 proposal?

19 MR. GARY SAUNDERS: The original
20 proposal, it appears that would be too large and
21 that we could scale it down somewhat.

22 COMMISSIONER VOWELS: And that's Ceasar's
23 opinion also?

24 MR. GARY SAUNDERS: Yes.

25 CHAIRMAN KLINEMAN: I guess the next

1 question is what is the fallout if it's too
2 large, other than spending more money than you
3 need to spend? The suggestion has been made that
4 your budget is so large that people will feel
5 uncomfortable. Is that one of the things that
6 you feel in Nova Scotia?

7 MR. GARY SAUNDERS: The fallout up there
8 would be if it's too large and we spent too much
9 money, which the particular deal with the
10 government is the government pays -- the project
11 pays us back for what we put into it, so it
12 reduces the government's income, and it's a
13 single facility, unlike a riverboat where you
14 have the multiple floors where you simply close a
15 floor if you have too much capacity in a given
16 day.

17 COMMISSIONER VOWELS: Was not all of the
18 analysis done in Halifax that was done in
19 Harrison County?

20 MR. GARY SAUNDERS: The analysis up
21 there, the probable margin for error up there is
22 greater based upon the size of the market. It's
23 a very small facility. Just to give you a sense
24 of scale, we have two properties up there, one in
25 Halifax and one in Sidney. The one in Sidney is

1 actually exceeding the original projections. The
2 one in Halifax is below the projections. Where
3 our projections were wrong was on the amount of
4 revenue per person but not the number of people.
5 We're actually at a 20 percent higher volume
6 overall in the number of people in a temporary
7 casino. I guess we may well end up building a
8 casino as large as we originally projected.
9 That's why we're at this point making it through
10 the summer, but our volumes right now are 20
11 percent higher than what our projections were.

12 COMMISSIONER VOWELS: So your win average
13 (inaudible).

14 MR. GARY SAUNDERS: The win average per
15 person is much lower, yes. At one property. The
16 other property is about right.

17 CHAIRMAN KLINEMAN: Anything further?
18 Okay. Thank you, gentlemen. Anyone have any
19 questions of any other applicant? I guess I
20 would just like to explore this flooding situ-
21 ation. I guess we first see if the Mauckport has
22 any explanation of what we received in the way of
23 information concerning flooding of your particu-
24 lar site.

25 MR. PAUL ALNIECE: Mr. Chairman, I'm Paul

1 Alniece. I'm the President of Horseshoe Gaming.
2 Cliff Cordman is the Head of Development for
3 Horseshoe Gaming. I think your question is do we
4 have any flooding problems with respect to our
5 site. I believe the answer is no. We have not
6 encountered any previously and we do not believe
7 that any exist with respect to the site. We will
8 be elevating all of the improvements that will be
9 built on our site, all of them, approximately
10 three feet above the hundred year flood plain, so
11 that we feel the entire project will be flood
12 protected, and that has been -- and the access
13 roads as well coming in will be accessible at
14 high water times, so we do not believe that we
15 have any flooding problems with respect to our
16 project.

17 CHAIRMAN KLINEMAN: You've seen the
18 pictures that the Commission has received showing
19 water on your site. That's not a flood? It's
20 just water?

21 MR. PAUL ALNIECE: We have not seen
22 those pictures. I think the pictures that were
23 shown portrayed Players and Ceasar's site, but
24 maybe there's some pictures that we haven't seen.

25 CHAIRMAN KLINEMAN: How about as a

1 practical matter, have you seen any water on your
2 site at any time here in the whole time that
3 you've been involved in that particular site?

4 MR. CLIFF CORDMAN: During the course of
5 the last several weeks there has been some water
6 on some portion of our 650 acres we control, but
7 the principal development of 42 acres has not
8 been in flood condition.

9 COMMISSIONER SWAN: How much will you
10 actually have to build this up to get three feet
11 above the hundred year flood plain?

12 MR. CLIFF CORDMAN: It varies according
13 to the elevation, of course, on each section of
14 the property. It goes anywhere from about eleven
15 feet to seventeen feet.

16 MR. PAUL ALNIECE: That fill material
17 will come from the adjacent property, whether it
18 be the golf course property or the marine
19 property.

20 COMMISSIONER SUNDWICK: Let me ask a
21 question, change the subject for a minute. In
22 Kentucky somebody had made a presentation that
23 talked about improving the roads on the Kentucky
24 side from Louisville over, a four-lane highway.
25 Kind of refresh us about that.

1 MR. PAUL ALNIECE: I think Allen Milburn
2 who is our local might be best able to answer
3 that question.

4 COMMISSIONER SUNDWICK: Obviously one of
5 the key issues here is how do we get to your site
6 or all sites, and I think everybody wants to find
7 out what's the most practical way, what's the
8 safest way, et cetera, et cetera, et cetera.

