

LGCB Board Directors' Meeting 6-19-2014, (Pages 1:1 to 126:24)

1: 1 LOUISIANA GAMING LOUISIANA CONTROL BOARD

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4 BOARD OF DIRECTORS' MEETING

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9 THURSDAY, JUNE 19, 2014

10

11 Louisiana State Capitol

12 House Committee Room 1

13 Baton Rouge, Louisiana

14

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16

17 TIME: 10:00 A.M.

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21

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23

24

25

2

1 APPEARANCES

2

RONNIE JONES

3 Chairman (At Large)

Third Congressional District

4 June 30, 2019

5

6 FRANKLIN AYRES BRADFORD

(Economic Planner)

7 Fifth Congressional District

June 30, 2019

8

9 JAMES SINGLETON

(Public/Business Administration)

10 Second Congressional District

June 30, 2014

11

12 MARK STIPE

(Attorney)

13 Seventh Congressional District

June 30, 2014

14

15 DENISE NOONAN

(At Large)

16 First Congressional District

June 30, 2015

17

18 MAJOR CLAUDE MERCER

(Law Enforcement)

19 Fifth Congressional District

June 30, 2018

20

21 CLAUDE D. JACKSON

(At Large)

22 Fourth Congressional District

June 30, 2018

23

24

25

3

1 APPEARANCE CONTINUED

2

3 ROBERT W. GASTON, III

(At Large)

4 Sixth Congressional District

June 30, 2015

5

6 DENNIS N. STINE

(MBA/CPA)

7 Third Congressional District

June 30, 2019

8

9 GERALYN A. COLEMAN

Appeal Docket Clerk

10

11 TRUDY M. SMITH

Confidential Assistant

12

13 REPORTED BY:

14 SHELLEY G. PAROLA, CSR, RPR

Baton Rouge Court Reporters

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1 I. CALL TO ORDER

2 CHAIRMAN JONES: Good morning, and
3 welcome to the June meeting of the
4 Louisiana Gaming Control Board. Miss
5 Coleman, call the roll.

6 THE CLERK: Mr. Bradford?

7 MR. BRADFORD: Here.

8 THE CLERK: Mr. Stipe?

9 MR. STIPE: Here.

10 THE CLERK: Mr. Singleton?

11 MR. SINGLETON: Here.

12 THE CLERK: Miss Noonan?

13 MS. NOONAN: Here.

14 THE CLERK: Major Mercer?

15 MAJOR MERCER: Here.

16 THE CLERK: Mr. Jackson?

17 MR. JACKSON: Here.

18 THE CLERK: Mr. Gaston?

19 MR. GASTON: Here.

20 THE CLERK: Mr. Stine?

21 MR. STINE: Here.

22 THE CLERK: Chairman Jones?

23 CHAIRMAN JONES: Here. We have a
24 quorum. We may conduct business. Just
25 as a matter of notice, the July meeting

1 will be held on the 24th rather than the
2 preceding Thursday. I'm going to be out

3 of the state on that preceding Thursday,
4 so I appreciate your consideration.
5 We're just moving it downstream a week.

6 II. PUBLIC COMMENTS

7 CHAIRMAN JONES: At this time, I'd
8 ask for any public comment on any matter
9 coming before the Board. Anyone want to
10 take the table? [No response.]

11 III. APPROVAL OF MINUTES

12 CHAIRMAN JONES: Very well, can I
13 ask for a motion to waive reading and
14 approve the minutes?

15 MR. SINGLETON: So moved.

16 CHAIRMAN JONES: Mr. Singleton moves
17 and seconded by Mr. Stine. All in
18 favor? [Collective "aye."] Motion
19 carries.

20 IV. REVENUE REPORTS

21 CHAIRMAN JONES: At this time, I'd
22 like to call revenue reports. Good
23 morning.

24 MR. BOSSIER: Good morning. Good
25 morning, Chairman Jones and Board

10

1 Members. My name is Jim Bossier with
2 the Louisiana State Police Gaming
3 Enforcement division.

4 The riverboat revenue report for
5 May 2014 is shown on page one of your

6 handout. During May, the 14 operating
7 riverboats generated Adjusted Gross
8 Receipts of \$150,320,779, up \$13 million
9 or 9.5 percent from last month, and up
10 just over \$1.1 million, or eight-tenths
11 of 1 percent, from May 2013.

12 Adjusted Gross Receipts for fiscal
13 year 2013-2014 to date are
14 \$1,571,000,000, an increase of almost
15 \$41 million or about 2.7 percent from
16 fiscal year 2012-2013. During May, the
17 State collected fees totaling
18 \$32 million. As of May 31, 2014, the
19 state has collected \$337 million in fees
20 for fiscal year 2013-2014.

21 Next is a summary of the May 2014
22 gaming activity for Harrah's New Orleans
23 found on page three. During May,
24 Harrah's generated \$28,808,900 in gross
25 gaming revenue, up \$2.1 million or eight

11

1 percent from last month, and down almost
2 \$1 million or 3 percent from last May.

3 Fiscal year-to-date gaming revenues for
4 fiscal year 2013-2014 are \$310 million,
5 an increase of approximately \$500,000
6 from fiscal year 2012-2013. During May
7 the State received \$5 million in minimum
8 daily payments. As of May 31st, 2014,

9 the State has collected \$67.6 million in
10 fees for fiscal year 2013-2014.

11 Slots at the Racetracks revenues are
12 shown on page four. During May, the
13 four racetrack facilities generated
14 Adjusted Gross Receipts of \$34,734,715,
15 an increase of \$3.8 million or 12 1/2
16 percent from last month, but a decrease
17 of \$500,000 or 1 1/2 percent from last
18 May.

19 Adjusted Gross Receipts for fiscal
20 year 2013-2014 to date are \$355 million,
21 a decrease of over \$13 million or
22 3.7 percent from fiscal year 2012-2013.

23 During May, the State collected fees
24 totaling \$5.2 million. As of May 28th,
25 2014, the State has collected

12

1 \$54 million in fees for fiscal year
2 2013-2014.

3 Overall in May, riverboats,
4 landbased and Slots at the Racetracks
5 combined generated \$213.9 million in
6 Adjusted Gross Receipts, which is
7 \$317,000 less than May 2013.

8 Are there any questions before I
9 present Harrah's employee information?

10 CHAIRMAN JONES: Board, are there
11 any questions on riverboats, landbased

12 or slots at the tracks? No questions.

13 Please proceed.

14 MR. BOSSIER: I've include the
15 spreadsheet for employee numbers in your
16 chart folders. Harrah's New Orleans is
17 required to maintain at least 2,400
18 employees and a bi-weekly payroll of
19 \$1,750,835. This report covers the two
20 pay periods in May 2014.

21 For the first pay period, the audit
22 section verified 2,442 employees with a
23 payroll of \$2,009,000. For the second
24 pay period, the audit section verified
25 2,474 employees with a payroll of

13

1 \$2,029,000. Therefore, Harrah's met the
2 employment criteria during May.

3 Now I'm doing video poker.

4 CHAIRMAN JONES: Yes.

5 MR. BOSSIER: I'm still Jim Bossier.

6 CHAIRMAN JONES: Okay.

7 MR. BOSSIER: Ten new video gaming
8 licenses were issued during May 2014:
9 Five bars and five restaurants. Seven
10 new applications were received by the
11 Gaming Enforcement Division during May
12 and are currently pending in the field:
13 Six bars and one restaurant.

14 The Gaming Enforcement Division

15 assessed \$61,750 and collected \$57,750
16 in penalties in May. There are
17 currently \$6,500 in outstanding fines.

18 Please refer to page two of your
19 handout.

20 There are presently 13,968 video
21 gaming devices activated at 1,946
22 locations.

23 Net device revenue for May 2014 was
24 \$49,446,647, a \$700,000 decrease, or 1.3
25 percent, when compared to net device

14

1 revenue for April 2014, and a
2 \$3.4 million decrease or 6.5 percent
3 when compared to May 2013.

4 Net device revenue so far for fiscal
5 year 2014 is \$539,708,406, a
6 \$23.1 million decrease, or 4.1 percent,
7 when compared to net device revenue for
8 fiscal year 2013. Page three of your
9 handout shows a comparison of net device
10 revenue.

11 Total franchise fees collected for
12 May 2014 were \$14,780,249, a \$200,000
13 decrease when compared to March 2014,
14 and a \$900,000 decrease when compared to
15 May 2013. Total franchise fees
16 collected for fiscal year 2014 are
17 \$161,398,964, a \$6.6 million decrease,

18 or a 3.9 percent, when compared to
19 franchise fees for fiscal year 2013.

20 Page four of your handout shows a
21 comparison of franchise fees. Does
22 anybody have any questions?

23 CHAIRMAN JONES: Board, any
24 questions on video poker? No questions.
25 Thank you, Jim.

15

1 MR. BOSSIER: All right. You're
2 welcome.

3 V. COMPLIANCE REPORTS

4 CHAIRMAN JONES: At this point,
5 we'll take compliance reports.

6 MR. HEBERT: Good morning, Chairman
7 Jones, Members of the Board. I'm still
8 Jim Bossier. I just wanted to see if
9 y'all were paying attention.

10 Christopher Hebert, Assistant Attorney
11 General, and this morning I will be
12 presenting the staff reports on
13 riverboat casino and racetrack casino
14 licensees' compliance with employment
15 and procurement conditions for the first
16 quarter of 2014. The first quarter
17 reports are taken from figures reported
18 by 14 of the 15 operating riverboats to
19 the Louisiana Gaming Control Board.

20 In the first quarter of 2014,

21 approximately 13,065 people were
22 employed by the riverboat industry. Of
23 that number, 12,823 were Louisiana
24 residents; 8,241 were minorities, and
25 7,569 were women.

16

1 In the area of total compliance,
2 seven licensees achieved total
3 compliance in the first quarter of 2014.
4 They are as follows: DiamondJacks
5 Casino & Resort, Sam's Town Hotel &
6 Casino, L'Auberge Casino & Hotel Baton
7 Rouge, Boomtown New Orleans, Hollywood
8 Casino, Isle of Capri St. Charles and
9 L'Auberge Casino & Resort Lake Charles.

10 In the area of total employment, two
11 licensees did not meet their total
12 employment goals. They are Boomtown
13 Casino Bossier, which achieved 626 out
14 of a goal of 650, and Eldorado Resort
15 Shreveport, which achieved 1,187 out of
16 1,200.

17 All licensees with the exception of
18 Treasure Chest Casino either met or
19 exceeded their voluntary conditions in
20 all of the subcategories under the main
21 category of employment. Treasure Chest
22 did not achieve its women employment
23 goal. It achieved 50.10 out of a goal

24 of 51.86 percent.

25 In the area of procurement, all

17

1 licensees are grouped according to three
2 subcategories which appear in your
3 report. They are Louisiana procurement,
4 minority procurement and women
5 procurement.

6 In the area of Louisiana
7 procurement, three licensees failed to
8 meet their procurement goals: Horseshoe
9 Casino & Hotel achieved 68.8 out of a
10 goal of 75 percent; Margaritaville
11 Resort Casino achieved 79.5 out of a
12 goal of 90 percent; and Boomtown Casino
13 Bossier achieved 78.4 out of a goal of
14 80 percent.

15 Four licensees did not achieve
16 minority procurement goals: Horseshoe
17 Casino & Hotel achieved 13.8 out of a
18 goal of 35 percent; Treasure Chest
19 Casino achieved 5.5 out of a goal of
20 15 percent; Amelia Belle Casino achieved
21 8.3 out of a goal of 30 percent; and
22 Margaritaville Resort Casino achieved
23 8.7 out of 10 percent.

24 Two licensees did not achieve women
25 procurement goals. Horseshoe Casino &

18

1 Hotel achieved 34.2 out of a goal of
2 35 percent, and Belle of Baton Rouge
3 achieved 12.9 out of a goal of
4 15 percent.

5 Racetrack casinos: In the first
6 quarter of 2014, approximately 1,982
7 people were employed by the racetrack
8 casino industry. Of that number, 1,730
9 were Louisiana residents; 1,073 were
10 minorities, and 1,189 were women.

11 Two of the racetrack casino
12 licensees, Evangeline Downs and Fair
13 Grounds Race Course achieved total
14 compliance. Delta Downs did not achieve
15 its Louisiana employment condition. It
16 achieved 68.8 out of the 80 percent
17 condition.

18 Louisiana Downs did not achieve its
19 women employment or minority procurement
20 goal. In the women employment category,
21 Louisiana Downs achieved 59.9 out of
22 60 percent and the minority procurement
23 category it achieved 5.4 out of
24 6 percent.

25 This concludes my report, and I'd be

19

1 happy to answer any questions at this
2 time.

3 CHAIRMAN JONES: Board, do we have

4 any questions on employment procurement?

5 Mr. Bradford.

6 MR. BRADFORD: These goals are
7 voluntary?

8 MR. HEBERT: They are.

9 MR. BRADFORD: And some of them are
10 15 and 20 years old and lots of the
11 market conditions have changed, but it
12 appears to me that good faith effort is
13 being made on -- by most parties to
14 achieve them.

15 MR. HEBERT: Yes.

16 CHAIRMAN JONES: If I might, I've
17 met with the association for the
18 riverboats, and I can tell you that
19 having visited every property and every
20 general manager, they're all very
21 sensitive to what their goals are; and
22 their goals are part of their initial
23 proposal to this Board before they get
24 licensed. It's part of the whole
25 consideration.

20

1 The association has poled all its
2 members, discussed with all the member
3 riverboats how they want to approach
4 this. If they want to open up the topic
5 for consideration, and at this time,
6 they're comfortable in trying to achieve

7 the goals that they've established.

8 So those are ongoing discussions. I
9 just want you to know that as the
10 Chairman, I'm engaged in that. I'm
11 encouraging all those general managers
12 and the association to continue to try
13 and get those goals. In fact, we had
14 two licensees that appeared before the
15 Board, I guess, two meetings ago. So
16 everybody understands what they're
17 supposed to do, and we're all trying to
18 get there.

