

LGCB Board of Directors' Meeting, (Pages 1:1 to 167:24)

1: 1 LOUISIANA GAMING CONTROL BOARD

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4 BOARD OF DIRECTORS' MEETING

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9 Thursday, August 18, 2011

10 House Committee Room 1

11 Louisiana State Capitol

12 Baton Rouge, Louisiana

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16 TIME: 10:00 A.M.

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1 APPEARANCES:

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3 DANE K. MORGAN

4 Chairman

5

6 VELMA ROGERS

7 Vice-Chairman

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9 ROBERT JONES

10 Board Member

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12 MARK STIPE

13 Board Member

14

15 JAMES SINGLETON

16 Board Member

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18 DENISE NOONAN

19 Board Member

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21 MAJOR MARK NOEL

22 Ex-Officio Board Member

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24 LANA TRAMONTE

25 Executive Assistant to the Chairman

3

1 APPEARANCES CONTINUED:

2

3 REPORTED BY:

4 SHELLEY G. PAROLA, CSR, RPR

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12 Isle of Capri Casinos, Inc.,
13 for change in ownership of the
14 vessels Grand Palais Riverboat,
15 Inc., No. R011000841 and St.
16 Charles Gaming Company, Inc.,
17 No. R011700174 40

18 2. Consideration of petition by
19 Bossier Casino Venture, LLC,
20 d/b/a Bossier City
21 Margaritaville Casino for a
22 change in berth of Grand
23 Palais Riverboat, Inc., No.
24 R011000841 40

25 IX. ADJOURNMENT 165

6

1 I. CALL TO ORDER

2 CHAIRMAN MORGAN: Good morning.
3 We'll come to order. Call the roll,
4 please.

5 THE CLERK: Chairman Morgan?

6 CHAIRMAN MORGAN: Here.

7 THE CLERK: Miss Rogers?

8 MS. ROGERS: Here.

9 THE CLERK: Mr. Bradford? [No
10 response.] Mr. Jones?

11 MR. JONES: Here.

12 THE CLERK: Mr. Stipe?

13 MR. STIPE: Here.

14 THE CLERK: Mr. Singleton?

15 MR. SINGLETON: Here.
16 THE CLERK: Miss Noonan?
17 MS. NOONAN: Here.
18 THE CLERK: Colonel Edmonson?
19 MAJOR NOEL: Major Noel for Colonel
20 Edmonson.
21 THE CLERK: Secretary Bridges? [No
22 response.]

23 II. COMMENTS FROM THE CHAIR

24 CHAIRMAN MORGAN: We have six
25 members and a quorum. I'd ask if you

7

1 would be so courteous as to either turn
2 your cell phones off or put them on
3 silent mode because the meeting is
4 televised.

5 III. PUBLIC COMMENTS

6 CHAIRMAN MORGAN: Also, with regard
7 to Public Comment, we have some forms
8 available if you would be so kind as to
9 fill those out if you would like to
10 comment on a matter in particular with
11 regard to Item VIII(B). We would
12 entertain public comments on any matter
13 before the Board as regards to Items IV,
14 VI, VII and VIII(A). Is there any
15 public comment with regards to those
16 matters?

17 IV. APPROVAL OF MINUTES

18 CHAIRMAN MORGAN: Hearing none,
19 we'll go to Item Number IV, which is
20 Approval of the Minutes. Members, have
21 you had an opportunity to approve the
22 minutes -- review the minutes, and do
23 you have any questions? [No response.]
24 Okay. Is there a motion?

25 MR. JONES: I'll move approval of
8
1 the minutes.

2 CHAIRMAN MORGAN: Motion by Mr.
3 Jones to approve, seconded by --

4 MS. ROGERS: Second.

5 CHAIRMAN MORGAN: -- Miss Rogers.
6 Is there any objection? Hearing none,
7 the minutes are approved.

8 V. REVENUE REPORTS

9 CHAIRMAN MORGAN: Item V, the
10 Revenue Reports.

11 MS. JACKSON: Good morning, Mr.
12 Chairman, Board Members. My name is
13 Donna Jackson with Louisiana State
14 Police Gaming Audit Section. The
15 riverboat revenue report for July 2011
16 is shown on page one of your handout.

17 During July, the 13 operating
18 riverboats generated Adjusted Gross
19 Receipts of \$158,981,190, an increase of
20 \$21.6 million or almost 16 percent from

21 last month, and an increase of
22 \$7 million or 4.6 percent from
23 July 2010. L'Auberge generated
24 \$35,790,741, its highest revenue since
25 opening. During July, the State

9

1 collected fees totaling \$34,180,956.

2 Next is a summary of the July 2011
3 gaming activity for Harrah's New Orleans
4 found on page three. During July,
5 Harrah's generated \$27,438,205 in gross
6 gaming revenue. July revenues are
7 virtually even with last month but down
8 over \$4 million or almost 14 percent
9 from July 2010. During July, the State
10 received \$5,081,967 in minimum daily
11 payments.

12 Slots at the Racetracks revenues are
13 shown on page four. During July, the
14 four racetrack facilities combined
15 generated Adjusted Gross Receipts of
16 \$37,936,263, an increase of \$5.5 million
17 or 17 percent from last month, and an
18 increase of \$2.3 million or 6.5 percent
19 from July 2010. During July, the State
20 collected fees totaling \$5,754,931.