9 MR. ALLEN MILBURN: I'm Allen Milburn.
10 I'm local coordinator for Horseshoe in Harrison
11 County. Approximately two months ago I was
12 informed by the judge executive of Meade County
13 that Kentucky had approved the installation of a
14 four-lane limited access highway that will really
15 be sort of an extension of road improvements that
16 have been made south of Louisville down toward
17 Elizabethtown. That project, as I understand it,
18 has been approved and that highway is to be com-
19 pleted within the next five years. It will bring
20 a four-lane limited access highway connecting, I
21 think it's, Cove City at this point in time, or
22 in that vicinity, down to Brandenburg which will
23 greatly improve the access as far as traffic
24 coming from 65 south as well as Louisville on the
25 west side to our site at Mauckport.

1 MR. PAUL ALNIECE: We do have a board
2 here that I think would graphically demonstrate
3 exactly what that road improvement attempts.

4 MR. THAR: Can you illustrate again where
5 that improvement is supposed to be?

6 MR. CLIFF CORDMAN: It's right here, Mr.
7 Thar.

8 MR. THAR: That's a distance of how far?

9 MR. ALLEN MILBURN: I honestly don't
10 know.

11 MR. CLIFF CORDMAN: Twenty-two miles.

12 COMMISSIONER SUNDWICK: That's from 65?

13 MR. CLIFF CORDMAN: That's correct.

14 CHAIRMAN KLINEMAN: Any other questions?
15 Thank you all.

16 MR. PAUL ALNIECE: Thank you very much.

17 CHAIRMAN KLINEMAN: I guess the next
18 group with water as illustrated to the Commission
19 would be Players. Someone here who wants to
20 speak on behalf of Players? By the way, for the
21 purpose of these discussions I think we're going
22 to call the applicants by the common name. In
23 other words, it will be Carnival, Players and
24 Ceasar's and Horseshoe, even though they may be
25 running under different colors and different

1 names. I think it will make things easier for
2 the Commission if we use your well-known name.

3 MR. STEVEN PERSKEY: That's our given
4 name, Mr. Chairman. Steven Perskey from Players.
5 I also have Kevin Dixon who appeared last week
6 before the Commission. Let me start before I
7 introduce Kevin to respond in detail by reminding
8 you a little bit just for a second of what we
9 told you when we were here before you in Corydon.
10 All of our development is on the river side --
11 the river side of the road. We do not need a
12 bridge. Still we have designed the project so
13 the hotel portion is outside the floodway, which,
14 as you know, is a requirement DNR will impose on
15 every site. We also have about eight million
16 dollars of specific road improvements on SR 111
17 which are a portion of the development agreement
18 that we identified and Kevin can reiterate for
19 you. We also proposed to carry those improve-
20 ments through beyond our site going south or
21 west -- I'm not sure of my direction -- past our
22 site direct to the connection between SR 111 and
23 SR 211. In addition to that, of course, all of
24 the development of the site that is not out of
25 the floodway will be raised and so that the

1 entertainment center, the parking, the parking
2 facility will be up beyond the reach of any of
3 the flood. We will on occasion, depending on the
4 weather, lose some portion of the flat surface
5 parking as we explained. Kevin.

6 MR. KEVIN DIXON: Several months ago we
7 faced this question --

8 CHAIRMAN KLINEMAN: Identify yourself.

9 MR. KEVIN DIXON: I'm Kevin Dixon. I'm
10 the civil engineer on the Players project. As I
11 say, we addressed this question at length several
12 months ago. The site development plan which you
13 have seen which we've presented to the infra-
14 structure committee of the task force, the task
15 force and this commission showed a hotel outside
16 that statutory floodway line. The elevation of
17 the site in that area is approximately 440 which
18 is well above the elevation of the floodway water
19 surface elevation. In addition to that, we have
20 a flood plain issue which is addressed by eleva-
21 tion of the building and the parking facility two
22 feet above the flood elevation of 446. So we are
23 not only elevating those portions of the building
24 that are in the flood plain, but we are statu-
25 torily correct in locating, situating the hotel

1 outside, horizontally outside that statutory
2 floodway line.

3 CHAIRMAN KLINEMAN: From the water that
4 we saw on the photos that we have seen were not
5 in an area in which you could be constructing or
6 it's in an area where you would be building it up
7 so that --

8 MR. KEVIN DIXON: Exactly. Precisely.

9 COMMISSIONER SUNDWICK: Cruise path.
10 Because I think I got confused. I said east and
11 west last time. I think it's north and south.
12 So let's assume you're south of everybody else.
13 Your cruise path --

14 MR. STEVEN PERSKEY: We're south only of
15 Ceasar's. We're north of --

16 COMMISSIONER SUNDWICK: Explain your
17 cruise path.

18 MR. STEVE PERSKEY: The cruise path would
19 be toward New Albany. I think of it as east, but
20 it's probably --

21 COMMISSIONER SUNDWICK: You and I can be
22 east.

23 MR. STEVEN PERSKEY: We would go in that
24 direction. To the edge of our property line is
25 three tenths of a mile from the dock to the edge