19 Any other questions? Thank you.

20 MR. HEBERT: Thank you.

21 VI. VIDEO GAMING ISSUES

22 A. Consideration of the following truckstop
23 applications:

24 1. Plantation Truck Plaza & Casino, LLP d/b/a
25 Plantation Truck Plaza & Casino - No.

21

1 5501511943 (transfer of interest)

2 CHAIRMAN JONES: At this point,
3 we'll take up Video Gaming Issues.
4 Issues: Consideration of the transfer
5 of interest in, first of all, Plantation
6 Truck Plaza & Casino, LLP, doing
7 business as Plantation Truck Plaza &
8 Casino. That's No. 5501511943. This is
9 a transfer of interest.

10 State Police and Attorney General,
11 good morning.

12 MS. COLLY: Good morning.

13 TROOPER LENGUYEN: Good morning.

14 MS. COLLY: Chairman Jones, Members
15 of the Board, I am Assistant Attorney,
16 General, Nicolette Colly, representing
17 the Division in the matter of the
18 transfer of partnership interest in the
19 Type 5 licensee, Plantation Truck Plaza
20 & Casino, LLP. The licensee is doing
21 business as Plantation Truck Plaza &
22 Casino in Tangipahoa Parish.

23 On January 28th, 2014, Janice M.
24 Penn in an act of sale transferred
25 6.25 percent of Plantation to MH Family,

22

1 LLC, and 18.75 percent of Plantation to
2 Lynn Investments Partnership, LLP.
3 After the transfer of the partnership
4 interest, Plantation Truck Plaza &
5 Casino, LLP, is owned by Lynn
6 Investments Partnership, LLP, with
7 68.75 percent; Janice M. Penn with
8 25 percent; and MH Family, LLC, with
9 6.25 percent, all equaling 100 percent.

10 Senior Trooper Vincent Lenguyen
11 conducted and completed the
12 investigation of the transfers and the

13 persons associated with those transfers.
14 He is present this morning to report his
15 findings.

16 TROOPER LENGUYEN: Good morning,
17 Chairman and Board Members. My name is
18 Trooper Vincent Lenguyen with the
19 Louisiana State Police Gaming
20 Enforcement Division.

21 I conducted the investigation of the
22 transfer of the 6.25 partnership
23 interest from Janice M. Penn to MH
24 Family, LLC, and the transfer of 18.75
25 partnership interest to Lynn Investment

23

1 Partnership, LLP.

2 The members and manager of Lynn
3 Investment Partnership, LLP, were
4 previously found suitable. Mini Hughes,
5 holder of the 98 percent of MH Family,
6 LLC, previously met suitability in
7 connection with the Plantation's
8 license. Angela R. Hudson and Sarah T.
9 Hebert, who each own 1 percent of the MH
10 Family, are not required to meet
11 suitability as their ownership interest
12 in MH Family is less than 5 percent.

13 My investigation found no
14 information that would preclude the
15 continuing licensing of Plantation Truck

16 Plaza & Casino.

17 I'll be happy to answer any
18 questions that you-all may have.

19 CHAIRMAN JONES: Any questions for
20 Trooper Lenguyen? [No response.] Miss
21 Colly, you want to close?

22 MS. COLLY: The Office of the
23 Attorney General has reviewed the file
24 compiled as a result of the
25 investigation by the Office of State

24

1 Police. The review indicates that no
2 information was found that would
3 preclude continued licensing of
4 Plantation Truck Plaza & Casino, LLP,
5 doing business as Plantation Truck Plaza
6 & Casino.

7 CHAIRMAN JONES: Any questions for
8 Miss Colly?

9 MR. GASTON: I move, Mr. Chairman.

10 CHAIRMAN JONES: We have a motion to
11 approve the transfer of interest by
12 Dr. Gaston. Do I have a second?

13 MS. NOONAN: I second.

14 CHAIRMAN JONES: By Miss Noonan.
15 All in favor? [Collective "aye."] Any
16 opposed? [No response.] Motion
17 carries, the transfer is approved.

18 2. Lott Oil Company, Inc., d/b/a Lott's O'Luck

19 #2 - No. 1602515760 (transfer of interest)
20 3. Lott Oil Company, Inc., d/b/a Lott's O'Luck
21 # 3 - No. 41015115762 (transfer of
22 interest)

23 CHAIRMAN JONES: Now, the next item
24 on the agenda: Transfer of interest in
25 Lott Oil Company, Inc., doing business

25

1 as Lott's O'Luck #2, and that is No.
2 1602515760. It's a transfer of
3 interest, and Lott Oil Company, Inc.,
4 doing business as Lott's O'Luck #3, our
5 license No. 4101515762. Both are a
6 transfer of interest.

7 MS. COLLY: Again, I am Assistant
8 Attorney General, Nicolette Colly,
9 representing the Division in the matter
10 of the transfer of stock in the
11 licensee, Lott Oil Company, Inc. Lott
12 Oil Company holds two Type 5 video draw
13 poker licenses and is doing business as
14 Lott's O'Luck #2 in DeSoto Parish and
15 Lott's O'Luck #3 in Red River Parish.

16 On July 5th, 2012, Luther W. Lott,
17 Jr., trustee of the Luther W. Lott, Sr.,
18 2005 Life Insurance Trust, transferred
19 521 shares of common stock to the
20 Michael Murad Lott Descendants Trust and
21 521 shares of common stock to the

22 Katherine Camille Lott Descendants
23 Trust. After the transfer, the Luther
24 W. Lott, Sr., 2005 Life Insurance Trust
25 no longer held any stock in Lott Oil.

26

1 On December 31st, 2013, in
2 accordance with the last will and
3 testament of Luther Wilson Lott, Sr.,
4 Luther W. Lott, Jr., as executor of the
5 succession of Luther Wilson, Sr.,
6 distributed 1,040 shares of common stock
7 of Lott Oil to the Luther W. Lott, Jr.,
8 Exempt Trust and 550 shares of common
9 stock of Lott Oil to the Luther W. Lott,
10 Jr., Contingent Trust. Mr. Luther W.
11 Lott, Jr., is the trustees for both
12 trusts.

13 After the assignment and transfer of
14 the stock, Lott Oil Company is owned by
15 Luther and Kim Lott 2005 Life Insurance
16 Trust with 3,160 shares for
17 44.51 percent interest; Luther W. Lott,
18 Jr., Exempt Trust, 1,040 shares,
19 14.65 percent interest; Luther W. Lott,
20 Jr., with 604 shares at 8.51 percent
21 interest; the Luther W. Lott, Jr.,
22 Contingent Trust holds 550 shares for a
23 7.74 percent interest; the Michael Murad
24 Lott Descendants Trust holds 521 shares

25 for a 7.34 percent interest; Katherine

27

1 Camille Lott Descendants Trust holds 521
2 shares at 7.34 percent interest; Michael
3 M. Lott holds 339 shares at
4 4.77 percent; Katherine C. Lott has 287
5 shares at 4.04 percent; and Kim M. Lott
6 holds 78 shares at 1 point percent
7 interest, all equaling a total of 7,100
8 shares for a complete 100 percent
9 interest.

10 Luther W. Lott, Jr., is the trustee
11 of all five trusts. Michael M. Lott and
12 Katherine C. Lott are the principle and
13 income beneficiaries of the Luther and
14 Kim Lott 2005 Life Insurance Trust and
15 the Michael Murad Lott and Katherine
16 Camille Lott Descendants Trust.

17 Luther W. Lott, Jr., and Kim M. Lott
18 were all previously found suitable, and
19 no information was found that would
20 preclude their continuing participation
21 in the video gaming industry. A
22 suitability investigation of Michael M.
23 Lott and Katherine C. Lott produced no
24 information that would preclude a
25 finding of suitability.

28

1 Senior Trooper Vincent Lenguyen

2 conducted and completed the
3 investigation of the transfers and the
4 persons associated with those transfers.
5 He is present this morning to report his
6 findings.

7 TROOPER LENGUYEN: Trooper Vincent
8 Lenguyen with Louisiana State Police
9 Gaming Enforcement Division.

10 I conducted the investigation of the
11 transfer of the 521 shares of common
12 stocks to Michael Murad Lott Descendants
13 Trust and 521 shares of common stock to
14 the Katherine Camille Lott Descendants
15 Trust. I also conducted the
16 investigation of the transfer of the
17 1,040 shares of common stock of Lott Oil
18 Company, Inc., to the Luther W. Lott,
19 Jr., Exempt Trust, and 550 shares of the
20 common stock of Lott Oil Company, Inc.,
21 to the Luther W. Lott, Jr., Contingent
22 Trust.

23 A suitability investigation of the
24 following individuals associated with
25 the transfer revealed no information to

29

1 preclude their continuing participation
2 in the video gaming industry: Luther W.
3 Lott, Jr., Kim M. Lott, Michael M. Lott
4 and Katherine C. Lott. I'll be happy to

5 answer any questions that you-all may
6 have at this time.

7 CHAIRMAN JONES: Any questions for
8 Trooper Lenguyen, Board? [No response.]
9 Miss Colly.

10 MS. COLLY: The Office of the
11 Attorney General has reviewed the file
12 compiled as a result of the
13 investigation by the Office of State
14 Police. Our review indicates that no
15 information was found that would
16 preclude the continued licensing of Lott
17 Oil Company, Inc., doing business as
18 Lott's O'Luck #2 and Lott's O'Luck #3.

19 CHAIRMAN JONES: Any final
20 questions, Board? [No response.] Do I
21 have a motion?

22 MAJOR MERCER: I move we approve.

23 CHAIRMAN JONES: By Claude Mercer
24 and seconded by Mr. Bradford. All in
25 favor? [Collective "aye."] Any

30

1 opposition? [No response.] The motion
2 carries. The transfer is approved.
3 Thank you very much.

4 MS. COLLY: Thank you.

5 VII. CASINO GAMING ISSUES

6 A. Consideration of Petition to Amend Certain
7 License Conditions by Golden Nugget Lake

8 Charles, LLC - No. R016502995

9 CHAIRMAN JONES: At this time, we'll
10 take up Casino Gaming Issues. We have
11 Consideration of Petition to Amend
12 Certain License Conditions by Golden
13 Nugget Lake Charles, LLC. That's No.
14 R016502995. Mr. Strider.

15 MR. STRIDER: Good morning,
16 Mr. Chairman and Members. My name is
17 Cliff Strider. I'm an Assistant
18 Attorney General, and I will attempt to
19 stand in for Leonce Gautreaux this
20 morning.

21 We are considering today the
22 consideration and petition to amend
23 certain license conditions by Golden
24 Nugget Lake Charles, LLC. In order to
25 present this, I will give you -- if it's

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1 okay, I'll give you a quick history of
2 how we got to where we are.

3 CHAIRMAN JONES: Yes, sir.

4 MR. STRIDER: On February 17, 2011,
5 this Board selected Creative Casinos of
6 Louisiana, LLC, to be a licensee and
7 execute standard conditions to operate a
8 riverboat license in Lake Charles,
9 Louisiana. On June 21st, 2012, this
10 Board agreed to the transfer of the

11 license conditions to Ameristar Lake
12 Charles Holdings, LLC. On July 18th,
13 2013, this Board approved a transfer of
14 interest from Ameristar to PNK, Pinnacle
15 Entertainment, Inc. On August 13, 2013,
16 PNK, Pinnacle, acquired all of
17 Ameristar's gaming operations.

18 Shortly after that, the Federal
19 Trade Commission alleged that the merger
20 between PNK and Ameristar constituted an
21 unfair method of competition in
22 violation of FTC Act, and required the
23 vestiture of the Lake Charles property
24 by PNK.

25 On November 21st, 2013, this Board

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1 approved the transfer of the interest of
2 PNK to GNLC Holdings. On November 21,
3 2013, the same day, a name was -- a name
4 change was approved to change it to the
5 Golden Nugget Lake Charles, LLC. That
6 brings us to today.

7 The conditions and subsequent
8 amendments remain in force, and GNLC is
9 obligated to complete the project in
10 accordance with those conditions.

11 Before the Board now is a request by
12 Golden Nugget to amend certain
13 conditions. The requested amendments

14 are, Number One, in the title and
15 opening statement modifications required
16 to change the name from Creative Casinos
17 of Louisiana to Golden Nugget Lake
18 Charles. Casino Number 6 is requested
19 to be changed, and they ask to redefine
20 the facilities and amenities in the
21 approved project.

22 Approved in the project back in 2011
23 were a croquet and falconry facility,
24 tennis courts and a pleasure docking
25 facility. Golden Nugget is asking to

33

1 replace those facilities with an
2 increased number of hotel rooms from 700
3 to 720, and this change will also change
4 the percentage in mix of VIP rooms and
5 guest rooms, moving from 630 and 70 VIPs
6 to 640 rooms and 800 VIP rooms.

7 They also are going -- asking to
8 replace the amenities with a clubhouse
9 facilities for the golf course, meeting
10 facilities; and if I'm not mistaken
11 there were originally meeting facilities
12 in the original conditions, and Creative
13 Casinos was able -- asked this Board to
14 eliminate those, and this Board did
15 that. So the Golden Nugget is asking to
16 put those back into the conditions.

17 And finally they ask that the
18 amenities being replaced include a
19 multipurpose event facility with not
20 less than 17,000 square feet -- I'm
21 sorry. That was what was removed
22 voluntarily.

23 Condition 13 moves the completion
24 date for the facility from July 12th,
25 2014, to December 13th, 2014, and

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1 finally, Condition Number 25 provides
2 that the submission to this Board for
3 the plan for minority and Louisiana
4 hiring and procurement deadline be set
5 on or before July 31st, 2014. The
6 original conditions required that
7 those -- that that plan be submitted no
8 later than 120 days post commencement of
9 construction.

10 I submit these amendments to you as
11 within this Board's sole and absolute
12 discretion to approve the requested
13 modification of these conditions.
14 Should it be your pleasure to approve
15 the licensee's modifications request, a
16 proposed resolution has been submitted,
17 and I will be happy to answer any
18 questions.

19 CHAIRMAN JONES: Any questions for

20 the Attorney General's Office before we
21 hear from representatives of Golden
22 Nugget? The Board is clear. Thank you,
23 Cliff.