21 Overall, Riverboats, Landbased and
22 Slots at the Racetracks generated \$224
23 million, which is \$5 million or

24 2 percent more than last July.

25 Are there any questions before I

10

1 present the Harrah's employee numbers?

2 [No response.]

3 Harrah's New Orleans is required to
4 maintain at least 2,400 employees in a
5 bi-weekly payroll of \$1,750,835. This
6 report covers the two pay periods in
7 July 2011. For the first pay period,
8 the audit section verified 2,443
9 employees with a payroll of \$2,075,000.
10 For the second pay period, the audit
11 section verified 2,447 employees with a
12 payroll of \$2,041,000. Therefore,
13 Harrah's met the employment criteria
14 during July.

15 CHAIRMAN MORGAN: Thank you. Video
16 gaming.

17 MR. BOSSIER: Good morning, Chairman
18 Morgan and Board Members. My name is
19 Jim Bossier with the Louisiana State
20 Police Gaming Audit Section. I'm
21 reporting video gaming information for
22 July 2011 as shown on page one of your
23 handout.

24 During July, 2011, 33 new video
25 gaming licenses were issued: 14 bars,

1 16 restaurants, 1 truckstop and 2 device
2 owners. Twenty-three new applications
3 were received by the Gaming Enforcement
4 Division during July and are currently
5 pending in the field: 15 bars and 8
6 restaurants.

7 The Gaming Enforcement Division
8 assessed \$0 and collected \$5,250 in
9 penalties in July. They are currently
10 \$1,012 in outstanding fines. Please
11 refer to page two of your handout.

12 There are presently 14,441 video
13 gaming devices activated at 2,182
14 locations. Net device revenue for
15 July 2011 was \$49,839,212, a
16 \$1.4 million increase or 2.9 percent
17 when compared to net device revenue for
18 June 2011, and a \$1.2 million decrease,
19 or 2.4 percent when compared to
20 July 2010.

21 Net device revenue for fiscal year
22 2011 to 2012 to date is \$49,839,212, a
23 \$1.2 million decrease or 2.4 percent
24 when compared to net device revenue for
25 fiscal year 2010-2011. Page three of

12

1 your handout shows a comparison of net
2 device revenue.

3 Total franchise fees collected for

4 July 2011 were \$14,841,503, a \$411,000
5 increase when compared to June 2011, and
6 a \$350,000 decrease when compared to
7 July 2010. Total franchise fees
8 collected for fiscal year 2011-2012 to
9 date are \$14,841,503, a \$350,000 or
10 2.3 percent decrease when compared to
11 last year's franchise fees. Page four
12 of your handout shows a comparison of
13 franchise fees.

14 Does anybody have any questions?

15 CHAIRMAN MORGAN: Okay. No
16 questions. Thank you.

17 VI. PROPOSED SETTLEMENTS

18 1. In Re: Doullut Canal Marina, LLC, d/b/a
19 Delta Marina - No. 3800215846

20 CHAIRMAN MORGAN: Item VI is
21 Proposed Settlements. Go ahead and
22 introduce the matter for the record.

23 MS. BROWN: Good morning, Chairman
24 Morgan, Board Members. I'm Mesa Brown,
25 Assistant Attorney General, appearing on

13

1 behalf of the Division in the matter of
2 In Re: Doullut Canal Marina, LLC, d/b/a
3 Delta Marina, case number 3800215846.
4 Here the licensee failed to timely
5 attend a compulsive gambling training
6 class. Both parties have agreed to

7 settle this matter for a \$500 penalty.
8 The hearing officer has approved the
9 settlement. We now submit it for your
10 approval.

11 CHAIRMAN MORGAN: Have they attended
12 a class?

13 MS. BROWN: They hadn't as of the
14 hearing.

15 CHAIRMAN MORGAN: Well, they can do
16 it online now, so hope they will comply.

17 Any questions? [No response.]

18 Entertain a motion.

19 MR. STIPE: I'll motion.

20 CHAIRMAN MORGAN: Mr. Stipe moves to
21 accept the settlement agreement.

22 MR. SINGLETON: Second.

23 CHAIRMAN MORGAN: Seconded by
24 Mr. Singleton. Is there any objection?

25 Hearing none, that's approved. Thank

14

1 you. Next item.

2 2. In Re: The Teche Lounge, LLC, d/b/a The
3 Teche Lounge - No. 5000114421

4 MS. WIMBERLY: Good morning,
5 Chairman Morgan, Members of the Board.

6 I'm Assistant Attorney General, Ashley

7 Wimberly, standing in today for

8 Assistant Attorney General Katie

9 Chaubert appearing on behalf of State

10 Police for the proposed settlement
11 matter of The Teche Lounge, LLC, doing
12 business as Teche Lounge, video poker
13 license number 5000114421.