1 of the property line. With no permission or any
2 other complication we can cruise that three
3 tenths of a mile without seeking any adjustment.
4 We could go beyond that three tenths of a mile up
5 as high as two miles and back, but we would need
6 to do a little bit of dredging. The figure
7 that -- the drawing that we showed you in
8 response to your request this past week shows
9 there's a delta on one of the creeks at the edge
10 of our property, and if we had the permission of
11 the next two neighboring property owners to do
12 some minor dredging at that point where the
13 channel between the bank and the state line
14 narrows, if we dredged off a little bit there we
15 could actually cruise up to two miles, but
16 without doing that, because we may not get
17 permission, so we gave you before you the rock
18 bottom assurance that we could cruise at three
19 tenths of a mile because that only takes us to
20 our own line.

21 CHAIRMAN KLINEMAN: Any other questions
22 of Players?

23 MR. KEVIN DIXON: I would like to re-
24 visit that issue just briefly, if I could. We'd
25 like to clarify for the Commission that an

1 application has filed with the DNR two months
2 ago. After meeting with them before, during and
3 after the preparation of the computer model to
4 show the location of that floodway line to
5 demonstrate this hotel was -- is outside that
6 floodway line. At the time of the hearing in
7 Corydon Players was the only applicant before the
8 DNR with that claim. So the calculations, the
9 information were submitted and the verification
10 was issued to DNR with respect to our
11 (inaudible).

12 COMMISSIONER ROSS: Just one question.
13 As I recall, your project is somewhat smaller
14 than some of the other projects.

15 MR. STEVEN PERSKEY: I don't think so.
16 It's somewhat smaller obviously than the Ceasar's
17 project, but we propose initial construction of
18 300 hotel rooms which is as large, I believe, as
19 any other casino. We propose in terms of dollar
20 investment, if you will, ours is as large as any
21 of the ones you have before other than Ceasar's,
22 and our project contemplates expansion by addi-
23 tion of at least 200-room hotel with accompanying
24 convention space that if you added that in, which
25 is not in our initial presentation, we believe

1 from a cross point of view would make us
2 competitive to Ceasar's.

3 COMMISSIONER ROSS: How about the size of
4 your boat?

5 MR. STEVEN PERSKEY: I'm sorry.

6 COMMISSIONER ROSS: The size of your
7 boat.

8 MR. STEVEN PERSKEY: Frankly, I can't
9 tell you specifically how the size of the boat
10 compares with the Carnival or the (inaudible)
11 proposal, but the size of our boat starts as
12 first constructed with about 46,000 square feet
13 of gaming space with a capacity for about 3,200
14 people with the design on the boat structured so
15 that you can expand it to 4,000 people with a
16 concomitant increase in the number of gaming
17 spaces. We will start with about 2,200 gaming
18 spaces and the boat is designed to accommodate up
19 to 3,000.

20 COMMISSIONER SUNDWICK: That three tenths
21 of a mile is about 428 yards? That's what it is.
22 You're going to be a short cruise if they don't
23 give you the opportunity to go farther.

24 MR. STEVEN PERSKEY: Keep in mind that
25 as you listen to the lengths of the cruising path

1 that you got to measure cruises in distance and
2 time. The boat doesn't move very fast for all of
3 the obvious reasons and, therefore, you are
4 limited by time. You're going to be out for so
5 many minutes, hour or hour and a half, and then
6 you're going to come back regardless of how long
7 you have actually physically available to cruise.
8 If I had five miles I wouldn't use it anyway
9 because we won't have the time to make that
10 length of a cruise. The boat, as I'm sure you
11 know, cruises very slowly.

12 CHAIRMAN KLINEMAN: Anything further?

13 MR. STEVEN PERSKEY: Thank you very
14 much.

15 CHAIRMAN KLINEMAN: Thank you. That
16 would leave Carnival. Anybody have any questions
17 of Carnival? They're the ones that have the high
18 and dry land according to their pictures.

19 MR. BOB STURGESS: Good afternoon,
20 members of the Commission. I'm here with our
21 chairman Woody Weiser and Mr. Steve Smith who's
22 been our counsel in handling all the Army Corps
23 issues for us.

24 CHAIRMAN KLINEMAN: You want to identify
25 yourself just for the record.

1 MR. BOB STURGESS: I'm Bob Sturgess,
2 President of Carnival Casinos. Just with respect
3 to the site issue. I think we've covered that in
4 our initial presentation pretty well. We feel
5 that the foundation of any successful project
6 starts with site, and we think our site is
7 superior. It's been high and dry, and if you
8 start with a site that's got challenges and
9 problems with water, you're asking for trouble
10 down the line. Since late 1993, early 1994 with
11 our local partner we have been exploring various
12 alternative sites. John Johnston had options in
13 Mauckport. He had options up and down the whole
14 area, and we felt this site was the best site for
15 giving us a solid foundation to develop what
16 we've told the Commission we're ready to develop.