24 Good morning.

25 MR. WEST: Good morning.

35

1 CHAIRMAN JONES: Please introduce
2 yourselves to the Board.

3 MR. WEST: Good morning,
4 Mr. Chairman, I'm Paul West with the law
5 firm of Baker Donelson. Along with me
6 is -- to my immediate right is Jeff
7 Cantwell, who is involved in development
8 and construction of the project, and Jim
9 Hoskins, who will act as the general
10 manager.

11 Thank you, Cliff, for introducing
12 the requested conditions. At this time,
13 Jeff would just like to walk you through
14 a progress report. I think you'll be
15 very pleased with what you see.

16 MR. CANTWELL: Good morning,
17 Chairman and Members of the Board.
18 Thank you for the opportunity to be
19 here. As Paul said, I'm Jeff Cantwell.
20 I'm Senior Vice-President of Development
21 for Landry's and for the Golden Nugget.

22 We're excited to be here. We're

23 happy to bring you some updates and walk
24 you through any questions you might have
25 with respect to the amendment that was

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1 discussed previously.

2 So with that, I'll get started with
3 a little video presentation. There we
4 go. So we've got some updated
5 renderings to show you, walk you through
6 some plans, and there's some photographs
7 of progress on the site. So what you're
8 seeing is just updated renderings of the
9 property, and you'll see photographs
10 later that show that the project is
11 progressing just like it's shown here in
12 the rendering.

13 This is the -- the rear of the
14 property looking from the Calcasieu
15 River looking at the beach and the
16 marina facility in the back of the
17 towers. This is the view from the pool
18 and the golf course area looking at the
19 towers. This is an overview that shows
20 the golf course facility and the added
21 short-game facility.

22 Some of y'all may recall initially
23 we had proposed we were going to build a
24 joint clubhouse facility with L'Auberge.
25 It was subsequently decided that we

1 would build our own facility. We felt
2 like it would be a better guest
3 experience for each property to have
4 their own. So therefore we needed to
5 have -- we reconfigured the holes.
6 We've added the golf club, and then
7 we're also adding a short-game facility;
8 and we'll be co-using our short-game
9 facility, which is a pitching range and
10 putting green, along with L'Auberge's
11 long range driving range. So we're
12 still going to be working together in
13 that respect.

14 This is an overview that shows the
15 site itself. We worked feverishly over
16 the last -- goodness, the last six or
17 seven months trying to implement all of
18 the Landry's -- the Landry's and Golden
19 Nugget changes. We've changed all the
20 restaurant venue. We've added multiple
21 outlets. We've added the meeting spaces
22 back into the project that was discussed
23 previously. We felt like that was
24 something that was left out that was
25 very important.

1 The clubhouse is represented to the
2 upper left-hand corner, and it's at the

3 number one tee and the number 18 green.
4 We've added a helistop, as well. We'll
5 be bringing some of our high roller
6 guests in from Houston and other areas.
7 We purchased a new helicopter --
8 long-range helicopter for that purpose
9 specifically, and we'll be able to land
10 them right at our front door.

11 This is just an overview of the
12 short range facility. It shows an added
13 vehicular, pedestrian and trolley
14 connection between the L'Auberge and
15 Golden Nugget Lake Charles. We've
16 worked closely with the Pinnacle Group
17 in designing this trolley connection,
18 and we're in the process of procuring a
19 couple of vehicles so we can move people
20 back and forth between the facilities.

21 This is a rendering that shows the
22 view into the facility under the
23 porte-cochere, just to give you a flavor
24 of what the end result will be. This is
25 looking through the lobby entrance at

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1 the front desk, check in into the pool.
2 This was something that, you know,
3 Mr. Fertitta was very instrumental in
4 helping design. He feels, like, as soon
5 as people get into the property, he

6 wants them to realize that they're in a
7 resort experience so you can look behind
8 the front desk as you check in and be
9 able to see the pool and outdoor area.

10 This is just a representation of one
11 of the bars on the riverboat -- on the
12 barge. This is a view into the
13 meetings -- or excuse me, the
14 pre-function area for the 17,000 square
15 foot meeting room. It overlooks the
16 Calcasieu River. This is the view in
17 the ballroom -- grand ballroom, 17,000
18 square foot space. This is a
19 representation of the buffet facility.

20 The next two renderings are
21 renderings that show what the interior
22 of the golf club is going to look like.

23 This is looking into the restaurant
24 overlooking the golf course itself, and
25 this is just another view looking back

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1 into the restaurant space. It will have
2 a full clubhouse with a pro shop with
3 restroom and locker facilities and a
4 full-service restaurant and bar.

5 This is our typical room. This is a
6 rendering representation, but actually
7 we've got the mock up rooms completed.
8 Everything's been ordered. We're

9 expecting to start receiving furniture
10 for the rooms and -- in late August and
11 start room installation on the FF&E in
12 September and start turning the rooms
13 over to the operators to start doing
14 housekeeping and punch list in late
15 September.

16 This is the view into the corner
17 suite. There's 68 corner suites in this
18 facility. This is a view of the loft
19 suites. There are ten loft suites in
20 the facility that they're at the bottom
21 of the smallest tower, and half of the
22 suites overlook the Calcasieu River and
23 the beach and the other half of them
24 overlook the pool.

25 This is the view into one of the

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1 presidential suites. As we heard
2 earlier from the Assistant Attorney
3 General, we added some additional rooms.
4 We actually added an entire other floor,
5 and that allowed us the ability to add
6 some more suites to the property. We
7 felt like the property was unserved with
8 suites.

9 These are progress photos taken last
10 week, so you can see things are
11 progressing nicely. This is from the

12 roundabout entering off the new lake of
13 the Golden Nugget Boulevard at the
14 interchange. One of the things we
15 implemented was a very intensive
16 landscaping plan that didn't exist. As
17 you see, those are all new oak trees we
18 brought in that line the entrance drive
19 on both sides all the way down. There's
20 a total of almost a million dollars
21 worth of oak trees we added just in the
22 facility just for this one -- for the
23 drive in.

24 Here is an overview looking back at
25 that entry drive and the oak trees I

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1 spoke of; and it kind of gives you a
2 view of the golf course, and you can see
3 the progress. Sod's in place around all
4 the tee boxes and all the perimeters of
5 the greens. Sprigging started on the
6 greens have been -- are being sprigged,
7 as well. We expect to have all the golf
8 course done relatively soon, and then it
9 will just have its growing season and
10 maintenance.

11 Another view looking back over the
12 golf course, and in the middle of that
13 where you see kind of a white -- I'm not
14 sure if it's a tarp or something --

15 that's kind of where the clubhouse is
16 going to go, and that's the number one
17 tee box that's just outside the left
18 side of where the clubhouse will go.

19 This is the overview the golf course
20 looking back towards the new Cove Lane
21 interchange. This is the view from the
22 pool. It shows you the exterior of the
23 building is substantially complete, the
24 towers are; signage on the building is
25 complete, not lit yet, but it's up.

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1 The marina facility, what was
2 originally contemplated was a pleasure
3 docking facility. It didn't have bulk
4 heading. It had riprap around it.
5 We've dredged this. We've put in 250
6 foot of 80-foot sheet piles. Originally
7 the budget for the marina contemplated a
8 \$800,000 expenditure, and currently our
9 budget is seven-and-a-half million
10 dollars for the marina facility. So I
11 think you can see we're getting a little
12 more than Ameristar was planning on
13 putting in place.

14 This is an entry towards the
15 porte-cochere. It's progressing nicely.
16 We made some significant changes here
17 that required the steel modifications be

18 made, so it's a little bit behind where
19 it would have been normally, but it's
20 coming together quickly.

21 This is the spa structure. The spa
22 was completely redesigned, the shape of
23 the spa, the footprint of the spa and
24 the spa facilities, amenities, and it's
25 moving now. This is a week ago a

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1 foundation being poured, and we'll be
2 coming out of the ground shortly.

3 Here's some views into the casino.
4 Interior framing is moving rapidly.
5 Again, we reimplemented dramatic changes
6 in the facility. The design team worked
7 feverishly over the last six months to
8 get it all documented, and contractors
9 are working seven days a week right now
10 double shifts, around the clock just
11 about, to get this thing completed as
12 we've discussed in the amendment.

13 Another view into the casino, that's
14 actually towards the cage, and again,
15 you can see most of the ceiling frame is
16 in place, so it's progressing nicely.

17 Back of house is -- there wasn't
18 many changes in the back of the house,
19 so this is the back of the house
20 corridor. It just shows you the level

21 of completeness much further along.
22 Drywall installed, all the MEPs are
23 installed, doors for the spaces are
24 going in. We're hoping to get the
25 ability to get a partial certificate of

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1 occupancy for the back of house spaces
2 in late July, early August to allow the
3 operators to get in and start setting up
4 back of the house so we'll be prepared
5 to open this thing in early December, as
6 we've discussed. Again, just another
7 shot of that.

8 This is the progress at Cove Lane.
9 The original anticipated date was to
10 coincide with our opening around the
11 first of December. We've been told
12 there's a little bit of delay with some
13 settlement issues. We're hoping that
14 they're going to make up some time, but
15 nevertheless, we're working with
16 Pinnacle on the east/west connection and
17 the intersection where the current
18 entrance is to make sure that there's no
19 problem with access to this space that
20 coincides with our opening, and just
21 another view of that.

22 And with that said, that's all I've
23 got, and I can answer any questions if

24 you'd like.

25 CHAIRMAN JONES: Thank you. A

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1 couple of things that we talked about
2 when we met recently, but for the
3 benefit of the rest of the Board, you're
4 at the point now where the coordination
5 with the Division, State Police becomes
6 critical. We're pulling wires; we're
7 setting up surveillance. You know, I
8 know all of that is in the plans, but
9 the closer we get to December, every
10 week closer means closer coordination
11 with those guys. And I want to make
12 sure y'all are communicating all the
13 time.

14 MR. HOSKINS: Yeah, I'm Jim Hoskins,
15 and actually to clarify what Mark said,
16 we are looking for a general manager,
17 and we are staffed. We're looking for a
18 and hotelier and a general manager.

19 The rest of our senior leadership
20 team's there, and we're meeting with the
21 State Police, and I'm going to get it
22 wrong -- I think it's Lieutenant Green
23 out there, but I know it's Green -- on a
24 weekly basis and going through our Avis
25 (phonetic) and getting everything set up

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1 and getting ready to go. So we've
2 already started those, and we're in
3 close communication. We will be ready
4 by the end of next month to submit all
5 the regulatory things we need to get in
6 in plenty of time for opening.

7 CHAIRMAN JONES: Great. And so far
8 as the State access road, where are we?

9 MR. CANTWELL: Are you talking about
10 the Cove Lane interchange?

11 CHAIRMAN JONES: Yes.

12 MR. CANTWELL: I mean, again, the
13 last date we were told, best case
14 scenario, was December 19th. That was
15 assuming there was no further
16 settlement. I have not heard anything
17 better or for worse, so we're
18 monitoring. Our on-site staff is
19 communicating with the project
20 management team for the State, and we'll
21 continue to push them the best we can.

22 Our side of the road will be
23 completed, I mean, curb and gutters
24 going in, and we're ready to start
25 putting in the concrete and asphalt

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1 relatively shortly. So we'll be ready;
2 and hopefully they'll get maybe done a
3 little sooner, and we'll be able to open

4 with the new interchange.

5 CHAIRMAN JONES: Great. If you
6 become aware of anything that would move
7 that date further into December or
8 January or whenever, please let us know
9 if we need to try and help you there.

10 MR. CANTWELL: Yes, sir.

11 CHAIRMAN JONES: Okay. I've been in
12 contact -- I'm in regular contact with
13 the legislative delegation from over
14 there, and they -- and you know this
15 already, but they've asked me to remind
16 you, you know, the only reason we are
17 all here today, everybody out there and
18 everybody up here, is because this is
19 about economic development. The only
20 reason we have gaming in Louisiana is to
21 promote the economy, and with regard to
22 construction of a new facility, that's
23 jobs, contractors, subcontractors and
24 people we put to work.

25 And I know that Tillman is sensitive

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1 to that. We just want to make sure that
2 we maximize the amount of economic
3 development that we provide to that
4 southwest Louisiana area and that whole
5 area in employment and construction.

6 MR. CANTWELL: Yes, sir. I mean, as

7 you probably can see, we've made some
8 substantial improvements. You know,
9 we're probably in the neighborhood of
10 \$75 million in changes that have been
11 made to the facility. Probably 35 of
12 that is actually additive to the
13 facility. So, I mean, from a design and
14 construction side, we're definitely
15 spending additional hours and employing
16 more people, and Jim can speak about the
17 operational or any of that component.

18 CHAIRMAN JONES: We're really just
19 kind of concerned with the construction
20 piece for right now. We'll get to the
21 operations at the appropriate time.

22 I'm excited. I mean, I've been
23 there once already. I'm bringing
24 another small delegation July the 9th,
25 and we're going to keep coming back

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1 until we get the doggone thing opened.
2 But I have to tell you I'm impressed.

3 Would you just share with the Board
4 just briefly, Jim, the kind of
5 relationship you have with your neighbor
6 there, how you guys have kind of been
7 talking and working together with
8 L'Auberge.

9 MR. HOSKINS: We have. Keith

10 Henson's over there, and we've been
11 working close together, I mean, you
12 know, as close as we can. We'll be
13 competitors, but I think it's going to
14 be good for the market. You saw the
15 trolley, and we're going to share some
16 things. And I think overall it will be
17 good. I think it's one of the very few
18 markets domestically in the United
19 States that's poised for growth being
20 that close to Houston.

21 So we're real excited. We have a
22 great relationship. I know Tillman and
23 Anthony Sanfillipo, who runs it, and
24 Tillman Fertitta, they're close, and
25 we're really looking forward to it. I

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1 think it's going to be a great
2 relationship.

3 CHAIRMAN JONES: I appreciate you
4 working with those guys. Do I have any
5 questions from the Board Members?

6 Nothing, Dennis, nothing?

7 MR. STINE: No. I'm happy.

8 MR. GASTON: He says it's going
9 great. Mr. Chairman, I would like to
10 note this: For us long knockers on the
11 golf course, you've got a lot of water
12 there.