14 Teche Lounge violated LAC
15 42:XI.2405(B)(1)(B) when it became
16 delinquent in the filing and/or payment
17 of its state income taxes. The Division
18 became aware of Teche's tax delinquency
19 on October 27th, 2010. The Division
20 notified Teche Lounge via a 30-day
21 letter of their tax delinquency on
22 November 4th, 2010. The Teche Lounge
23 received this notice on November 5th,
24 2010. The Division did not receive a
25 tax clearance from the Louisiana

15

1 Department of Revenue for Teche Lounge
2 until July 22nd, 2011.

3 The Teche Lounge is interested in
4 settling this matter. The Division and
5 licensee have entered into a compromise
6 and settlement agreement whereby the
7 licensee will pay a civil penalty in the
8 amount of \$500 for the aforementioned
9 violation. Hearing Officer Brown
10 approved this compromise and settlement
11 agreement on July 27th, 2011. I now
12 submit the compromise and settlement

13 agreement to this board for approval.
14 CHAIRMAN MORGAN: Thank you. Any
15 questions?
16 MR. SINGLETON: Move approval.
17 CHAIRMAN MORGAN: Any questions?
18 [No response.] Mr. Singleton moves
19 approval of the settlement.
20 MR. JONES: Second.
21 CHAIRMAN MORGAN: Seconded by
22 Mr. Jones. Is there any objection?
23 Hearing none, it's approved. Thank you.
24 MS. WIMBERLY: Thank you.

25 VII. VIDEO GAMING ISSUES

16

1 A. Consideration of the following truckstop
2 casino:
3 1. Shop Rite, Inc., d/b/a Black Gold
4 Truckstop & Casino - No. 0100516343
5 (new truckstop)
6 CHAIRMAN MORGAN: We'll move to Item
7 VII, Video Gaming Issues, A.1, Shop
8 Rite, Incorporated, doing business as
9 Black Gold Truckstop & Casino, number
10 0100516343.
11 MR. PITRE: Chairman Morgan, Board
12 Members, I'm Assistant Attorney General
13 Earl Pitre, Jr., here in the matter of
14 Shop Rite, Incorporated, doing business
15 as Black Gold Truckstop & Casino.

16 The applicant is a Louisiana limited
17 liability company organized on May 16th,
18 1967. On December 20th, 2010,
19 Studebaker's, LLC, Earl Stark and
20 Kathryn Stark, transferred the land and
21 improvements to Gielen Properties, LLC,
22 and transferred the business and its
23 assets to Shop Rite, Incorporated.

24 The owners, officers and directors
25 of the company are as follows: John Dan

17

1 Gielen is President, and he has
2 81 percent ownership; Mary Anne
3 Stefanski, she is the Director, and also
4 an owner with 19 percent; Louis Saab is
5 Secretary/Treasurer; Michael Donohue is
6 Chief Executive Officer; and Stephen
7 Lambousy is Chief Financial Officer.

8 The establishment is located
9 adjacent to Interstate 10 at 137
10 Frontage Road in Rayne, Louisiana, in
11 Acadia Parish. The applicant leases the
12 property from Gielen Properties, LLC.

13 Master Trooper Kevin Smith conducted
14 the suitability investigation of the
15 relevant persons associated with the
16 applicant and also conducted an on-site
17 inspection of the facilities. He will
18 present the Office of State Police's

19 findings to the Board.

20 MASTER TROOPER SMITH: Morning,
21 Mr. Chairman, Members of the Board,
22 Master Trooper Kevin Smith, Louisiana
23 State Police Gaming Enforcement
24 Division.

25 John Dan Gielen, Peggy Gielen, Mary

18

1 Anne Stefanski, Stephen Stefanski,
2 Michael Donohue, Stephen Lambousy and
3 Louis Saab met suitability in a previous
4 investigation of the gaming license of
5 Shop Rite, Incorporated, d/b/a Shop Rite
6 #82 Jennings Travel Center. I found no
7 information that would preclude them
8 from participating in the video gaming
9 industry.

10 An on-site inspection was conducted,
11 and it was determined that the
12 establishment meets all criteria set
13 forth in video gaming law as a qualified
14 truckstop facility.

15 Tax clearance certificates and
16 inquiries reveal that the applicant and
17 relevant persons are current in the
18 filing and payment of all required state
19 taxes and returns. All applicable state
20 and local permits were posted. The
21 establishment consistent of 8.94

22 contiguous acres. The truckstop also
23 has a separate gaming area that is
24 restricted to adult patrons.

25 MR. PITRE: The Office of the

19

1 Attorney General has reviewed the file
2 compiled as a result of the
3 investigation conducted by the Office of
4 State Police. Our review indicates that
5 no information has been found which
6 would preclude the issuance of a Type 5
7 license to Shop Rite, Incorporated,
8 doing business as Black Gold Truckstop &
9 Casino.

10 CHAIRMAN MORGAN: Okay. Thank you.

11 Is there any questions from the Board?

12 MS. ROGERS: What's considered a
13 cursory review?

14 MASTER TROOPER SMITH: A cursory
15 check, ma'am, is basically going back
16 over the applicant since they met
17 previous suitability to make sure
18 nothing since that investigation was
19 done on their prior license to make sure
20 they have no other prior criminal
21 histories or anything that has come up
22 since that time of the last check.