17 With respect to the details of our site
18 and just how high and dry it is, I'd like Steve
19 Smith, if he could, to give you a few additional
20 details.

21 MR. STEVE SMITH: Steve Smith, Goldberg &
22 Simpson. I think part of this issue, as you all
23 know, from my standpoint and we've actually
24 committed, I think, to getting a permit within a
25 specific amount of time, and that's going to be

1 my job to do. We needed a site that had not so
2 many issues that turn into problems, and as the
3 things have been raised by the Commission and
4 we've got the experiences upriver where issues
5 turn into problems and problems mean delays, and
6 that's not what we're after. So the commitment
7 by Carnival was to get things done and get them
8 done in a timely manner. This site doesn't have
9 those kind of problems. We've got plenty of land
10 to expand and flexibility and all those issues.
11 We do have, like everybody raising part of the
12 project up above a hundred year flood. We're
13 anywhere between ten and fifteen feet, but as far
14 as flood waters and high river stages and those
15 types of concerns, we do not have those concerns.

16 The alternate route is another thing
17 about 211. 111 is flooded as it's been maybe
18 even partially or at least in some spots over the
19 last couple weeks. We can come around and come
20 down 211 right to our site. So this site does
21 give us specific advantages.

22 CHAIRMAN KLINEMAN: Any questions? Thank
23 you, gentlemen. The Commissioners have any
24 questions of any of the applicants remaining? If
25 not --

1 COMMISSIONER SUNDWICK: City, county.

2 CHAIRMAN KLINEMAN: People have questions
3 of Harrison County?

4 COMMISSIONER SUNDWICK: I have one.

5 CHAIRMAN KLINEMAN: Is there someone here
6 who can speak on behalf of Harrison County?

7 MR. THAR: Right in the front row.

8 CHAIRMAN KLINEMAN: Would you state your
9 name.

10 MS. JUDY HESS: Judy Hess, Chairperson of
11 the Evaluation Task Force.

12 COMMISSIONER SUNDWICK: Let me ask a
13 question. We were told that nine or ten out of
14 the eleven communities support the specific site,
15 and is that a fact that there was endorsements of
16 one particular site that ten out of eleven
17 cities?

18 MS. JUDY HESS: I'm not sure about the
19 number. I think it was nine out of ten. We
20 really weren't involved with that. It was
21 presented by the applicant so I think they'd have
22 to answer how the endorsements came. The task
23 force wasn't involved in that process.

24 CHAIRMAN KLINEMAN: Anything further of
25 Harrison County or the task force? Mr. Thar.

1 MR. THAR: We have received a copy of the
2 Economic Development Agreement with regard to
3 each of the four applicants for Harrison County.
4 Can this Commission rely on the contents of those
5 documents for the purpose of believing that what
6 is laid out in there is what is necessary for
7 Harrison County to successfully have a riverboat
8 gaming operation?

9 MS. JUDY HESS: As you recall, in our
10 presentation we had five major goals that we
11 established from the get-go that we wanted to
12 address throughout the process. The task force
13 and county government is satisfied that these
14 have been addressed in this document.

15 MR. THAR: So if the Commission picks one
16 of those four applicants, we can make the
17 certificate of suitability license subject to the
18 economic development agreement?

19 MR. JUDY HESS: Yes.

20 MR. THAR: John?

21 JOHN: Yes.

22 MR. THAR: That would be all I have.

23 CHAIRMAN KLINEMAN: All right. Anything
24 further of anyone? If not, we will go into our
25 discussion of who shall receive the certificate

1 of suitability. I would just ask that the group
2 who are in attendance try not to interfere with
3 our discussions even though we may be 180 degrees
4 wrong. At least that's where we are. We're kind
5 of entitled to talk about it with you present
6 without you correcting what our erroneous ideas
7 might be. We'll try to arrive at a decision. So
8 if you would not interrupt our discussion, I
9 would appreciate it.

10 Before we go into the discussions I
11 guess I would ask Mr. Thar to advise the
12 Commission as to whether or not any of the
13 applicants are disqualified or, I guess in the
14 affirmative, that all of them are qualified under
15 the statute.

16 MR. THAR: All applicants would meet the
17 minimum requirements for licensing. I don't want
18 to stay minimum. All applicants would meet our
19 requirements for licensing.