13 CHAIRMAN JONES: Any other
14 questions? Do I have a motion to adopt
15 the resolution?

16 MR. STINE: I move.

17 CHAIRMAN JONES: From Mr. Stine,
18 seconded by Dr. Gaston. Miss Coleman,
19 would you read the resolution into the
20 record.

21 THE CLERK: On the 19th day of June,
22 2014, the Louisiana Gaming Control Board
23 did, in a duly noticed public meeting,
24 consider the issue of the petition to
25 amend license conditions filed by Golden

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1 Nugget Lake Charles, LLC, and upon
2 motion duly made and seconded, the Board
3 adopted this resolution.

4 Be it resolved that subject to all
5 license conditions currently in effect
6 on Golden Nugget Lake Charles, LLC, the
7 following modifications to the Statement
8 of Conditions be and are hereby
9 approved:

10 A., the title of the Statement of
11 Conditions in introductory statement
12 shall be modified and replaced with the
13 following: Statement of Conditions to
14 riverboat gaming license of Golden
15 Nugget Lake Charles, LLC, Golden Nugget

16 Lake Charles, LLC, formerly known as
17 Ameristar Casino Lake Charles, LLC,
18 formerly known as Creative Casinos of
19 Louisiana, LLC, and GNLC Holdings, Inc.,
20 hereby expressly accept, agree and
21 stipulate to the following conditions to
22 the license of GNLC to conduct riverboat
23 gaming operations issued by the
24 Louisiana Gaming Control Board pursuant
25 to the provisions of La. R.S. 27:1, et

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1 seq., and the administrative rules
2 promulgated pursuant thereto. All
3 references in the Statement of
4 Conditions to "Creative" or "CCL" shall
5 be interpreted as references to GNLC.
6 B., Condition 6 of the Statement of
7 Conditions be modified and replaced with
8 the following: 6., to offer the kind,
9 amount and scope of non-gaming
10 activities on the riverboat, shore and
11 support facilities and all other
12 amenities as described in the
13 application for license and as presented
14 to the Louisiana Gaming Control Board on
15 December the 16th, 2010, February the
16 9th, 2011, August 15th, 2013, and
17 June 19th, 2014, together with such
18 layout and esthetic changes deemed

19 desirable by Golden Nugget Lake Charles,
20 LLC, and submitted to the Louisiana
21 Gaming Control Board for review and
22 acceptance that do not detract from the
23 overall quality of the project as
24 described in the application and
25 presentations, including, but not

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1 limited to: Gaming riverboat support
2 facilities with restaurant and retail
3 space, hotel facilities with 720 guest
4 rooms including 80 VIP suites and 640
5 main rooms (with such total room count
6 and mix being subject to future
7 additions of hotel room facilities
8 and/or revisions to the mix of VIP
9 suites and main guest rooms based upon
10 demand), pool, marina, an 18-hole golf
11 course with clubhouse facilities,
12 meeting facilities, multi-purpose event
13 facility with not less than 17,000
14 square feet, spa, and not less than
15 3,000 parking spaces, at least 1,000 of
16 which shall be in a parking garage and
17 the balance of which shall be on surface
18 parking lots) herein after referred to
19 as the "Approved Project").

20 C., Condition 13.c of the Statement
21 of Conditions be modified and replaced

22 with the following: 13.c, To commence
23 construction of the approved project on
24 or before July 20th, 2012, with
25 construction to be completed on or

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1 before December 31st, 2014. Failure to
2 meet this deadline or to timely receive
3 an extension may result in the
4 forfeiture of all privileges to the
5 license.

6 D., Condition 25 of the Statement of
7 Conditions be modified and replaced with
8 the following: 25., To develop a good
9 faith plan relative to the minority
10 hiring and procurement consistent with
11 the requirements of LAC 42.XIII.2113.B,
12 and procurement of goods and services
13 from Louisiana firms consistent with the
14 requirements of La. R.S. 27:52(2)(g).

15 The plan must be submitted to the
16 Louisiana Gaming Control Board for
17 review no later than July the 30th,
18 2014. Applicant additionally agrees
19 that such plans shall include the
20 establishment and staffing of an office
21 to ensure that minorities, women and
22 Louisiana residents are provided with
23 appropriate opportunities for
24 employment, advancement and in the

25 procurement of outside goods and

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1 services both during construction and in
2 subsequent operation.

3 Thus done and signed in Baton Rouge,
4 Louisiana, this 19th day of June, 2014.

5 CHAIRMAN JONES: Thank you, Miss
6 Coleman. We have a motion and a second
7 to adopt the resolution. Would you call
8 the roll.

9 THE CLERK: Mr. Bradford?

10 MR. BRADFORD: Yes.

11 THE CLERK: Mr. Stipe?

12 MR. STIPE: Yes.

13 THE CLERK: Mr. Singleton?

14 MR. SINGLETON: Yes.

15 THE CLERK: Miss Noonan?

16 MS. NOONAN: Yes.

17 THE CLERK: Major Mercer?

18 MAJOR MERCER: Yes.

19 THE CLERK: Mr. Jackson?

20 MR. JACKSON: Yes.

21 THE CLERK: Mr. Gaston?

22 MR. GASTON: Yes.

23 THE CLERK: Mr. Stine?

24 MR. STINE: Yes.

25 THE CLERK: Chairman Jones?

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1 CHAIRMAN JONES: Yes. The motion

2 carries. Thank you, gentlemen.

3 MR. WEST: Thank you.

4 B. Consideration of Petition for Approval of
5 Transfer of Indirect Ownership Interest
6 in Eldorado Casino Shreveport Joint
7 Venture - No. R013600005, relating to the
8 merger with MTR Gaming Group, Inc.

9 CHAIRMAN JONES: Next up is
10 Consideration of Petition for Approved
11 Transfer of Indirect Ownership Interest
12 in Eldorado Casino Shreveport Joint
13 Venture. That's No. RO13600005 relating
14 to the merger with MTR Gaming Group,
15 Inc. We'll first hear from the Attorney
16 General's Office. Good morning.

17 MS. HIMEL: Good morning, Chairman
18 Jones and Members of the Board. I'm
19 Assistant Attorney General, Dawn Himel,
20 appearing in that matter. Also with me
21 here are Evie Ficklin and Eddie Daigle
22 of State Police. Eldorado also has
23 representatives here that would like to
24 speak after and are available for
25 questioning.

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1 I do have a presentation to
2 hopefully simplify the transaction for
3 you.

4 CHAIRMAN JONES: Great.

5 MS. HIMEL: Eldorado Casino
6 Shreveport filed a petition seeking
7 approval of a transfer of indirect
8 interest in the licensee wherein they
9 requested approval of the merger among
10 the licensee's ultimate parent company,
11 which is Eldorado Holdco, LLC, MTR
12 Gaming Group, Inc., and two subsidiaries
13 of MTR, and the transactions required by
14 virtue of the merger, including without
15 limitation to, the transfer of indirect
16 interest in the licensee and the debt of
17 the combined companies.

18 The premerger structure of MTR Group
19 and Eldorado can be shown here. The
20 licensee is at the bottom in the dark,
21 Eldorado Casino Shreveport. MTR Gaming
22 Group formed Eclair Holdings Company,
23 Ridgeline Corp and Eclair Acquisition
24 Company, LLC, for the purposes of this
25 transaction. You can see those below

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1 MTR.

2 The transaction will result in the
3 change of ownership of Eldorado Holdco.
4 MTR's subsidiary, Eclair Holdings
5 Company, will be the new parent company
6 of MTR, Eldorado Holdco and ultimately
7 the licensee.

8 After the merger is contemplated,
9 Eclair Holdings will be meeting Eldorado
10 Resorts, Inc., and it will be a publicly
11 traded company. The licensee will
12 remain Eldorado Casino Shreveport Joint
13 Venture.

14 The mergers here in this transaction
15 are that Eclair Acquisition Company is
16 going to merge with and into Eldorado
17 Holdco, and Eldorado Holdco will
18 survive. Ridgeline Acquisition Corp is
19 going to merge with and into MTR. MTR
20 is going to survive. After those
21 mergers as previously shown, Eclair
22 Holdings Company owns a hundred percent
23 of the stock in Ridgeline and a hundred
24 percent of the membership in Eclair
25 Acquisition. After the mergers Eclair

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1 Holdings will still own that stock in
2 that membership.

3 Simultaneously with the mergers,
4 Eldorado Holdco's membership interest
5 will either be canceled or converted.
6 MTR shares of stock will be canceled or
7 converted into either one share of
8 Eclair Holdings Company, which will be
9 the new ultimate parent, or they could
10 elect a cash consideration of \$6.05 per

11 share.
12 Eclair Acquisition Company's
13 membership interest will then be
14 converted into the surviving Holdco's
15 membership interest, and Ridgeline
16 Acquisition Corp shares will be
17 converted into a hundred shares of --
18 which is a hundred percent of the
19 surviving MTR stock. When all the stock
20 that MTR holds in Eclair Company is
21 canceled, the parent relationship is
22 also going to be terminated. And when
23 the shares of MTR and the members --
24 shareholders of MTR and the member of
25 Eldorado convert their interest into

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1 stock in Eclair, they're essentially
2 going to be moving up a level into
3 Eclair Holdings. They're just adding a
4 new parent company.

5 Since Eclair Holdings still owns
6 100 percent of the shares of Ridgeline
7 and a hundred percent of the membership
8 in Eclair Acquisition, those are going
9 to be converted into the surviving MTR
10 and surviving Eldorado Holdco, becoming
11 those companies. Therefore, Eclair
12 Holdings Company with the parent
13 relationship of MTR being terminated and

14 the company shares and stock being
15 converted, Eclair Holdings will become
16 the ultimate parent company of MTR
17 Gaming Group and Eldorado Holdco and
18 ultimately the licensee at issue. It
19 will be what they call a four-tier
20 parent company of the licensee.

21 There are transactions that require
22 approval: Eclair Acquisition Company
23 merging with and into Eldorado Holdco,
24 the cancellation of the membership
25 interest in Eldorado Holdco held by the

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1 merger companies, the automatic
2 conversion of all other Eldorado Holdco
3 membership interest into a right to
4 receive a percentage of Eclair Holdings,
5 and then the cancellation of that right
6 into a right to receive a portion of the
7 merger consideration. The automatic
8 conversion of all MTR shares who so
9 elect into an equal amount of shares of
10 Eclair Holdings Company. The automatic
11 conversion of all membership interest in
12 Eclair Acquisition into the
13 membership interest of Eclair -- sorry,
14 Eldorado Holdco and the name change of
15 Eclair Holdings Company to Eldorado
16 Resorts.

17 The Board has also been asked to
18 approve the debt of the combined
19 companies after the mergers, which as of
20 March 31st a proforma indebtedness
21 combined was \$813.1 million.

22 This is a proforma organizational
23 chart for the companies. The chart is
24 based on the presumption that MTR's
25 current shareholders will elect to cash

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1 out the maximum cash election of \$35
2 million by cashing in approximately 5.78
3 million shares of the MTR stock. This
4 is also based on the EBIDTAs of Eldorado
5 Holdco and Silver Legacy as of
6 March 31st, 2014.

7 Under those presumptions, this will
8 put the current Eldorado Holdco members,
9 the current parent company of the
10 licensee, holding 52.2 percent of
11 Eldorado Resorts, the new parent
12 company's stock, and the current MTR
13 shareholders holding 47.8 percent. Now,
14 that is based on how many and what
15 shares of MTR stock is cashed out and
16 what are elected to go into the Eldorado
17 Resorts and also on the EBIDTAs of
18 Eldorado and Silver Legacy, which
19 depending on when this closes, could

20 change.

21 So these numbers could fluctuate
22 anywhere between the current Eldorado
23 members have approximately 46 percent to
24 what is anticipated, which is shown
25 here, as 52 percent.

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1 The licensee is down here as shown.
2 The current parent company, which would
3 be the old parent company, Eldorado
4 Holdco, and all we're doing is -- all
5 we'll be doing is adding a new parent
6 company, which is Eldorado Resorts, Inc.
7 Now, the top tier above that,
8 Recreational Enterprises, Hotel Casino
9 Management, the Carano's Hotel Casino,
10 Ludwig and NGA are your current Eldorado
11 Holdco members. Jacobs Investment and
12 other public shareholders would be
13 coming in from MTR, presumably.

14 The form of the licensee will remain
15 unchanged. The licensee is going to
16 continue as a Louisiana partnership.
17 The licensee is not being -- the license
18 is not being transferred. It will
19 continue to be held by Eldorado
20 Shreveport Joint Venture. All these
21 transactions are occurring far above the
22 licensee, but essentially they're adding

23 that fourth tier parent company. Simply
24 put, the licensee will have a new
25 ultimate parent and owner in Eldorado

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1 Resorts, Inc.

2 The licensee is subject to certain
3 conditions previously imposed by this
4 Board which will remain in full force
5 and effect. Our office has reviewed the
6 petition, the agreement, the plan of
7 merger and the form and substance of the
8 various documents evidencing the
9 transfer. Upon consideration of the
10 applicable statutes and rules and after
11 review of the documents, we find no
12 legal impediment to the transfer of the
13 indirect interest ownership in the
14 licensee.

15 I do have Evie Ficklin of the Audit
16 Division that will present the financial
17 and Trooper Eddie Daigle of State Police
18 who will present the suitability
19 investigation, and then upon, if this
20 Board decides to approve it, there is a
21 proposed resolution to consider; and as
22 I stated, Eldorado will be here for
23 questioning and would like to make an
24 appearance.

25 CHAIRMAN JONES: Thank you. Before

1 we move on, were there any questions of
2 Dawn?

3 MR. STINE: Just house cleaning, I
4 guess. On your memorandum you sent to
5 us, the front page, the agreement and
6 plan of merger, it states, executed on
7 September 9th, 2014, and was amended on
8 November 18th, 2013. Should that be
9 2014?