23 CHAIRMAN MORGAN: Any other
24 questions?

25 MS. ROGERS: No. Thank you.

20

1 CHAIRMAN MORGAN: Any other
2 questions? [No response.] Entertain a
3 motion.

4 MR. SINGLETON: I move.

5 CHAIRMAN MORGAN: Move approval?

6 MR. SINGLETON: Yeah.

7 CHAIRMAN MORGAN: Mr. Singleton
8 moves approval of issuance of a license.

9 MS. ROGERS: I'll second.

10 CHAIRMAN MORGAN: Seconded by
11 Miss Rogers. Is there any objection?
12 Hearing none, that's approved. Thank
13 you.

14 2. Riverbend Truckstops & Palace Casinos,
15 Inc., d/b/a Westbank Truckstop & Casino -
16 No. 2600516391 (new truckstop)

17 CHAIRMAN MORGAN: A.2, Riverbend
18 Truckstop & Palace Casinos,
19 Incorporated, doing business as Westbank
20 Truckstop & Casino, number 2600516391.

21 MR. WAGNER: Good morning,
22 Mr. Chairman and Members of the Board.
23 I'm Assistant Attorney General, Jonathon
24 Wagner, before you in regard to the
25 original application for a Type 5 video

21

1 poker truckstop submitted by Riverbend

2 Truckstops & Casinos, Incorporated,
3 d/b/a Westbank Truckstop & Casino.

4 Riverbend is a Louisiana corporation
5 which incorporated on January 20th of
6 2000. The truckstop facility is located
7 on the Westbank Expressway in Westwego,
8 which is in Jefferson Parish.

9 On its application, Riverbend
10 reported its ownership to be as follows:
11 Mr. James Koehler, 44.9 percent; Frank
12 Relan, 22.6 percent; Bennie Relan,
13 22.5 percent; and Nichy Nichols
14 10 percent.

15 Trooper Vincent Lenguyen with the
16 Office of State Police conducted an
17 on-site inspection of the truckstop
18 facility as well as an updated
19 suitability investigations of the
20 aforementioned individuals, as well as
21 their respective spouses. He is here to
22 report his findings to the Board.

23 TROOPER LENGUYEN: Good morning,
24 Chairman Morgan and Board Members. My
25 name is Trooper Vincent Lenguyen with

22

1 Louisiana State Police Gaming
2 Enforcement Division.

3 James Koehler, his wife Jackie,
4 Frank Relan, his wife Margaret, Bennie

5 Relan, his wife Julie, Nichy Nichols and
6 his wife Michelle have all previously
7 satisfied suitability investigations in
8 connection with other active video
9 gaming licenses. As such, I conducted
10 updated suitability investigation for
11 them and found no information which
12 would preclude their continued
13 participation in the video gaming
14 industry.

15 I also performed an on-site
16 inspection of the truckstop facility and
17 found that it satisfied the minimum
18 requirement for the Type 5 video poker
19 license. Specifically it possessed more
20 than five contiguous acres, on-site
21 restaurant, sufficient parking for at
22 least 50 18-wheeler tractor-trailer, a
23 contract for an on-site tractor-trailer
24 repair service, a trucker's lounge,
25 laundry facility, private shower for men

23

1 and women, a travel store offering
2 trucker supplies and permanent fuel
3 storage.

4 As fuel sales records are not yet
5 available, the establishment will
6 initially be able to operate 25 video
7 poker devices. A determination as to

8 the total number of devices that the
9 applicant will be allowed to operate
10 will be made at a later date once it
11 submits the 90 days of fuel sales
12 record.

13 MR. WAGNER: Also, the Attorney
14 General has reviewed the file compiled
15 as a result of State Police's
16 investigation, and our review indicates
17 that no information was found that would
18 preclude the issuance of a Type 5 video
19 poker license to Riverbend Truckstops &
20 Casinos, Incorporated.

21 At this time, I'd be happy to answer
22 any of your questions.

23 CHAIRMAN MORGAN: Does anyone have
24 any questions? [No response.] I have,
25 just to clear up, in your report you had

24

1 mentioned that Mr. Nichols was
2 questioned by the FBI in reference to
3 their association with Mr. Colomb and
4 Mr. Whitmer. When was that questioning?

5 TROOPER LENGUYEN: That question, a
6 couple years ago. They had --

7 CHAIRMAN MORGAN: Nothing recent?

8 TROOPER LENGUYEN: No, nothing
9 recently.

10 CHAIRMAN MORGAN: And you have

11 communicated with the FBI, and they've
12 assured you that no one in this
13 application is under investigation?

14 TROOPER LENGUYEN: Yes. Yes, I
15 contact Agent Malcolm Bizay (phonetic).
16 He's the lead agent right now working on
17 the case, and he said there's nothing.
18 They are not doing an investigation on
19 Redmond, Riverbend or the applicants.

20 CHAIRMAN MORGAN: Any questions,
21 members?

22 MR. STIPE: What was the zoning
23 change that was necessary to this
24 facility?

25 TROOPER LENGUYEN: The truckstop was
25

1 zoned at, like -- it wasn't zoned for
2 industrial where they could build a
3 truckstop facility in Jefferson Parish,
4 so they had to get a rezoning to get to
5 to make it zoned correct where they
6 could be able to build a truckstop. So
7 they -- I guess they petitioned the
8 council to give them the approval to
9 change the zoning so that way they could
10 be able to build the truckstop.