20 CHAIRMAN KLINEMAN: With that we can
21 start our discussion. Anyone like to say
22 something?

23 COMMISSIONER BOCHNOWSKI: Sure. There's
24 actually two issues here. We've got site issues
25 and we've got project issues and they may not

1 always end up matching up which is number one and
2 which is the number two, and I guess we have to
3 decide what our priority is. Is our priority a
4 good? Is our priority a good project? Hopefully
5 anything can be worked out with enough money, as
6 the Army Corps of Engineers as said.

7 CHAIRMAN KLINEMAN: I think you're
8 probably right so I guess -- they're a little bit
9 intertwined. We have three applicants at
10 basically one site and one applicant at the other
11 site.

12 COMMISSIONER BOCHNOWSKI: But even among
13 those three sites there are differences and
14 differences in cruising and so on.

15 CHAIRMAN KLINEMAN: Whatever the wish of
16 the Commission is we'll discuss it in whatever
17 manner, either by names of applicants or by
18 locations, whatever you feel should be done. I
19 guess if we're talking about locations as such, I
20 guess I would start the discussion by saying that
21 we've all been impressed with the quality of the
22 applications that are here and it's going to make
23 it very difficult for us to make a decision, but
24 as to the location itself, one of the reasons I
25 think we have such good applicants and one of the

1 reasons that we are going to have to make a very
2 difficult decision is because this is a very big
3 market. I'm impressed with the size of the
4 numbers that you see both from the standpoint of
5 what it would generate for Harrison County and
6 for its surrounding counties, the economic
7 development which would be provided therein and
8 also, of course, the money that would come to the
9 state. But the keystone of this location, I
10 guess, is Louisville. Having seen the sites and
11 having considered at least in my opinion the site
12 which is closer to the Louisville market, which
13 in fact you can see downtown Louisville on some
14 of the pictures we have seen, is an area that
15 could in my judgment be completely competitive
16 with Louisville no matter what happens in
17 Kentucky. Even if Kentucky should decide to
18 allow casino gaming in the Louisville area or
19 anyplace in Kentucky, I think if we have a
20 location at the Bridgeport area we are completely
21 competitive regardless of tramps across the Ohio
22 or whatever. We're close enough that could
23 actually be a very viable and competitive
24 location.

25 COMMISSIONER BOCHNOWSKI: I'd like to

1 hear from the people who live down there too.

2 COMMISSIONER SUNDWICK: I would tell you
3 that certainly that location is appropriate. I
4 agree with everything Alan said. I think one of
5 the things we have to be concerned with is in
6 fact it's a destination site. Being from the
7 area I think -- I don't know of any destination
8 site in Louisville that has a hotel, golf course
9 and convention capabilities. I think the people
10 in that part of the state -- I'm not aware of. I
11 think in Lexington there's a Mariot facility that
12 has golf and certainly without the horse racing I
13 think they have. To that point I think it has to
14 be a destination location. I think Indianapolis
15 certainly, Cincinnati to some extent, Lexington,
16 Nashville to some extent, Louisville are all
17 opportunities for that particular market. So I
18 think we would be shortsighted not to look at
19 that to compete certainly with, as Alan said, the
20 destination as far as geographics, but also with
21 the proper facility. From my -- I can very
22 quickly by that narrow it to two applicants that
23 have golf courses, and that's a personal prefer-
24 ence. I'm not much of a golfer. Fuzzy wasn't
25 all that nice to me, but he's a great guy. But

1 think there has to be a golf course. Made an
2 excellent presentation on behalf of the golf
3 course and that type of facility. So that would
4 be part of my recommendation have to be a
5 destination.

6 COMMISSIONER SWAN: I think another thing
7 that's important in the site selection though,
8 Alan, is that Mauckport isn't that far removed
9 from the Louisville market. There are people who
10 drive from Louisville now to Evansville for gam-
11 ing purposes, and I don't know that that extra
12 whatever it is, fifteen minutes or so, around the
13 horn to get there is going to be that much an
14 impediment, and also it is accessible from
15 Kentucky directly across the bridge. There is a
16 traffic pattern there that would be a reasonable
17 pattern for gaming purposes.

18 COMMISSIONER MILCAREK: I think that the
19 Mauckport site certainly is a safer destination,
20 safer way to travel there. The highway is
21 relatively straight and with the advent of a
22 possible four-lane from Kentucky. There's no
23 flooding problems on the highway. You wouldn't
24 have to worry about that. I think that's very a
25 very very important safety issue. People get to

1 drinking and speeding. Have some pretty curvey
2 roads down there rather than a straight shot
3 straight through this way. Also, if this
4 Commission would see fit to give Crawford County
5 a license, I think the two destinations would
6 compliment each other rather than compete with
7 each other. You'd have a choice of two casinos
8 to go to in pretty much the same area.

9 COMMISSIONER ROSS: I think if you're
10 discussing this site area and you first looked at
11 the map and drove down the road, Mauckport would
12 certainly seem to be the ideal place to be
13 because, number one, there's nobody out there to
14 interfere with and you can build as far as you
15 wanted to. It's easy to get to, but I still
16 think that as far as the primary market that
17 you're trying to develop, a place somewhere
18 nearer would suit that better.