10 MS. HIMEL: No. I'm sorry. It was
11 executed on September 9th, 2013. It was
12 amended November 18th, 2013.

13 MR. STINE: Okay. So September 9
14 should be 2013.

15 MS. HIMEL: 2013.

16 MR. STINE: And if that's wrong,
17 then the transfer of ownership interest,
18 because you cut and paste the document,
19 on page six is wrong, as well. You
20 might just clean that up. I just wanted
21 to prove to the Board that I did read
22 mine.

23 CHAIRMAN JONES: You've earned your
24 per diem, Mr. Stine. There's no bonus
25 involved here.

1 MR. STINE: I was hoping. I'm new
2 to the Board, so I just wanted to prove

3 my point. Thank you.

4 CHAIRMAN JONES: You get a buffet
5 ticket. Any other questions?

6 Dawn, first of all, thank you for
7 sort of unraveling that for me. This
8 is -- sometimes it's hard to sort of
9 wade through all the transactions, and I
10 think your presentation at least helped
11 me understand kind of where we were
12 headed with this.

13 Evie.

14 MS. FICKLIN: Good morning,
15 Mr. Chairman and Board Members. My
16 name's Evie Ficklin. I'm an auditor
17 with Louisiana State Police Gaming.

18 Eldorado Holdco, LLC, a privately
19 held limited liability company, intends
20 to acquire publicly traded MTR Gaming
21 Group, Inc., through merger. After
22 completion of the planned mergers, stock
23 in Eldorado Resorts, Inc., the new
24 ultimate parent company, will be traded
25 publicly on NASDAQ.

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1 The Securities and Exchange
2 Commission deemed Eldorado Resorts'
3 registration statement effective
4 June 11th, 2014. Under the agreement
5 and plan of merger, the debt currently

6 held by MTR and Eldorado Holdco will
7 remain at the subsidiary level as
8 standalone debt but consolidated in
9 Eldorado Resorts' financial statements.

10 MTR currently has a \$20 million
11 senior secured revolving credit facility
12 with a full \$20 million available to
13 borrow, and approximately \$559.4
14 million in 11.5 percent senior secured
15 second lien notes due 2019. Eldorado
16 has \$168 million outstanding under its
17 8.625 percent senior notes. Its
18 \$30 million credit facility was allowed
19 to expire on May 30th, 2014.

20 Eldorado also owns 96.2 percent of a
21 50 percent interest in the Circus and
22 Eldorado Joint Venture with MGM Resorts
23 International. The joint venture owns
24 and operates Silver Legacy Casino in
25 Reno, Nevada. After closing, Silver

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1 Legacy will retain its \$90.5 million
2 credit facility, but Silver Legacy's
3 debt is also nonrecourse to Eldorado
4 Resorts.

5 Eldorado Resorts' proforma and
6 projected financial statements are shown
7 beginning on page 31 of our report. The
8 pre-cash flow summary on page 31

9 projects sufficient cash flows to
10 service existing debt and provide funds
11 necessary for planned capital
12 expenditures.

13 No financial issues came to our
14 attention to preclude the Board's
15 approval of Eldorado Shreveport's
16 indirect transfer of membership interest
17 through merger transactions. Trooper
18 Eddie Daigle will now present the
19 results of his investigation.

20 CHAIRMAN JONES: Thank you. Eddie.

21 MASTER TROOPER DAIGLE: Good
22 morning, Chairman Jones, Members of the
23 Board. I am Master Trooper Eddie
24 Daigle, Louisiana State Police Gaming
25 Enforcement Division.

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1 The Division received a petition
2 from Eldorado Casino Shreveport Joint
3 Venture d/b/a Eldorado Resort Casino
4 Shreveport seeking approval for
5 transactions related to the transfer of
6 ownership interest.

7 As part of this transfer, a
8 suitability investigation was conducted
9 on Eldorado Casino Shreveport Joint
10 Venture, the associated entities of the
11 proposed transaction and the key

12 personnel. This investigation consisted
13 of inquiries through federal, state and
14 local law enforcement agencies,
15 computerized criminal history database,
16 civil institutions and gaming regulatory
17 agencies. Tax clearance request forms
18 were forwarded to the Internal Revenue
19 Service and the Louisiana Department of
20 Revenue in order to ensure the
21 applicants are current in their tax
22 filings.

23 During this suitability
24 investigation, no information were
25 discovered which would preclude

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1 licensing of Eldorado Casino Shreveport
2 Joint Venture d/b/a Eldorado Resort
3 Casino Shreveport, the associated
4 entities or the key personnel.

5 At this time, I'd gladly answer any
6 questions you may have.

7 CHAIRMAN JONES: Mr. Stipe.

8 MR. STIPE: There were some agencies
9 that did not respond to you. You feel
10 you have sufficient basis to render your
11 opinion?

12 MASTER TROOPER DAIGLE: Yeah. I
13 mean, some -- usually it is a network.
14 I mean, some don't respond in a timely

15 matter [sic] of an investigation. Most
16 of the time if one agency has an issue,
17 you kind of have a feel of -- that's
18 something, you know -- most of the time
19 if one has an issue, it's kind of a
20 network to where we kind of know.

21 MR. STIPE: Okay. The resolution
22 that was forwarded, I think there's some
23 differences in the MTR lien note.

24 There's another line or another entrance
25 of senior secured notes. Your review

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1 included all these -- your review, your
2 financial review, took into
3 consideration this revised resolution,
4 the amounts in those resolutions?

5 MS. FICKLIN: Yes, we did.

6 MR. STIPE: Okay. And there's no
7 request before us to change any
8 employment requirement related to this
9 license at all?

10 MS. HIMEL: Not to my knowledge.

11 And just to clarify, as well, at least

12 --

13 MASTER TROOPER DAIGLE: There was
14 four individuals who already had been
15 associated with licensing with video
16 poker truckstops in Louisiana.

17 MR. STIPE: Yeah.

18 MASTER TROOPER DAIGLE: All the
19 other ones have no derogatory
20 information with the agencies that
21 responded back.

22 CHAIRMAN JONES: Any other questions
23 for Dawn, Miss Ficklin or Trooper
24 Daigle? Mr. Stine.

25 MR. STINE: Yes. I don't know and

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1 I'm learning. Who prepares the transfer
2 of ownership interest document, that
3 whole document, the financials and so
4 forth and so on?

5 MS. HIMEL: All the --

6 MR. STINE: The financials.

7 MS. HIMEL: -- mergers and
8 everything like that?

9 MR. STINE: Yes. The ratios and all
10 that, is that State Police? On page 33
11 I'm referring to.

12 MS. HIMEL: On State Police's audit?

13 MR. STINE: Again, it's the document
14 "Transfer of Ownership Interest" that's
15 handed to us for our document.

16 MS. SMITH: That's State Police.

17 MS. HIMEL: That's not a State
18 Police's report. They do get a lot of
19 information from the licensee.

20 MS. FICKLIN: The pages you're

21 referring to were the pages, if I'm not
22 mistaken, that were extracted from the
23 S4 before it was made effective by the
24 SEC.

25 MR. STINE: Okay.

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1 MS. FICKLIN: So that's where that
2 particular information came from.

3 MR. STINE: Okay. But you would not
4 be the appropriate person to ask a
5 question about that or not?

6 MS. FICKLIN: What was the question?

7 MR. STINE: The question is more to
8 clarity than anything else. On page
9 33 --

10 MS. FICKLIN: Uh-huh.

11 MR. STINE: -- of that document, you
12 reference the consolidated picture, if
13 you will, of MTR and Eldorado, and what
14 I'm most concerned with is if you look
15 at the leverage statistics down at the
16 bottom, total debt to EBIDTA, it is a
17 total debt to EBIDTA of 5.43 times in
18 year 2015. And what I'd like to see --
19 and I'm sure the Eldorado folks will be
20 here to answer some of my questions, but
21 what I'd like to see is if you stand
22 alone, Eldorado and MTR, for these same
23 ratios in the future; and that way we

24 could clearly see that Eldorado has a
25 3.23 times total debt to EBIDTA, and MTR

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1 has a total debt to EBIDTA of 6.2 giving
2 us the blended rate of 543 [sic].

3 And it's important because Eldorado
4 is a Louisiana gaming facility, and it
5 is leveraging up to -- by MTR by putting
6 at risk, possibly, the Shreveport
7 facility. Because it's got greater
8 leverage today than it does prior to the
9 consolidate -- rather, has less leverage
10 today than after this consolidation.

11 So if we could see the document with
12 these same ratios that you're showing on
13 page 33 for each entity prior to
14 consolidation, I think it would be
15 helpful.

16 MS. FICKLIN: Okay. And just to
17 clarify, though, just to make sure that
18 I made myself clear, and I wasn't sure,
19 but that debt is nonrecourse at the
20 subsidiary level. In other words, the
21 new parent company, Eldorado Resorts,
22 Inc., doesn't really bear the burden of
23 that liability, I guess. It's
24 standalone, and I guess -- so I didn't
25 know if I made myself clear or not. So

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1 at the subsidiary level.

2 MR. STINE: Okay. So Eldorado
3 Shreveport suffers no liability in this
4 transfer or has no liability or has
5 no -- express yourself again.

6 MS. FICKLIN: I'll try to. My
7 understanding, my appreciation of it is
8 that the debt is standalone debt at the
9 subsidiary level; in other words, MTR's
10 debt is standalone at the MTR level, and
11 Eldorado's debt is standalone at the
12 Eldorado subsidiary level. And if I'm
13 not being -- it's a lot easier to
14 verbalize when you can, I guess, go
15 through it, but if I'm not verbalizing
16 it correctly, then maybe I'll ask
17 industry to help me clarify that.

18 MR. STINE: Then why do you show the
19 leverage statistics as combined?

20 MS. FICKLIN: At the consolidated
21 level. They are consolidated for the
22 benefit of the financial statements.

23 MR. STINE: Okay. Okay. Thank you.
24 I appreciate that.

25 MS. FICKLIN: Sure.

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1 CHAIRMAN JONES: Anything else,
2 Mr. Stine?

3 MR. STINE: No.

4 CHAIRMAN JONES: Mr. Stipe.

5 MR. STIPE: And it may be directed
6 better to them, but the whole enterprise
7 has got to bear the burden of that debt
8 service, I think.

9 MS. FICKLIN: Well, I don't know. I
10 guess my appreciation of how standalone
11 debt works is, I guess, ultimately there
12 probably is an understanding that at
13 some point in time, but the fact that it
14 is standalone is -- sort of puts a
15 limitation, I guess, on the effect -- my
16 understanding, upward on the
17 organizational stream.

18 Now maybe they can clarify it
19 better.

20 MR. STIPE: Okay.

21 CHAIRMAN JONES: Anything else
22 before they leave the table here? Thank
23 you.

24 Good morning. Please introduce
25 yourselves to the Board.

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1 MR. BARBIN: Good morning, Chairman.
2 I'm Jeff Barbin from Phelps Dunbar
3 trying to squeeze myself in here. With
4 me today are representatives of
5 Eldorado. To my immediate left is Tom
6 Reed, who will become -- expected to

7 become President of the new combined
8 companies, Eldorado Resorts, and to his
9 left is Gary Carano, who is expected to
10 become CEO and Chairman of the Board.

11 Also with me in the audience is Joe
12 Billhimer. He's currently at MTR. He's
13 expected to become the COO of the
14 combined companies. And Bob Jones,
15 currently with Eldorado, will be the CFO
16 of the company, and Anthony Carano who
17 is outside counsel for Eldorado.

18 Before I answer your questions, I
19 just wanted to give a quick note of
20 thanks to the State Police and the
21 Attorney General's Office and your staff
22 for all the hard work getting us to this
23 point. They've worked very hard. It's
24 not a simple transaction, as you can
25 see, and I learned a lot from the

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1 presentation even though I've been
2 living this for a year. It's a lot
3 easier to see it that way, but I wanted
4 to say a special thanks to all of those
5 guys who have done so much.

6 To answer your question, Mr. Stine,
7 I'll have Tom give us a little bit
8 better explanation, but the MTR debt and
9 the Eldorado debt is, you know,

10 nonrecourse to the ultimate parent; and
11 I think Tom will have more on that.

12 MR. REED: The Eldorado debt is
13 secured by the assets of the current
14 Eldorado in Reno and the licensee in
15 Shreveport. The MTR debt is currently
16 secured by all of their assets. When we
17 combine for financial reporting
18 purposes, we will report consolidated
19 numbers like you see in your report, but
20 unless and until we refinance our debt,
21 which would come before you for
22 approval, the existing debt is
23 nonrecourse across the entities.

24 And the best example I can give you
25 is when we took the -- when we took

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1 ownership of the Shreveport asset, it
2 was out of a bankruptcy of the
3 Shreveport entity that at the time was
4 owned by Penn National with nonrecourse
5 debt, and those debt holders had no
6 recourse to Penn, the parent company,
7 which is why the ownership ultimately
8 transferred. So there is no obligation
9 of the Louisiana asset to support the
10 MTR debt.

11 And in terms of the leverage number
12 that you're looking at, the 5. -- I

13 think you quoted 5.43 times or something
14 like that.

15 MR. STINE: 2015, that's correct.

16 MR. REED: Keep in mind there's also
17 within the two companies a significant
18 amount of excess cash that is trapped
19 for the time being without debt to
20 repay --

21 MR. STINE: I got that.

22 MR. REED: -- so that when we did
23 refinance, we would expect to be
24 refinancing at something close to five
25 times.

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1 MR. STINE: Tom, I hear you, if I
2 may call you Tom?

3 MR. REED: Absolutely.

4 MR. STINE: I hear you on the
5 segregated debt or the responsibility,
6 but you are looking to refinance as
7 early as 2015; and understandably so
8 you're paying 11-and-a-half points right
9 now, and you want to reduce it to nine.
10 So aren't we just moving things around?
11 Because you state clearly, as you
12 should, that you do intend to
13 consolidate debt, and you will do it as
14 early as 2015, which that's my point,
15 one. And I guess my point, two, is

16 these proformas, are they based on
17 9 percent, or are they based on the
18 11-and-a-half percent? The performance
19 going forward, is it based on the
20 refinancing number, or is it based on
21 the non-refinanced number?