11 MR. STIPE: Were there some other
12 criteria in the parish ordinance that
13 was dropped?

14 TROOPER LENGUYEN: Yes. They also
15 petitioned to, I guess, minimize the
16 requirement, because in Jefferson Parish
17 if you want to build a truckstop, you
18 have to have a hundred truck parking,
19 more than 10 acres of land and other
20 stuff that were going to it that
21 supercedes the State's requirement,
22 because the State's requirement is only
23 50. You only need 5 acres instead of
24 10 acres, so before they could even
25 build it, they had to get an ordinance

26

1 change to get the approval so they could
2 deviate from the original Jefferson
3 Parish plan.

4 MR. STIPE: And that Jefferson
5 Parish criteria is higher than the State
6 requirements, is what you're telling me?

7 TROOPER LENGUYEN: Yes, sir.

8 MR. STIPE: And that waiver was
9 properly granted by the parish?

10 TROOPER LENGUYEN: Yes, sir.

11 MR. STIPE: Publicly noticed with an
12 opportunity for people to comment on it
13 if they wanted?

14 TROOPER LENGUYEN: Yes, they even
15 had an open meeting, and they had no
16 opposition at the meeting.

17 MR. STIPE: Based on your
18 investigation, is this approval -- is
19 this request appropriately presented and
20 correct?

21 TROOPER LENGUYEN: Yes, it has been.

22 MR. STIPE: That's based on all of
23 your investigation?

24 TROOPER LENGUYEN: Yes, sir.

25 CHAIRMAN MORGAN: Briefly, what is
27

1 the relation between CWC Gaming and
2 Redmond Gaming?

3 TROOPER LENGUYEN: At one point they
4 was revenue recipient with two other
5 truckstop, but before that two truckstop
6 was built and completed, they withdrew
7 from being a revenue recipient from the
8 truckstop. So basically they was an
9 investor at one time, and they basically
10 diluted the investment.

11 CHAIRMAN MORGAN: Do the members
12 have any other questions? [No
13 response.] Entertain a motion.

14 MS. ROGERS: I so move.

15 CHAIRMAN MORGAN: Motion to approve
16 the application and the license by
17 Miss Rogers. Is there a second?

18 MS. NOONAN: Second.

19 CHAIRMAN MORGAN: By Miss Noonan.

20 Is there any objection? Hearing none,
21 that's approved. Thank you.

22 VIII. CASINO GAMING ISSUES

23 A. Consideration of petition by Creative
24 Casinos of Louisiana, L.L.C., d/b/a
25 Mojito Pointe, No. R016502995 for

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1 amendment of conditions

2 CHAIRMAN MORGAN: Move on to Item
3 VIII.A, Consideration of petition by
4 Creative Casinos of Louisiana, L.L.C,
5 doing business as Mojito Pointe, No.
6 R016502995 for amendment of conditions.

7 Gentlemen, if you don't mind,
8 introduce yourself for the record,
9 please.

10 MR. DUNCAN: Good morning, Mr.
11 Chairman, Kelly Duncan -- and Members of
12 the Board, Kelly Duncan of the Jones
13 Walker Law Firm representing Creative
14 Casinos. To my right is Larry Lipinski,
15 who many of you know who has been hired
16 as General Manager of the Mojito Pointe
17 Casino, and to my left is Kirk England,
18 who you also have met who is Senior
19 Vice-President of Development and
20 Construction at Creative Casinos.

21 I very much appreciate y'all hearing
22 this issue today. I want to extend the

23 apologies and regrets of Dan Lee who
24 cannot be here. He, along with newly
25 hired CFO Lewis Fanger, as well as

29

1 consultant -- financial consultant Steve
2 Croxton, and William Yates, President of
3 Yates Construction, are in New York as
4 we meet today for the purpose of raising
5 the financing for the construction of
6 the Mojito Pointe project. They
7 certainly would like to be here if they
8 could be.

9 What we're here today about is an
10 amendment to license condition Number 6
11 relative to the type or nature of the
12 parking at the approved project.
13 Presently condition Number 6 provides
14 for the following relative to parking:
15 1,500 space parking garage and 1,500
16 space surface parking lot.

17 The petition seeks a revision of
18 this language that will not change the
19 number of parking spaces, but it will,
20 if approved, change the type of parking
21 that there would be, and the language
22 that's proposed would be 3,000 parking
23 spaces -- again, that's the total that
24 was approved previously -- but providing
25 that not less than 400 of which would be

1 in a parking garage and the balance
2 would be on surface parking lot.

3 Now, why are we requesting this
4 change? The reason is that soil borings
5 have been made at the site of the Mojito
6 Pointe project which have revealed
7 materially poor soil conditions that
8 could not be anticipated. What's
9 important to recognize is that none of
10 the findings of poor soil conditions
11 that were revealed at the Mojito Pointe
12 site have ever been found at the
13 L'Auberge site, nor any nearby areas.

14 The good news is that the challenges
15 posed by these poor soil conditions can
16 be resolved and will be resolved, and I
17 might add that with me in addition to
18 Mr. England and Mr. Lipinski, is Chet
19 Nadolski, who is Senior Vice-President
20 of Yates Construction, and both he and
21 Kirk can talk to the point that both
22 Yates and Creative have reached an
23 agreement as to how to resolve this.

