



News Release

Contact:
Judy Slocum
Port of Galveston
409-766-6119
jslocum@portofgalveston.com

For Immediate Release

FIRST-CLASS DAY-CRUISE OPERATION FOR GALVESTON

PORT OF GALVESTON TO BRING 275,000 NEW VISITORS TO GALVESTON

Day Cruising to begin Spring 2002

Galveston, Texas...November 5, 2001...The Port of Galveston strengthened its position as a major player in Galveston's tourism trade with the approval of an agreement by the Board of Trustees of the Port of Galveston that would bring a first-class day-cruise operation to Galveston Island.

Texas Day Cruises, Inc. will operate a 500' cruise vessel from Pier 27. The agreement includes a six-month Option Agreement, a five-year Operating Agreement and a five-year Lease Agreement. In addition, the agreement calls for Texas Day Cruises to provide the Port with an irrevocable Letter of Credit for \$250,000 and to make an annual donation of \$.10 per passenger to the Convention and Visitors Bureau.

"We feel that this is the right time, the right place and the right operator for Galveston Island," said Katherine D. Moore, Port Director. "They have been very successful in their operation in Corpus Christi and growth in their cruise operation has allowed them to plan for a November start-up of a second facility in Freeport. Their reputation in the industry is solid and we are ecstatic that they have chosen to include Galveston Island in their growth plans."

The operating agreement extends for a term of 5 years with three 2-year extensions and provides for annual passenger wharfage and dockage fees of over \$800,000. Revenue from vehicle parking is projected to total over \$500,000 annually. Texas Day Cruises plans to cruise two times day, fourteen times a week similar to their future operation in Freeport, Texas and currently sailing from Corpus Christi.

“We believe that the presence of Texas Day Cruises will be an attraction to the Galveston waterfront,” stated John Lee, President of Texas Day Cruises, Inc. “We also believe that the presence of our vessel, with its elegance and style, will be a very positive and vital component for Galveston Island’s tourism industry. Our goal is to bring a product to the Port of Galveston that will work with and complement existing cruise operations.”

Texas Day Cruises is projecting to attract 275,000 passengers annually to Galveston. The International Council of Cruise Lines sets an economic impact on port communities of \$150 per passenger. That impact equates to over \$41 million. Additionally, projections in the agreement provide for the creation of approximately 300 jobs.

Dependent upon the success of the Galveston operation Texas Day Cruises may centralize all Texas administrative functions at the Galveston terminal. Texas Day Cruises plans to make landside investments of up to \$500,000 in the Galveston facility.

“Galveston, with its close proximity to the Houston Metropolitan Area, has the potential of becoming the most important day-cruise market along the Gulf Coast,” stated Donald L. Schattel, Chairman of the Board of Trustees of the Port of Galveston. “We have been vigilant in our quest to seek a day-cruise operator for the City and feel that we have made the right decision to enter into an agreement with Texas Day Cruises.”

Texas Day Cruises, Inc., in partnership with Casinos Austria, is currently conducting gaming vessel operations in Port Aransas at Port of Corpus Christi public dock and in Mid-November will begin day-cruising from a public facility at the Port of Freeport, Texas.

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