22 MR. REED: I don't know what figures
23 you're looking at. I'm assuming that
24 what we've -- the projections in front
25 of you can't assume a refinancing, so...

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1 MR. STINE: I wouldn't think so.

2 MR. REED: Right.

3 MR. STINE: But secondly, what
4 happens if there's not 9 percent money
5 out there next year? I mean, we all
6 know that rates are projected to go up
7 as the government tapers bonds and
8 whatnot. Have you-all anticipated that?

9 MR. REED: If we cannot refinance
10 the debt stacks and save -- and create
11 more free cash flow, we'll just leave
12 each entity outstanding. Based on
13 current markets which obviously move, we
14 would expect the consolidated interest
15 expense to reduce by in excess of
16 \$30 million when we refinance.

17 MR. STINE: Okay.

18 MR. REED: So it's about 80 now. We

19 would expect it to be below 50 in a
20 refinancing.

21 MR. STINE: Okay. And, I mean, this
22 industry's new to me, and obviously
23 y'all love debt. You love leverage.
24 You know, I've learned a long time ago
25 that profitability is based on return on

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1 assets and leverage and also what you
2 pay for liabilities, and it appears to
3 work. But it's confounding to me, and
4 so I ask questions.

5 MR. REED: Understood.

6 CHAIRMAN JONES: Any other questions
7 from the Board? Anything to add?

8 MR. BARBIN: Just to clarify,
9 Mr. Stipe, we do not have currently a
10 request to reduce the numbers. We
11 expect to have that this summer.

12 MR. STIPE: Yeah. I was going to
13 say, what's the current requirement?

14 MR. BARBIN: 1,200.

15 MR. STIPE: 1,200, okay.

16 CHAIRMAN JONES: Any other
17 questions?

18 MR. CARANO: Gary Carano. I'd just
19 like to reiterate what Jeff said for the
20 hard work that the staff did traveling
21 many states, and also the Attorney

22 General's -- the Assistant Attorney
23 General's presentation as the audit
24 presentation, we'd like to see if we
25 could borrow that because at this point

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1 it's the easiest and fanciest
2 presentation we've ever had.
3 Again, we appreciate to have the
4 opportunity to operate Eldorado
5 Shreveport within your great state, and
6 the opportunity to continue with this
7 merger offers us the opportunity to
8 possibly make our property there even --
9 add some amenities to that property to
10 be able to compete even better in a
11 market that is very competitive. Again,
12 thank you for this opportunity to
13 present and to operate in your great
14 state.

15 CHAIRMAN JONES: Thank you. I was
16 up there last week.

17 MR. CARANO: Yes, sir.

18 CHAIRMAN JONES: Ten days ago or
19 something like that. It all runs
20 together. But I met with your general
21 manager and visited, and I'll be back.
22 But we appreciate you doing business in
23 Louisiana, and we appreciate your
24 reinvestment in the property.

25 Mr. Stine.

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1 MR. STINE: I just wanted to say
2 that I'm -- again, this is only my
3 second meeting, and the first meeting I
4 attended in April there was a deal that
5 was actually more leveraged than this.
6 And I -- I don't know the industry;
7 although, I'm going to try to learn it
8 as quickly as I can.

9 I'm not going to object to this even
10 though I personally think the ratios
11 need to be separated so that we as a
12 Board -- recognizing that Eldorado is
13 our responsibility, and it is getting
14 leveraged up because they're wanting to
15 haul down MTR who is very -- is much
16 more leveraged, double the leverage of
17 Eldorado, which puts the entity in
18 Louisiana at greater risk, in my mind,
19 any time you leverage anything up.

20 But, obviously, the public market
21 has an appetite for it, and it is not so
22 insurmountable, based on what the
23 revenue streams and what you're doing.
24 It does concern me that casinos, or
25 retail in my mind and as Warren Buffet

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1 once said -- he said, you know, my

2 shipless nephew could run a TV station
3 and make money forever even though, you
4 know, it could be mismanaged. But
5 retail you've got to be present every
6 single day because somebody can copy you
7 as quickly as you can possibly imagine
8 because the consumer is very fickle and
9 wants the latest, greatest, and when
10 they get the latest greatest, you've got
11 to leverage up.

12 And we all talk about EBIDTA which
13 concerns me, because if you look at your
14 capital expenditures, they're right up
15 there with the EBIDTA, so I would
16 subtract capital expenditure with
17 EBIDTA. I know what you're going to
18 say: Well, now, we spent a lot for one
19 year, and then we coast for three years.
20 But ultimately you average it out. Your
21 capital expenditure has got to be high
22 as a result of the industry you're in.
23 You're in a retail environment; and the
24 customer is fickle, and you've got to be
25 able to spent the money to have the

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1 latest, greatest product or you'll be
2 out of business.

3 And it just concerns me. I'm in the
4 retail business, also, and I feel your

5 pain; but this is high stakes, and I'm
6 always concerned about leverage. But
7 maybe this is the world we live in in
8 this environment. I've got to
9 understand it more. It is not out of
10 the realm of leveraging that would cause
11 me to object to this, but I am
12 concerned; and I am concerned for a
13 Louisiana casino.

14 MR. CARANO: If I may,
15 Mr. Chairman?

16 CHAIRMAN JONES: Absolutely.

17 MR. CARANO: We appreciate your
18 concerns, as we do, as far as leverage,
19 and as Tom stated and as you stated
20 also, the opportunity for our company to
21 look to the markets about this time next
22 year, as Tom stated, relieves those
23 concerns. We're very comfortable with
24 the current leverage ratios with the
25 merger of these properties.

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1 As to -- you mentioned the
2 reoccurring capital expenditures that we
3 put back into our properties. We come
4 from a culture -- my father was a
5 founder of our company, and we come from
6 the culture of anybody in the casino
7 industry -- and you'll see this and

8 you've probably already seen it -- but
9 in retail if you don't keep up, as you
10 said, with cutting edge amenities or --
11 I mean, the heart and soul of our
12 culture is our employees, but also
13 bricks and mortar have to keep up. In
14 our industry if you do not keep up,
15 you'll fall behind and never be able to
16 catch up. So our culture always has
17 been to continually keep our properties
18 at cutting edge and our amenities as
19 such, too.

20 So I just want to reemphasize to
21 you, who are new to us yourself, that
22 that is our culture, and that's what
23 we've been in the business for for over
24 40 years. I appreciate your comments
25 about the retail industry because the

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1 retail industry, the banking industry,
2 the gaming industry are much alike. So
3 I appreciate and I hope you understand a
4 little bit about our culture about
5 reinvesting in our properties. Thank
6 you.

7 CHAIRMAN JONES: Anything to add?
8 The board is clear. Do I have a motion
9 to adopt the resolution?

10 MR. STIPE: I move approval.

11 MR. SINGLETON: I second.

12 CHAIRMAN JONES: By Mr. Stipe,
13 seconded by Mr. Singleton. Miss
14 Coleman, would you read the resolution
15 into the record.

16 THE CLERK: "On the 19th day of June
17 2014, the Louisiana Gaming Control Board
18 did, in a duly noticed public meeting,
19 consider the issue of Eldorado Casino
20 Shreveport Joint Venture's request for
21 approval of a transfer of an indirect
22 interest in licensee and the other
23 transactions contemplated thereby, and
24 upon motion duly made and seconded, the
25 Board adopted this resolution.

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1 Be it resolved that the following
2 are hereby approved: Number one, the
3 transfer of 100 percent ownership
4 interest in Eldorado Holdco, LLC, to be
5 effectuated in part through the merger
6 of Eclair Acquisition Company with and
7 into Eldorado Holdco, LLC, including all
8 transactions contemplated therein.

9 Number two, the name change from
10 Eclair Holdings Company to Eldorado
11 Resorts, Inc.

12 And Number three, the debt and
13 transactions of the companies as

14 follows: A, the paying of cash
15 consideration to any of MTR Gaming
16 Group's shareholders who elect the cash
17 option, up to \$35 million: \$30 million
18 of cash on hand from MTR Gaming Group,
19 Inc., and \$5 million of cash on hand
20 from Eldorado Holdco, LLC;
21 B, Eldorado Holdco, LLC's,
22 \$168 million in Senior Secured Notes at
23 8.625 percent; C, Circus and Eldorado
24 Joint Venture, LLC, doing business as
25 Silver Legacy Resort Casino's

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1 \$60.5 million first-out tranche term
2 loan;

3 D, Circus and Eldorado Joint
4 Venture, LLC, doing business as Silver
5 Legacy Resort Casino's \$30 million
6 last-out tranche term loan;

7 E, MTR Gaming Group, Inc.'s,
8 \$570.7 million Secured Second Lien Note
9 at 11.5 percent; and F, MTR Gaming
10 Group, Inc.'s, \$20 million Revolving
11 Credit Facility.

12 Thus done and signed in Baton Rouge,
13 Louisiana, this 19th day of June 2014.

14 CHAIRMAN JONES: We have a motion
15 and a second. Would you call the roll.

16 THE CLERK: Mr. Bradford?

17 MR. BRADFORD: Yes.
18 THE CLERK: Mr. Stipe?
19 MR. STIPE: Yes.
20 THE CLERK: Mr. Singleton?
21 MR. SINGLETON: Yes.
22 THE CLERK: Miss Noonan?
23 MS. NOONAN: Yes.
24 THE CLERK: Major Mercer?
25 MAJOR MERCER: Yes.

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1 THE CLERK: Mr. Jackson?
2 MR. JACKSON: Yes.
3 THE CLERK: Mr. Gaston?
4 MR. GASTON: Yes.
5 THE CLERK: Mr. Stine?
6 MR. STINE: Yes.
7 THE CLERK: Chairman Jones?
8 CHAIRMAN JONES: Yes. Motion
9 carries.
10 MR. BARBIN: Thank you very much.
11 MR. CARANO: Thank you very much.
12 CHAIRMAN JONES: Thank you.
13 So our final riverboat casino item
14 is Consideration of Certificate of
15 Compliance for the Alternate Riverboat
16 Inspection of the gaming vessel of
17 Margaritaville Casino Venture, Inc. --
18 MS. SMITH: No.
19 CHAIRMAN JONES: -- doing business

20 as -- no? Did I skip one? I'm sorry.
21 Consideration of Certificate of
22 Compliance for the Alternate Riverboat
23 Inspection of the gaming vessel of
24 Louisiana Riverboat Gaming Partnership
25 doing business as DiamondJacks Casino &

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1 Resort.

2 MS. SMITH: You still skipped one.

3 CHAIRMAN JONES: That's the only one
4 on here. What's next?

5 MS. SMITH: C.

6 CHAIRMAN JONES: How did I skip
7 that? Mickey, I'm sorry. I X'ed you
8 out.

9 C. Consideration of renewal application for
10 riverboat gaming license of PNK (Baton Rouge)
11 Partnership d/b/a L'Auberge Casino & Hotel
12 Baton Rouge - No. R011000801

13 CHAIRMAN JONES: Okay. C,
14 Consideration of Renewal Application for
15 riverboat gaming license for PNK (Baton
16 Rouge) Partnership doing business as
17 L'Auberge Casino & Hotel Baton Rouge,
18 No. RO11000801. I skipped ahead. I'm
19 sorry. Good morning.

20 MR. STRIDER: Good morning, and I'm
21 still Cliff Strider --

22 CHAIRMAN JONES: And I'm still

23 confused.

24 MR. STRIDER: -- Assistant Attorney
25 General, and I am still standing in for

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1 Leonce Gautreaux.

2 Currently before the Board is an
3 application for a five-year -- for
4 consideration is an application for a
5 five-year renewal of the license to
6 conduct riverboat gaming held by PNK
7 (Baton Rouge) Partnership doing business
8 as L'Auberge Baton Rouge. As part of
9 this renewal process, this office has
10 worked with PNKBR to review the current
11 license conditions in an effort to
12 consolidate all conditions into one
13 document. All remaining conditions
14 which were completed, satisfied or are
15 no longer applicable were removed. With
16 the exception of Condition 24, no
17 substantive changes were made to the
18 conditions, and no new conditions were
19 placed on the licensee.

20 Some editing of certain conditions
21 were made, but the substance and the
22 meaning of the conditions remain the
23 same and unchanged. The only -- this
24 Condition Number 24, which is different,
25 is the original condition required a

1 minimum wage of \$4.23 per hour, which is
2 the minimum wage in 1993 when the
3 condition was agreed upon. The amended
4 condition will require minimum wage in
5 compliance with the current minimum wage
6 rather than a specific minimum wage
7 rate.

8 The licensee has accepted and agreed
9 to be bound by these conditions. It's
10 suggested that should the Board's
11 pleasure be to renew this license of PNK
12 (Baton Rouge) Partnership doing business
13 as L'Auberge Baton Rouge, will be newly
14 subjected to the edited conditions of
15 the statement of conditions.

16 CHAIRMAN JONES: Good morning.

17 MS. WARE: Good morning. Good
18 morning, Chairman Jones and Members of
19 the Board. My name is Trnessia Ware
20 with the Louisiana State Police
21 Corporate Securities Audit.

22 Licensee, PNK (Baton Rouge) doing
23 business as L'Auberge Casino & Hotel
24 Baton Rouge, is owned 99 percent by PNK
25 Development 9, LLC, and 1 percent by PNK

1 Development 8, LLC. Pinnacle
2 Entertainment directly owns both

3 partners.

4 L'Auberge opened in September 2012.

5 L'Auberge is one of three riverboat

6 casinos in the Baton Rouge market.

7 Beginning in 2013, L'Auberge's adjusted

8 gross revenues and market share ranked

9 first in the Baton Rouge area. For

10 fiscal year 2012 through 2013,

11 L'Auberge's gross receipts were

12 approximately \$122 million.

13 In 2014, L'Auberge budgeted

14 approximately \$2.5 million for capital

15 expenditures. L'Auberge projects it

16 will spend approximately \$2.6 million in

17 2015 and approximately \$3 million each

18 year through 2018.