19 COMMISSIONER BOCHNOWSKI: Well, the other
20 side of it then is the project, and it makes me
21 feel good that for the first time we're looking
22 at least one applicant that has an A rating.
23 We've never looked at anybody that's rated like
24 that. That's a comfort level for me from a
25 financial point of view, but this is what I was

1 saying. There are different issues and I guess
2 it's a matter of searching -- seeking out a
3 common priority and going with that. I tend to
4 agree with Bob about having more of a resort
5 situation involved. So I would say there's
6 probably two applicants that would fit that.

7 COMMISSIONER VOWELS: We talked about the
8 two issues here of site and the proposal and,
9 like you said, we're blessed in this situation
10 with having four really good applicants and not
11 having to worry about lesser of evils. Having
12 looked at that and thought of that for the last
13 week or so since the presentations, my mind is
14 now going on -- since we're almost finished.
15 This is nine of ten and we'll be finished. Now
16 we're going to have to start regulating at some
17 point in time, and once we give out a license
18 it's going to be very tough to ever pull that
19 back and putting restrictions on it. There's
20 very nice to us now. When it gets down to the
21 point of big dollars and calling them on the
22 carpet. So I guess what I'm saying is along with
23 what you said earlier about the site and the
24 proposal. I think we need to think down the line
25 about regulatory matters and how any applicant we

1 might have to concern ourselves with anything
2 down the line keeping in mind things -- along
3 with that line without getting specific. Once we
4 get past this point and still the seven of us or
5 in a few years our successors, that's really what
6 we're going to have to worry about. Nobody is
7 going to have to deal with this licensing
8 procedure particularly to the extent we've had to
9 deal with it. So the vast majority of the time
10 that we spend after we finish with this is going
11 to be regulating, and I look at that as very
12 important. All you can do is look at an appli-
13 cant and hope that they won't cause problems, but
14 it's a real distinct possibility and, fortun-
15 ately, we've got a lot of good dancers here to go
16 to the dance with so we can be particular on that
17 line or some of these other issues. It's not a
18 bad situation either way. Let's kind of keep
19 that in mind because that's what we're going to
20 have to deal with and what our successors are
21 going to have to deal with down the line. You
22 know what I'm talking about without getting into
23 specifics.

24 COMMISSIONER SWAN: That's true, Don, but
25 you know, at this point we're here to issue a

1 license of suitability for the company that can
2 do the best for our financially and promote tour-
3 ism in Indiana. What you're alluding to there is
4 maybe a little tougher to deal more than another,
5 and I don't know that that's going to interfere
6 with my decision right now. I understand what
7 you're saying. One may be really difficult to
8 deal with, but degree of difficulty doesn't
9 impact my dollar considerations right now.

10 COMMISSIONER VOWELS: With all due
11 respect, since we have to ride home together.

12 CHAIRMAN KLINEMAN: You thought you were
13 riding home together.

14 COMMISSIONER VOWELS: I have completely
15 the opposite view of what you just said. I think
16 we're fortunate here that any of these applicants
17 are well versed financially and they're very
18 experienced, and I just think it's very important
19 to take into consideration, just like if you were
20 going to hire somebody and you had four good
21 people to hire and you looked into their
22 background and one had a more questionable and
23 one didn't have any, I think that's to be taken
24 into consideration, and I'm just saying in this
25 instance we're fortunate that's one of the issues

1 that can be isolated, and we can split hairs
2 among the four of them about which is going to
3 bring in the most money and which has the better
4 proposal. I hate to be real synical about it,
5 but once Coast Guard and the Corps of Engineers
6 gets into it, I don't have any anticipation that
7 any of these proposals are going to be the same
8 thing verse by verse by the time we get down to
9 it. That's a concern of mine, and I just don't
10 want to have to tussel with something that wasn't
11 necessary to tussel with in the future.

12 COMMISSIONER ROSS: I have a little bit
13 different feeling about that, about casino
14 gambling as it relates to how fast it's growing
15 and how long it's going to last. I think that
16 the state has asked us to put the best group
17 forward that is going to do the best for the
18 state in the longrun, and Bob said we need to be
19 looking at a resort that just in case gambling
20 goes on the down side somewhere that can stand on
21 its own and still be a resort that can bring
22 money to the state and that we can all come to,
23 and I think that without a golf course I would
24 tend to agree with you that that's not going to
25 be (inaudible).

1 COMMISSIONER BOCHNOWSKI: I did read
2 somewhere that golf is the fastest growing sport
3 right now. Everybody is taking it up. Even me.
4 I think Don makes a good point and there is a
5 thing in the statute in regard to character that
6 we do have to consider. Legally we have to
7 consider that. So if that's an issue, that's
8 something we do legally have to be bound by.