24 The cost, however, is about
25 \$25 million to address these poor soil

1 conditions. We have provided a petition
2 with a number of attachments from both

3 Yates, from Mr. England, from civil
4 engineers and other experts which
5 describe in detail the poor soil
6 conditions that have been found and the
7 cost of resolving those.

8 As a result of much deliberation,
9 Creative and Yates have determined that
10 the most viable and expedient solution
11 to these unanticipated costs associated
12 with these -- with -- associated with
13 these poor soil conditions, without
14 materially or adversely affecting the
15 project, is to build a smaller parking
16 garage. Yates has estimated a cost
17 savings of a smaller parking garage, or
18 approximately 17 and a half million
19 dollars, and this will help offset the
20 material increase in construction costs
21 associated with the poor soil
22 conditions.

23 Again, I think it's important that
24 the Board recognize that these poor soil
25 conditions could not be anticipated, and

32

1 this is, indeed, in the view of Creative
2 and Yates, the most viability way of
3 addressing this without affecting the
4 nature of the appeal of the project to
5 patrons and obviously the resulting

6 revenue to both the casino and to the
7 State.

8 As I mentioned earlier, Kirk England
9 of Creative is here, Chet Nadolski of
10 Yates is here to answer any questions
11 about the poor soil conditions and the
12 cost of resolving those, and then Larry
13 Lipinski, of course, as you all know him
14 from being general manager of L'Auberge
15 previously and his long history in
16 gaming, can address any questions you
17 might have as to any effect on the
18 patron experience or resulting revenue
19 and fees to the State that a smaller
20 parking garage might have. So thank you
21 very much.

22 CHAIRMAN MORGAN: Any questions? I
23 do want to note just for the record -- I
24 don't know if Bill Rice is here or
25 anyone from the port, but I do have a

33

1 letter from Bill. I committed to him at
2 the point we were considering issuing
3 the license that they are the landlord,
4 and I committed to him that we would not
5 allow an amendment of the project
6 without their consideration. And I have
7 a letter from him indicating they have
8 no objection to this change in the

9 project. So it's my understanding it
10 does not reduce the amount of investment
11 in the project. It's just a
12 construction issue.

13 MR. DUNCAN: That's correct.

14 CHAIRMAN MORGAN: Mr. Singleton.

15 MR. SINGLETON: Yeah, if you're
16 saving \$17 million, you're spending it
17 somewhere else?

18 MR. LIPINSKI: Let me try to address
19 that. We're saving \$17 million for
20 reducing the parking garage to help
21 mitigate the cost increase to deal with
22 the soil conditions that we just ran
23 into.

24 MR. SINGLETON: You're just flipping
25 it over.

34

1 MR. LIPINSKI: Yes, sir.

2 MR. SINGLETON: Now, if you're going
3 to have this many surface parking
4 spaces, I guess for a person like me who
5 limps around sometimes on one leg, if
6 you got to park way off there somewhere,
7 how do you get to the casino? Not that
8 I can go there anyway, but how can I do
9 it?

10 MR. LIPINSKI: Well, there's a
11 couple of options that would be

12 available, valet parking, for example,
13 at the front door. There will be in
14 excess of 400 spaces inside the garage
15 near an elevator, and then we'll have
16 some sort of mobile delivery system,
17 whether it be a bus or a tram to get
18 people from the lot in to the front
19 door.

20 MR. SINGLETON: Okay.

21 CHAIRMAN MORGAN: Miss Noonan?

22 MS. NOONAN: Do you expect the soil
23 conditions to have any other effects on
24 any of the other construction projects
25 for this?

35

1 MR. LIPINSKI: I'm sorry. I
2 didn't --

3 MS. NOONAN: Do you expect the soil
4 conditions, because of the adverse
5 effects, do you expect to have any other
6 problems besides the parking with
7 relation to the entire construction?

8 MR. LIPINSKI: The good news is
9 we've been busy over the last couple of
10 months with the design and engineering,
11 and we've identified a number of the
12 issues that we've found a solution for.
13 With that, if the Board would approve
14 our request, Yates Construction and

15 Creative Casinos has reached a
16 guaranteed maximum price contract;
17 whereas, it has adequate contingencies
18 to take care of future risk.

19 MS. NOONAN: Thank you.

20 CHAIRMAN MORGAN: Before we go any
21 further: I would like to ask -- and,
22 Kirk, I don't know if you're the one who
23 would address this or not, but I would
24 like a detailed report as much as
25 possible, periodic report. One of the

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1 commitments y'all made was to use
2 Louisiana contractors, and I -- I don't
3 know if the gentleman from Yates is
4 here, but I would really like to have a
5 report to show a percentage of Louisiana
6 contractors and subs that y'all are
7 using on a periodic basis, because, in
8 fact, we'll just have you in front of
9 the board periodically, too. That's
10 very important to this board, is
11 economic development, and I want to make
12 sure it's beneficial to the State of
13 Louisiana.

14 MR. ENGLAND: I will be prepared to
15 address that.

16 MR. SINGLETON: Mr. Chairman, I
17 thought that someone from Yates was

18 here.