19 Pinnacle allocates management fees

20 based on L'Auberge's share of expenses

21 incurred for services provided in

22 managing and supporting L'Auberge's

23 operations. Page six of your report

24 shows the amount of management fees that

25 were paid as of April 30th, 2014, and

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1 for the year 2012 through 2013.

2 Pinnacle's Louisiana licensees

3 generated approximately \$700 million in

4 Adjusted Gross Receipts in 2013, or

5 29 percent of total revenues generated

6 by Louisiana riverboat, landbased and
7 Slots at the Track casinos.

8 In conclusion, no financial issues
9 came to our attention to preclude the
10 Board from approving L'Auberge Casino &
11 Hotel's license for a period of five
12 years effective August 19th, 2015.

13 Senior Trooper Michael Daniel will
14 now present his findings.

15 SR. TROOPER DANIEL: Good morning,
16 Chairman Jones and Members of the Board.
17 I'm Senior Trooper Michael Daniel with
18 Louisiana State Police Gaming
19 Enforcement Division. I was assigned to
20 conduct the suitability investigations
21 regarding the license renewal of
22 Pinnacle Entertainment doing business as
23 L'Auberge Casino & Hotel Baton Rouge.

24 An updated suitability investigation
25 was conducted on Pinnacle Entertainment,

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1 Incorporated, the associated companies
2 and key personnel. This consisted of
3 inquires to federal, state and local law
4 enforcement agencies, computerized
5 criminal history databases, civil
6 institutions and gaming regulatory
7 agencies. Tax clearances were obtained
8 from the Internal Revenue Service and

9 the Louisiana Department of Revenue to
10 ensure that applicants are current in
11 filing their taxes.

12 During the suitability
13 investigation, no information was
14 discovered which would preclude the
15 continued licensing of Pinnacle
16 Entertainment, Incorporated, doing
17 business as L'Auberge Casino & Hotel
18 Baton Rouge, the associated companies
19 and key personnel.

20 At this time, I will gladly answer
21 any questions you may have.

22 CHAIRMAN JONES: Thank you. Are
23 there any questions from the Board? The
24 board is clear. Thank you.

25 MR. STRIDER: Mr. Chairman, a

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1 resolution has been prepared for your
2 consideration.

3 CHAIRMAN JONES: Would you -- if
4 you'll look at the second paragraph,
5 Mr. Strider, the third line immediately
6 prior to "Statement of Conditions," do
7 you have any objection to inserting the
8 word "edited" in there?

9 MR. STRIDER: Of course not.

10 CHAIRMAN JONES: Just for the
11 record. Thank you.

12 Mr. Parenton, do you want to address
13 the Board? No, okay. We're good. Do I
14 have a motion to adopt the resolution?

15 MR. BRADFORD: So moved.

16 CHAIRMAN JONES: By Mr. Bradford and
17 a second by Major Mercer. Miss Coleman,
18 would you read the resolution.

19 THE CLERK: On the 19th day of June,
20 2014, the Louisiana Gaming Control Board
21 did, in a duly noticed public meeting,
22 consider the license renewal application
23 of PNK (Baton Rouge) Partnership doing
24 business as L'Auberge Baton Rouge, and
25 upon motion duly made and seconded,

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1 adopted this resolution.

2 Be it resolved that the license to
3 conduct riverboat gaming issued to PNK
4 (Baton Rouge) Partnership be renewed for
5 a term of five years commencing August
6 the 19th, 2014, subject to the edited
7 Statement of Conditions to riverboat
8 gaming license of PNK (Baton Rouge)
9 Partnership attached hereto and made a
10 part hereof.

11 Thus done and signed in Baton Rouge,
12 Louisiana, this 19th day of June, 2014.

13 CHAIRMAN JONES: Thank you, Miss
14 Coleman. We have a proper motion and a

15 second to adopt the resolution. Would
16 you call the roll.

17 THE CLERK: Mr. Bradford?

18 MR. BRADFORD: Yes.

19 THE CLERK: Mr. Stipe?

20 MR. STIPE: Yes.

21 THE CLERK: Mr. Singleton?

22 MR. SINGLETON: Yes.

23 THE CLERK: Miss Noonan?

24 MS. NOONAN: Yes.

25 THE CLERK: Major Mercer?

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1 MAJOR MERCER: Yes.

2 THE CLERK: Mr. Jackson?

3 MR. JACKSON: Yes.

4 THE CLERK: Mr. Gaston?

5 MR. GASTON: [No response.]

6 THE CLERK: Mr. Stine?

7 MR. STINE: Yes.

8 THE CLERK: Chairman Jones?

9 CHAIRMAN JONES: Yes. The motion
10 carries. Thank you very much. I
11 apologize, Mickey, for that earlier. It
12 wasn't intentional, I promise. I'm
13 easily confused.

14 D. Consideration of Certificate of Compliance for
15 the Alternate Riverboat Inspection of the
16 gaming vessel of Louisiana Riverboat Gaming
17 Partnership d/b/a DiamondJacks Casino & Resort

18 - No. R011700193

19 CHAIRMAN JONES: D, as in Denver,
20 Consideration of Certificate of
21 Compliance for the Alternate Riverboat
22 Inspection of the gaming vessel of
23 Louisiana Riverboat Gaming Partnership
24 doing business as DiamondJacks Casino &
25 Resort. That's No. R011700193. Good

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1 morning.

2 MR. TYLER: Morning, Chairman Jones,
3 Board Members, I'm Assistant Attorney
4 General, Mike Tyler, and today I'm
5 joined by John Francic of the American
6 Bureau of Shipping Consultants, also
7 known as ABSC.

8 We come before you in the matter of
9 the issuance of the renewal Certificate
10 of Compliance to DiamondJacks Casino.

11 On or about April 7th, 2014,
12 DiamondJacks Casino began the process
13 for the renewal of its Certificate of
14 Compliance. For more on this, I now
15 turn this presentation over to John
16 Francic of ABSC.

17 MR. FRANCIC: Morning, Chairman,
18 Board Members. I'm John Francic with
19 ABS Consulting here to report the annual
20 certification for DiamondJacks Casino.

21 The inspector, Doug Chapman, did on
22 April 7th attend the riverboat, Margaret
23 Mary, to conduct the annual inspection
24 in accordance with the alternative
25 inspection program in the State of

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1 Louisiana.

2 In addition to the annual
3 certification, the five-year hull exam
4 was also due. The inspector reviewed
5 fire protection equipment, life-saving
6 equipment, egress routes, mooring system
7 and conducted a fire drill.

8 Deficiencies are noted on page six of
9 the initial report. Those items were
10 quickly corrected and noted in the
11 supplemental report.

12 The hull survey was done by J & J
13 Diving. An internal exam was done by
14 the surveyor. The internal structure
15 exam was found in good order. The hull
16 exam was found in general good condition
17 with exception of several heavy pitted
18 areas. Those areas were clean engaged,
19 and pits were found beyond 25 percent
20 wastage as recommended by ABS standards.

21 It was recommended that the pitted areas
22 be repaired. The recommended repairs
23 was to be cropped and renewed or clad

24 welding would be accepted. We will
25 follow up to ensure that these proper

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1 procedures were followed and the work
2 was done properly.

3 The 2014 annual survey that's
4 required by the Louisiana Gaming Control
5 Board is considered complete and
6 presents no safety concerns to its
7 patrons or employees onboard the
8 riverboat. It is the recommendation at
9 ABSC that DiamondJacks Casino be issued
10 a Certificate of Compliance.

11 MR. TYLER: We now present these
12 findings to this Honorable Board and
13 request that upon the Board accepting
14 the report prepared and presented by
15 ABSC, that the Board will then move for
16 the issuance of a renewal Certificate of
17 Compliance to DiamondJacks Casino.

18 CHAIRMAN JONES: Do I have any
19 questions from the Board? Yes, sir,
20 Mr. Jackson.

21 MR. JACKSON: On those pitted areas,
22 do we have any time frame of when
23 they're going to be repaired?

24 MR. FRANCIC: From what I
25 understand, within the next month or so

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1 they're looking at trying to get them
2 done. I think that's what their goal
3 is.

4 MR. JACKSON: Okay. Thank you.

5 CHAIRMAN JONES: Any other
6 questions? The Board appears clear.

7 MR. BRADFORD: Move approval.

8 CHAIRMAN JONES: We have a motion
9 from Mr. Bradford to issue the
10 Certificate of Compliance --

11 MS. NOONAN: Second.

12 CHAIRMAN JONES: -- seconded by
13 Miss Noonan. All in favor? [Collective
14 "aye."] Any opposed? [No response.]
15 Motion carries. The certificate is
16 issued. Thank you.

17 E. Consideration of Certificate of Compliance for
18 the Alternate Riverboat Inspection of the
19 gaming vessel of Margaritaville Casino Venture,
20 Inc., d/b/a Margaritaville Bossier City - No.
21 R011000841

22 CHAIRMAN JONES: Now we move on to
23 Consideration of Certificate of
24 Compliance for the Alternate Riverboat
25 Inspection of the gaming vessel

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1 Margaritaville Casino Venture, Inc.,
2 doing business as Margaritaville Bossier
3 City. That's No. RO11000841.

4 Mr. Tyler.

5 MR. TYLER: Thank you, Chairman
6 Jones, Board Members, again Assistant
7 Attorney General, Michael Tyler,
8 appearing with John Francic of ABSC. We
9 now come before you with respect to the
10 request for the issuance of a renewal
11 Certificate of Compliance to
12 Margaritaville Casino.

13 On May 28th, 2014, Margaritaville
14 Casino began the process for the renewal
15 of its Certificate of Compliance. For
16 more on this process, I now turn this
17 matter over to John Francic.

18 MR. FRANCIK: Chairman, Board
19 Members, again John Francic with ABS
20 Consulting here to report the annual
21 certification for Margaritaville Casino.
22 The inspectors, Jeff Boyle, and Doug
23 Chapman, did on May 28th and 29th attend
24 the riverboat Margaritaville to conduct
25 the annual inspection in accordance with

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1 the alternative inspection program in
2 the State of Louisiana.

3 The inspectors reviewed fire
4 protection equipment, life-saving,
5 egress routes, integrity of the barge
6 and conducted a fire drill. The

7 deficiencies are noted on page six of
8 the initial report. Those deficiencies
9 were servicing reports by third party
10 vendors for fire protection systems and
11 generators. Even though we tested the
12 alarms with the aid of the third party
13 who was on site during the inspection,
14 third party is more extensive demand and
15 to reservice the equipments required by
16 code. Those reports were finalized on
17 June 11th and found acceptable by ABSC.
18 They are noted in a supplemental report.

19 The 2014 annual survey as required
20 by the Louisiana Gaming Control Board is
21 complete and presents no safety concerns
22 to its patrons and employees onboard the
23 riverboat. It is the recommendation of
24 ABSC that Margaritaville Casino be
25 issued a Certificate of Compliance.

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1 MR. TYLER: Thank you. We now
2 present these findings to this Honorable
3 Board and request that upon the Board
4 excepting the report submitted by ABSC,
5 that the Board will then move for the
6 renewal of Margaritaville Casino's
7 Certificate of Compliance.

8 CHAIRMAN JONES: Board, any
9 questions?

10 MR. JACKSON: I have one.

11 CHAIRMAN JONES: Mr. Jackson.

12 MR. JACKSON: I notice in the
13 surveyor's notes where the divers
14 couldn't perform their inspection
15 because of the two feet of clearance
16 they had.

17 MR. FRANCIC: Yes. When they finish
18 completion of the construction, the
19 divers went down and basically cleaned
20 up underneath in the basin there all the
21 debris that fell in, and the divers made
22 note that they wouldn't go underneath
23 the hull of the vessel. So our
24 surveyors just made note that in five
25 years when the hull exam becomes due, we

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1 need to make sure that we have some
2 means of access to get underneath the
3 hull.

4 So we're just saying that we need
5 this done in five years so make plans
6 for us to go underneath the hull. See,
7 when they -- when the new construction
8 of the barge is being built, because
9 this is a concrete hull, there's, like,
10 a plastic or a Visqueen that's laid down
11 so when they put the barge on top of it
12 and they fill the basin with water, it

13 fills up and it kind of helps separate
14 the barge from the basin. So that
15 plastic's still there so they were kind
16 of leery with going underneath there
17 until that's all removed.

18 MR. JACKSON: So in the future, we
19 might want to -- just for that
20 particular vessel, we might want to look
21 at some type of alternate inspection?

22 MR. FRANCIC: Right. I mean,
23 there's other means besides divers.
24 They can use an ROV or something like
25 that, remote operated vehicle. Sort of

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1 like what they do offshore, they can go
2 underneath and look. Our concern when
3 we do -- for this type of vessel is that
4 you have got strain (phonetic) rods that
5 come down and hold it in place. So we
6 just want to make sure that there's no
7 degradation of those rods, because
8 sometimes even though the water in the
9 basin is controlled, sometimes the pH
10 level can make those things rust out a
11 lot, as we've found in other basins
12 that we've done this. So this is just a
13 little note that the surveyor put in
14 there that we need to make accessibility
15 to do the hull exam in five years from

16 now -- or four years.

17 MR. JACKSON: Okay. Thank you.

18 CHAIRMAN JONES: You're satisfied
19 there's no safety issue?

20 MR. FRANCIC: No, sir.

21 CHAIRMAN JONES: Do I have a motion
22 to approve the Certificate of
23 Compliance?

24 MS. NOONAN: I'll move.

25 MR. JACKSON: I'll second.

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1 CHAIRMAN JONES: I have a motion
2 from Miss Noonan and a second by
3 Mr. Jackson to approve. All in favor?
4 [Collective "aye."] Opposed? [No
5 response.] Motion carries, the
6 certificate's approved.