9 COMMISSIONER VOWELS: In reference to the
10 resort, with Ceasar's application \$228 million
11 and that was just an incredibly impressive
12 presentation, but what concerns me is like we
13 talked about before up and down the river. The
14 statute as issued, it's stated that way.
15 (inaudible) And it's not always the one if
16 that's too many or not enough. That proposal is
17 very impressive. My personal belief is it's too
18 big, and I whink what's brought out what happened
19 in Halifax that that concerns me. What happened
20 down in New Orleans. I think that proposal is
21 just too big. I don't know if this market could
22 handle it. If some boat opens in Crawford County
23 that could get eaten up. That's just food for
24 thought. See what everybody else thinks about
25 that. But that's an awfully big project. If it

1 starts going down the tube, going to have to
2 scale back, and keep in mind, if we have to scale
3 back, does that put it in the same running with
4 some of the applicants with 30 or 40 million
5 dollars less. Over in Lawrenceburg there was a
6 applicant that had a \$300 million project and had
7 \$60 million in financing. The size of that
8 project is impressive in this area. However,
9 what happens when competition really gets on
10 board? I don't know what the people think about
11 that, but that's a concern I have. Maybe that's
12 too big.

13 COMMISSIONER ROSS: I have an opinion
14 about that, Don. I think that we set out what
15 this proposal and what these projects should be.
16 I think anyone who puts their money and their
17 effort and their entire future in what Caesar's
18 has done, I don't feel that I could vote against
19 them.

20 COMMISSIONER VOWELS: How do you feel
21 about their over-optimistic projections?

22 COMMISSIONER ROSS: Well, as I listen,
23 I'm not sure -- I think anytime you have to be in
24 partnership with the government that always
25 changes what you do. So I don't think that's

1 even a reasonable thing to talk about because the
2 government, I think it said, owns 65 percent of
3 it.

4 COMMISSIONER SUNDWICK: Seems to me that
5 they're both about the same. One is for the \$220
6 million project and the other one was \$200
7 million. I'm giving you approximate numbers.
8 One showed the land at \$20 million. One showed
9 the land at \$3 million. So I guess if you
10 quibble about size, these are two excellent
11 projects, two good-sized projects. So if I think
12 if we find ourselves badgering each other about
13 how big is big, then we need to figure something
14 else out. I don't think, unless somebody could
15 show me a whole lot of difference between 200
16 million and 200 million. So they're both big
17 projects.

18 COMMISSIONER MILCAREK: I think not only
19 character comes into this but also ease of
20 dealing with the company. I would hate to see a
21 company come in here and present a large project
22 and a large amount of arrogance that goes along
23 with it. I would rather see someone that would
24 be people folks and easy to get along with and
25 easy to get along with the people that they're

1 going to be dealing with. I would hope they all
2 would be this way. I don't know that I feel --

3 COMMISSIONER BOCHNOWSKI: I suppose if
4 you're talking about dealing with people -- and
5 this has to do with the sites. From what I
6 understand or what was presented to us -- and I
7 can only take that for what -- at face value.
8 Apparently the people in the Bridgeport area
9 voted against it. The people in the Mauckport
10 area voted for it. We have to consider the
11 county's wishes too, but that's difficult.

12 CHAIRMAN KLINEMAN: I guess I'm not as
13 impressed with really localizing it to that
14 extent. The Bridgeport location as such, I
15 guess, included boats from Elizabeth, and we've
16 now physically seen Elizabeth is not next door to
17 any one of the three sites and the people in
18 Elizabeth, so far as I can tell, other than the
19 traffic going to and from Louisville and so
20 forth, would not really be affected to the extent
21 that a big neon sign would be in their backyard.
22 They're physically several miles apart. The
23 legislature instructed us to look at the vote
24 county-wide, and when you start breaking it down
25 into each precinct, I think maybe you sort of

1 violate what the legislature intended us to do.

2 COMMISSIONER MILCAREK: I still think we
3 have to consider the safety of the site. When
4 you drive the Mauckport site you've got a good
5 straight shot to come in. There's just -- with
6 the improvements that are coming and if Kentucky
7 would build a highway. If you drive the other
8 site, it really concerns me safety-wise. That
9 road is twisting, turning two-lane. Sometimes
10 it's under water. Yes, it's going to be fixed,
11 but people will be upset because they lost,
12 they're happy because they won and are having a
13 few drinks or something. Safety does concern me
14 with the route that has to be followed. I think
15 we need to consider that. We have the safety
16 issue. The cruising issue in the Mauckport site
17 does not exist. I stated before I felt that the
18 Crawford County boat could compliment the
19 Mauckport boat. We have a golf course for Bob,
20 destination site.