19 CHAIRMAN MORGAN: They are.

20 MR. ENGLAND: Yes.

21 MR. SINGLETON: Can we hear what
22 they have to say today, and they can add
23 on to that afterwards?

24 CHAIRMAN MORGAN: Sure. Come on up,
25 sir. Introduce yourself for the record.

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1 MR. NADOLSKI: Chet Nadolski, Senior
2 Vice-President for Yates Construction.

3 CHAIRMAN MORGAN: What we'd like for
4 you to address is y'all's plan to
5 maximize the use of Louisiana goods and
6 resources.

7 MR. NADOLSKI: Yes, sir. To date we
8 have not brought any subcontractors
9 onboard, but we have every intention to
10 maximize the use of Louisiana-based
11 subcontractors.

12 CHAIRMAN MORGAN: Is there
13 opportunity for you to present written
14 proof of that to this board
15 periodically?

16 MR. NADOLSKI: Yes, sir, there will
17 be.

18 MR. SINGLETON: Will you have a
19 diversity plan, also, when you present
20 that?

21 MR. NADOLSKI: Yes, sir.

22 MR. SINGLETON: That's the minority
23 contractors that you're going to bring
24 onboard?

25 MR. NADOLSKI: Yes, sir, we will.

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1 MR. SINGLETON: And I guess I have
2 to go back to you to say this: This is
3 something I take very seriously, and I
4 think when Mr. Lee was here, when we
5 asked him this question up front, he
6 gave us a positive answer that he was
7 going to do it. So when we come back
8 with this report, I think it ought to
9 not just be from Yates, but as far I'm
10 concerned, y'all are responsible for
11 this, not Yates.

12 MR. NADOLSKI: Yes, sir.

13 MR. SINGLETON: Okay. Thank you.

14 CHAIRMAN MORGAN: I'll move to adopt
15 the resolution. It's been prepared. Is
16 there a second?

17 MR. SINGLETON: I'll second.

18 CHAIRMAN MORGAN: Seconded by
19 Mr. Singleton. Miss Tramonte, will you
20 read it into the record, please.

21 THE CLERK: On the 18th day of
22 August, 2011, the Louisiana Gaming
23 Control Board did, in a duly noticed

24 public meeting, consider the issue of
25 Creative Casinos of Louisiana, LLC's,

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1 petition to amend license conditions,
2 and upon motion duly made and second,
3 the Board adopted the following
4 resolution.

5 Be it resolved that Condition 6 of
6 the statement of conditions to riverboat
7 gaming license be modified and replaced
8 with the following Condition 6: To
9 offer the kind, amount and scope of
10 non-gaming activities on the riverboat,
11 shore and support facilities, and all
12 other amenities as described in the
13 applications to the license and is
14 presented to the Louisiana Gaming
15 Control Board on December 16th, 2010,
16 and February 9th, 2011, including but
17 not limited to gaming riverboat support
18 facilities with restaurant and retail
19 space; hotel facilities with 400 guest
20 rooms, including 370 main rooms and 30
21 VIP suites; pool and pleasure craft
22 docking facility; an 18-hole golf
23 course; 2,500 person capacity
24 entertainment facility, spa, tennis
25 courts, crochet and falconry facilities;

40

1 3,000 parking spaces, not less than 400
2 of which shall be in a parking garage
3 and the balance of which shall be on a
4 surface parking lot here and after
5 referred to as the approved project.

6 Thus done and signed in Baton Rouge,
7 Louisiana, this 18th day of August,
8 2011.

9 CHAIRMAN MORGAN: Mr. Duncan, do you
10 and your client accept the resolution?

11 MR. DUNCAN: We do.

12 CHAIRMAN MORGAN: Roll call vote.

13 THE CLERK: Miss Rogers?

14 MS. ROGERS: Yes.

15 THE CLERK: Mr. Jones?

16 MR. JONES: Yes.

17 THE CLERK: Mr. Stipe?

18 MR. STIPE: Yes.

19 THE CLERK: Mr. Singleton?

20 MR. SINGLETON: Yes.

21 THE CLERK: Miss Noonan?

22 MS. NOONAN: Yes?

23 THE CLERK: Chairman Morgan?

24 CHAIRMAN MORGAN: Yes.

25 B. Consideration of joint petition by Isle

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1 of Capri Casinos, Inc., and Bossier
2 Casino Venture, LLC, d/b/a Margaritaville
3 Casino for transfer of interest

4 1. Consideration of petition by Isle of
5 Capri Casinos, Inc., for change in
6 ownership of the vessels Grand Palais
7 Riverboat, Inc., No. R011000841 and St.
8 Charles Gaming Company, Inc., No.
9 R011700174.

10 2. Consideration of petition by Bossier
11 Casino Venture, LLC, d/b/a Bossier City
12 Margaritaville Casino for a change in
13 berth of Grand Palais Riverboat, Inc.,
14 No. R011000841

15 CHAIRMAN MORGAN: That brings us to
16 Item VIII.B. Members, I'll introduce
17 the item, and then we'll go into the
18 order in which we'll have the
19 presentations. Let me introduce it.