7 VIII. RULEMAKING

- 8 A. Consideration of adoption of amendments
- 9 to LAC 42:III.120.A.3 (Application and
- 10 Reporting Forms)
- 11 B. Consideration of adoption of amendments
- 12 to LAC 42:III.401(C (Electronic
- 13 Submission of Documents)
- 14 C. Consideration of adoption of amendments
- 15 to LAC 42:III.2117 and LAC 42:III.2325
- 16 (Certification - Riverboat)
- 17 D. Consideration of adoption of amendments
- 18 to LAC 42:XI.2413 and LAC 42:XI.2424

19 (Devices)
20 E. Consideration of adoption of amendments
21 to LAC 42:XI.2424 (Enforcement Actions of
22 the Board)
23 F. Consideration of adoption of amendments
24 to LAC 42:XI.2415.C and LAC 42:XI.2424.B
25 (Placement of Devices)

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1 G. Consideration of adoption of amendments
2 to LAC 42:XI.2405.B.1.b (Filing and
3 Payment of Taxes)

4 CHAIRMAN JONES: We now move to
5 Rulemaking. We're going to consider
6 agenda items that's reflected on the
7 official agenda, Roman Numeral Eight
8 letters A through G, as in golf.
9 They'll be considered in globo.

10 Mr. Pitre, it's yours.

11 MR. PITRE: Chairman Jones, Board
12 Members, I'm Assistant Attorney General,
13 Earl Pitre, Jr., here in the matter of
14 the rule adoption for Items VIII. A
15 though G.

16 In the Board's meeting of
17 February 28, 2014, the Board voted to
18 institute promulgation procedures for
19 the rules listed in Item VIII.A through
20 G on today's agenda. Following these
21 votes, the Attorney General's Office

22 caused to be published in the Louisiana
23 Register notices of intent for the
24 proposed rules directing all individuals
25 with questions or comments to contact my

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1 office directly. No comments were
2 received during this time.

3 As part of the promulgation process,
4 I also submitted reports to the Board's
5 House and Senate Oversight Committee.
6 The first report detailed the substance
7 of the proposed rules, and the second
8 report informed the committees of the
9 questions and comments voiced by the
10 public. As I said, none were received
11 at this time.

12 Following the delivery of the second
13 reports to the committees, they were
14 given 30 days in which to call hearings
15 to satisfy any concerns that they may
16 have had. As no hearings were called,
17 the default action of the committees
18 following the lapse of the 30-day period
19 is to approve the proposed rules.

20 If the Board has no questions, a
21 motion to adopt the rules is needed.

22 CHAIRMAN JONES: Any questions from
23 the Board? These have been previously
24 considered. This is the final step of

25 the process. The Board's clear. Do I

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1 have a motion for final adoption for
2 changes to the rules?

3 MR. SINGLETON: I so move.

4 CHAIRMAN JONES: By Mr. Gaston and
5 Mr. Singleton. All in favor?

6 [Collective "aye."] Opposed? [No
7 response.] The rules are adopted.

8 H. Consideration of institution of rule-making
9 procedures for amendments to LAC
10 42.III.4212.A.3 (Marking, Registration and
11 Distribution of Gaming Devices)

12 CHAIRMAN JONES: Next are agenda
13 items Roman Numeral Eight H, hotel,
14 through J, Juliette, one time.

15 MR. PITRE: Earl Pitre, Jr.,
16 Assistant Attorney General, here in the
17 matter of instituting the rulemaking
18 procedures for Item VIII. H.

19 This proposed rule change is
20 intended to repromulgate the \$10 per
21 device registration fee for devices
22 destined for use in Louisiana by the
23 casino operator. This rule was
24 mistakenly not carried over during the
25 reorganization consolidation of Part 7,

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1 9 and 13 into Part 3 in 2012.

2 If the Board has no questions, a
3 motion to institute the rulemaking
4 procedure is needed.

5 CHAIRMAN JONES: Any questions on
6 the proposed rule changes?

7 MAJOR MERCER: I move approval.

8 MR. BRADFORD: Second.

9 CHAIRMAN JONES: We have a motion by
10 Major Mercer, a second by Mr. Bradford.
11 All in favor? [Collective "aye."] Any
12 opposed? [No response.] The motion
13 carries. Thank you very much.

14 I. Consideration of institution of rule-making
15 procedures to create LAC 42:III.4732
16 (Collection and Deduction from Gross Revenue)

17 MR. PITRE: The next item is the
18 instituting of rulemaking procedures for
19 Item VIII. I, which is creating LAC
20 Title 42, Part III, Section 4732.

21 This proposed change is intended to
22 repromulgate procedures for the casino
23 operator or casino manager to report to
24 the Division the collection, deduction
25 and settling of the credit instrument

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1 and to report the theft of and the
2 forgery of the credit instrument. This
3 rule was mistakenly not carried over
4 during the reorganization and

5 consolidation of Parts 7, 9 and 13 into
6 Part 3.

7 If the Board has no questions, a
8 motion to institute the rulemaking
9 procedures is needed.

10 CHAIRMAN JONES: Any questions,
11 Board?

12 MS. NOONAN: I'll move.

13 CHAIRMAN JONES: We have a motion by
14 Miss Noonan, second by Mr. Jackson. All
15 in favor? [Collective "aye."] All
16 opposed? [No response.] Motion
17 carries.

18 J.

19 J. Consideration of institution of rule-making
20 procedures for amendments to LAC 42:III.4733.C
21 (Disallowed Deductions)

22 MR. PITRE: And lastly is the matter
23 of instituting rulemaking procedures for
24 Item VIII.J, which is the amending of
25 LAC Title 42, Part III, Section 4733,

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1 Section C.

2 This proposed change is intended to
3 correct a grammatical error in
4 Subsection C that occurred during the
5 reorganization and consolidation of
6 Parts 7, 9 and 13 into Part 3 in 2012.

7 The proposed rule change replaces the

8 word "and" which is located between
9 compromise and credit with the word
10 "any."

11 If the Board has no questions, a
12 motion to institute rule-making
13 procedures is needed.

14 CHAIRMAN JONES: Any questions? The
15 Board is clear. Do I have a motion?

16 MR. SINGLETON: I'll move.

17 CHAIRMAN JONES: By Mr. Singleton,
18 second by Mr. Stipe. All in favor?
19 [Collective "aye."] Opposed? [No
20 response.] Motion carries. Thank you,
21 Mr. Pitre. Thank you, Mr. Traylor.

22 IX. CONSIDERATION OF PROPOSED SETTLEMENTS IN THE
23 FOLLOWING:

24 1. In Re: CHC Port Allen, LLC, d/b/a Crazy
25 Horse Cabaret - No. 6100114752

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1 CHAIRMAN JONES: At this time, we'll
2 take up Consideration of Proposed
3 Settlements, the following cases: CHC
4 Port Allen, LLC, doing business as Crazy
5 Horse Cabaret. That's No. 6100114752.
6 Good morning.

7 MS. GODWIN: Good morning, Chairman
8 Jones, Board Members. My name is Karen
9 Godwin, Assistant Attorney General, and
10 I'm appearing here on behalf of

11 Louisiana State Police.

12 On March 20th, 2014, the Division
13 conducted an underaged compliance
14 investigation of the Crazy Horse Cabaret
15 located in Port Allen. The licensee
16 violated Louisiana Revised Statutes Title
17 27, Section 443, by allowing an
18 underaged patron to operate a video
19 poker machine and cash out tickets.

20 The licensee has stipulated to
21 having committed this violation. The
22 Division and the licensee have agreed to
23 a settlement in the matter for a civil
24 penalty of \$1,000. The hearing officer
25 has approved the settlement, and the

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1 matter is now before the Board for your
2 approval.

3 CHAIRMAN JONES: Any questions for
4 Miss Godwin? We have a question,
5 Miss Noonan, and then Mr. Stine.

6 MS. NOONAN: My question is if this
7 patron has future violations of this
8 nature, will this be taken into
9 consideration as far as their license is
10 concerned?

11 MS. GODWIN: First of all, it would
12 be the licensee.

13 MS. NOONAN: Okay.

14 MS. GODWIN: Definitely, and the law
15 definitely provides for penalties for a
16 second offense, and then I believe for a
17 third offense, ultimately revocation of
18 license.

19 MS. NOONAN: Thank you.

20 MR. STINE: Just a point of
21 information: The thousand dollars is
22 stipulated by rule; is that correct?

23 MS. GODWIN: Yes, it is.

24 MR. STINE: Okay. Thank you.

25 CHAIRMAN JONES: Any other

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1 questions? Do I have a motion to accept
2 the settlement?

3 MS. NOONAN: I so move.

4 CHAIRMAN JONES: By Miss Noonan and
5 Mr. Stine. All in favor? [Collective
6 "aye."] Opposition? [No response.]

7 The settlement is accepted. Thank you.

8 2. In Re: Kiva L. Cheatum - No. PO40053376

9 CHAIRMAN JONES: Now, in the matter
10 of Kiva L. Cheatum. That's No.
11 PO40053376. Good morning, again.

12 MR. HEBERT: Good morning. Chairman
13 Jones, Members of the Board, Christopher
14 Hebert, Assistant Attorney General,
15 representation the Louisiana Office of
16 State Police in the matter of Kiva

17 Cheatum.

18 On or about February 14, 2014, the
19 Division was notified by Louisiana State
20 Police Criminal Records that Miss
21 Cheatum was arrested on January 22nd,
22 2004, for possession of marijuana and
23 obstruction of justice. The charge of
24 obstruction of justice is punishable by
25 imprisonment of more than one year.

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1 On January 23, 2014, Miss Cheatum
2 entered into a pretrial diversion
3 program. On February 24 -- 28, 2014,
4 the District Attorney's Office refused
5 the charges against Miss Cheatum. Miss
6 Cheatum failed to notify the Division of
7 her arrest for possession of marijuana
8 and obstruction of justice.

9 In lieu of administrative action,
10 the parties have agreed that Miss
11 Cheatum will pay a civil penalty of \$500
12 for her violation of gaming law. The
13 settlement, therefore, provides for such
14 penalty. Hearing Officer Reynolds
15 approved the settlement on January 2nd
16 of this year, and we're here this
17 morning seeking Board approval. I'll be
18 happy to answer any questions.

19 CHAIRMAN JONES: Any questions from

20 the Board? Do you have a question,
21 Miss Noonan?

22 MS. NOONAN: I do. The reason that
23 we're just doing a penalty for her is
24 because the charges were dropped?

25 MR. HEBERT: The charges were
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1 ultimately dropped, yeah.

2 MS. NOONAN: Ultimately dropped.

3 MR. HEBERT: After she completed
4 pretrial diversion, her program.

5 MS. NOONAN: Okay. So she is just
6 being fined for not notifying the
7 Division; is that correct?

8 MR. HEBERT: Right. And the fine is
9 \$500 because of the fact that the
10 sentence would be for more than one
11 year.

12 MS. NOONAN: Okay. And so we do
13 take into consideration if this happens
14 again to her?

15 MR. HEBERT: Absolutely. She would
16 face -- there's a review that's done by
17 State Police, and she could have --
18 could have in this instance, even though
19 the charges were dropped, faced a
20 general unsuitability issue.

21 MS. NOONAN: Yeah. So that's my
22 question: Even though the charges were

23 dropped, why did she not face -- is it
24 just up to the hearing officer?

25 MR. HEBERT: After a review of the
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1 facts, the Division decided it didn't
2 rise to a level of general
3 unsuitability.

4 MS. NOONAN: All right. Thank you.

5 CHAIRMAN JONES: Any other
6 questions.

7 MR. STINE: Miss Noonan asked my
8 question, and the \$500 is simply because
9 she didn't notify. But I'd like to ask
10 the Catch-22 question, and that is if
11 she had notified that she was charged
12 and later the prosecutor did not go
13 forward, would she have been --

14 MR. HEBERT: There would have been
15 that same review from State Police out
16 of the facts to decide whether or not --
17 even though she notified, whether or not
18 this rose to a level of a question of
19 general unsuitability.

20 MR. STINE: Okay. Because, I mean,
21 the Catch-22 is if I notify, I get
22 popped. If I don't notify, I only get
23 popped for \$500, but I got it.

24 CHAIRMAN JONES: Any other
25 questions? Do I have a motion to

1 approve the settlement?

2 MS. NOONAN: I'll make a motion.

3 CHAIRMAN JONES: By Miss Noonan and
4 seconded by Mr. Stipe. The settlement
5 is approved. Thank you.

6 MR. HEBERT: Thank you.

7 X. ADJOURNMENT

8 CHAIRMAN JONES: There being no
9 other business before the Board this
10 morning, do I have a motion to adjourn?

11 MR. SINGLETON: So moved.

12 CHAIRMAN JONES: Somewhere to the
13 left over here. I don't know.
14 Mr. Stine seconds and Mr. Singleton was
15 the motion.

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1 REPORTER'S PAGE

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3 I, SHELLEY PAROLA, Certified Shorthand
4 Reporter, in and for the State of Louisiana, the
5 officer before whom this sworn testimony was
6 taken, do hereby state:

7 That due to the spontaneous discourse of this
8 proceeding, where necessary, dashes (--) have been
9 used to indicate pauses, changes in thought,
10 and/or talkovers; that same is the proper method
11 for a Court Reporter's transcription of a
12 proceeding, and that dashes (--) do not indicate
13 that words or phrases have been left out of this
14 transcript;

15 That any words and/or names which could not
16 be verified through reference materials have been
17 denoted with the word "(phonetic)."

18

19

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21

22

23

24 SHELLEY PAROLA

Certified Court Reporter #96001

25 Registered Professional Reporter

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1 STATE OF LOUISIANA

2 PARISH OF EAST BATON ROUGE

3 I, Shelley G. Parola, Certified Court

4 Reporter and Registered Professional Reporter, do

5 hereby certify that the foregoing is a true and
6 correct transcript of the proceedings on June 19,
7 2014, as taken by me in Stenographic machine
8 shorthand, complemented with magnetic tape
9 recording, and thereafter reduced to transcript,
10 to the best of my ability and understanding, using
11 Computer-Aided Transcription.

12 I further certify that I am not an
13 attorney or counsel for any of the parties, that I
14 am neither related to nor employed by any attorney
15 or counsel connected with this action, and that I
16 have no financial interest in the outcome of this
17 action.

18 Baton Rouge, Louisiana, this 11th day of
19 July, 2014.

20

21

22

SHELLEY G. PAROLA, CCR, RPR

CERTIFICATE NO. 96001

23

24