21 COMMISSIONER BOCHNOWSKI: You better play
22 on it once you're off the commission.

23 COMMISSIONER MILCAREK: I feel that the
24 Mauckport site is the best, and with that I would
25 like to nominate Horseshoe for the certificate of

1 suitability.

2 COMMISSIONER SWAN: Second.

3 CHAIRMAN KLINEMAN: It's been moved and
4 seconded. All those in favor of -- any further
5 discussion?

6 COMMISSIONER SWAN: Yes. I did jot down
7 a few attributes myself and I'd like to go over
8 this for a moment. Mauckport does offer a nice
9 site. It's good sized. Flood access is good.
10 You can get to it from the high road. You don't
11 have to come around 111. Permitting should be
12 easier there. They've already been a good
13 corporate citizen in the community. Total infra-
14 structure is better. They do have guaranteed
15 minimum incentives package that I was very
16 impressed with. The excellent cruise path, we
17 don't have an issue with that. We should be able
18 to get licensing there without bureaucratic red
19 tape, as minimal bureaucratic red tape as any of
20 the others. I think it would be less disruptive
21 totally to the county. That's why I'm in favor
22 of that site and that applicant.

23 CHAIRMAN KLINEMAN: Any further
24 discussion? Well then, all those in favor of the
25 motion raise their right hand. That's three. I

1 guess then we ought to probably talk about
2 Bridgeport a little bit. Doesn't mean we can't
3 go back and revisit Horseshoe as we go along.
4 The Bridgeport location. I guess I got a
5 different feel to the Bridgeport location than
6 you did, Tom. I felt it wasn't the best road,
7 but it did not impress me as being particularly
8 dangerous as you come across the bridge from
9 Louisville. You get into the area of New Albany,
10 and I think the people who are proposing a site
11 in Bridgeport have indicated that they would do
12 what was necessary to putting in stoplights if
13 they could at the various points in New Albany.
14 When you get out of New Albany the road is a
15 state road which would be improved, according to
16 the plans that Walter Land had, where shoulders
17 would be put in, and so to that extent I think
18 the road would probably be made safer than what
19 we see today. One can't control what people do
20 when they've had a few drinks regardless of how
21 straight the road is or whatever. In fact, some-
22 times I think that encourages people to combine
23 alcohol with speed if the road is too un-
24 interesting. I guess I would say in support of
25 Bridgeport that it's accessible and that the

1 access, as I would view it, at the time gaming
2 opened wouldn't be that dangerous.

3 COMMISSIONER ROSS: I think also the
4 gondola thing that really fascinates me. If
5 that's in effect, then it alleviates a large part
6 of the traffic congestion that's going to come
7 down 111. So I don't see it as a -- and I know
8 that nobody is going to put two hundred some
9 million dollars into a resort and not have it so
10 people can get there. So I'm sure that they're
11 going to do what's necessary to make people get
12 to Bridgeport.

13 CHAIRMAN KLINEMAN: Anything further?

14 COMMISSIONER MILCAREK: No. When we
15 were down for the hearings in Corydon my wife and
16 I did not continue to go home. We made a little
17 extended trip around and visited the Mauckport
18 site and the other site, and we ended up over in
19 Lawrenceburg, Rising Sun, and it was Friday
20 afternoon at three o'clock, and I know
21 Lawrenceburg isn't New Albany in this area, but
22 traffic was so bad. I mean I don't see how a
23 boat was going through these small towns with
24 these narrow highways and some construction was
25 going on. It was virtually impossible. It took

1 us probably 45 minutes to get through that town
2 as it exists. I can see similar things happening
3 in Bridgeport, the traffic and people coming. I
4 just think that the straighter shot I think would
5 be better. That's my pitch.

6 CHAIRMAN KLINEMAN: Anything further?
7 Anyone want to make another motion or to discuss
8 each of the Bridgeport people, Horseshoe?

9 COMMISSIONER ROSS: I'd like to make a
10 motion. That Ceasar's be given the certificate
11 of suitability.

12 CHAIRMAN KLINEMAN: Is there a second?

13 COMMISSIONER BOCHNOWSKI: I'll second it.

14 CHAIRMAN KLINEMAN: Any further dis-
15 cussion? All those in favor of the motion raise
16 their right hand. As you can tell from the
17 discussion that we've had here in front of you,
18 this was a difficult decision. I want to thank
19 all of the applicants for having given us this
20 tough decision. Conclude the proceedings.

21 (Whereupon, the proceedings were
22 concluded.)
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STATE OF INDIANA)
) SS:
COUNTY OF MARION)

I, Deanne S. Hutson, Stenographic Reporter
within and for the County of Marion, State of Indiana,
do hereby certify that on the 20th day of May, 1996,
I reported the foregoing proceedings, and that the
transcript is a full, true and correct transcript made
from my stenograph notes.

Deanne S. Hutson

Deanne S. Hutson,
Residing in Marion County, Indiana

My Commission Expires:
November 6, 1998