20 Members, on June the 13th, 2011,
21 Isle of Capri Casinos, Incorporated, IOC
22 Holdings, LLC, and Grand Palais
23 Riverboat, Incorporated, the licensee,
24 executed an option agreement with
25 Paradise Casino, LLC, wherein Paradise

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1 was given the right to purchase the
2 ownership interest in the licensee from
3 the Isle of Capri Casinos, LLC.

4 On July the 29th, 2011, Paradise
5 amended its articles of organization to
6 effectuate a name change to Bossier

7 Casino Venture, LLC. Before the Board
8 today for consideration in which require
9 approval are St. Charles Gaming Company,
10 Incorporated's, transfer of Crown Casino
11 vessel license number 1023327 to Grand
12 Palais Riverboat, Incorporated, in
13 exchange for the transfer of the Grand
14 Palais vessel license number 1028318 to
15 St. Charles Gaming Company; IOC Holding,
16 LLC's, transfer of a hundred percent of
17 the issued and outstanding shares of
18 Grand Palais Riverboat, Incorporated, to
19 Bossier Casino Venture LLC, also the
20 merger of Bossier Casino Venture, LLC,
21 with and into Grand Palais Riverboat,
22 Incorporated. And subject to the
23 requirements of Article 12, Section 62
24 of the Louisiana Constitution, the
25 modification of relocation of Grand

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1 Palais Riverboat, Incorporated's, berth
2 site to Red River in Bossier City,
3 Bossier Parish, Louisiana.

4 Each of these approvals is integral
5 to the overall transaction. It must be
6 approved altogether. I would like for
7 the Bossier Venture to make their
8 presentation first, and then we will
9 follow -- be followed by the Louisiana

10 State Police and the Attorney General's
11 Office on reporting of suitability and
12 their financial findings with regard to
13 the project, and then we would like to
14 have the necessary Isle of Capri to
15 discuss -- I have just one question for
16 them. I don't think we have any board
17 members have any questions.

18 At the conclusion of the
19 presentation and questioning by board
20 members, then we will open it up for
21 public comment. So if you -- again, if
22 you came in late and you have not -- and
23 you would like to speak on this matter
24 or if you would like your position to be
25 known, if you would please fill out one

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1 of these forms that Miss Tramonte has.

2 I turn it over to you-guys. Please
3 introduce yourself for the record, and
4 we need to swear you -- swear whoever is
5 testifying in.

6 MS. HARKINS: All right. We have a
7 number of people to swear in and would
8 like to take a few minutes to set up the
9 boards.

10 CHAIRMAN MORGAN: Why don't you
11 bring them up and we'll swear them in,
12 and then you can -- we'll give you a

13 second to set up.

14 MS. HARKINS: All right. That would
15 be great. Any of you guys that will
16 testify.

17 CHAIRMAN MORGAN: Okay. You can
18 introduce yourselves. Can you just
19 speak your name on the record.

20 MR. GIRVAN: Paul Girvan, Managing
21 Director of Innovation Group.

22 MR. COSTER: Mike Coster, Senior
23 Vice-President Houlihan Lokey.

24 MR. COHLAN: John Cohan, Chief
25 Executive Officer of Margaritaville

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1 Holdings.

2 MR. BAIRD: Tom Baird,
3 Vice-President of Gaming/Hospitality,
4 Brice Building Corp.

5 MR. HOSKENS: Tom Hoskens, I'm a
6 Vice-President with Cunningham Group
7 Architecture.

8 MR. TROTTER: William Trotter with
9 Bossier Casino Ventures, Co-Manager.

10 MR. ALANIS: Paul Alanis, Principal
11 and Co-Manager of Bossier Casino
12 Venture.

13 MS. HARKINS: Deborah Harkins.

14 COURT REPORTER: Okay. Can
15 everybody raise their right hands,

16 please. Do you all solemnly swear the
17 testimony you will give in the cause now
18 in hearing will be the truth, the whole
19 truth and nothing but the truth, so help
20 you God?

21 ALL PROSPECTIVE SPEAKERS:

22 (Collectively) I do.

23 CHAIRMAN MORGAN: Okay, thank you.

24 We'll let you set up real quick.

25 MS. HARKINS: Thank you, Mr.

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1 Chairman. We'll just take a minute.

2 CHAIRMAN MORGAN: Do you have Power
3 Point?

4 MS. HARKINS: Yes, sir, we do. Good
5 morning everyone. My name is Deborah
6 Harkins. I'm with McGlinchey Stafford
7 law firm, and I'm here representing
8 Bossier Casino Venture, LLC, formerly
9 known as Paradise Casinos, LLC. It's
10 been about six month since we've been
11 before you, and we have been busy since
12 then. We're looking forward to giving
13 you a very exciting presentation, and I
14 had planned on going through the
15 petitions, but the Chairman's already
16 done that for me, so I appreciate it.

17 Basically, we have three petitions
18 pending before you, the petition of Isle

19 of Capri for a change of ownership
20 between its boats; our joint petition
21 for transfer of ownership, and a
22 petition for a change of berth by
23 Bossier Casino Venture, LLC, from Lake
24 Charles, Louisiana, to Bossier City,
25 LLC.

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1 We have everything in place for
2 these petitions to be granted today
3 should you approve. We have presently
4 deals for three tracts of land. Two are
5 owned by the City of Bossier with whom
6 we have entered into an option agreement
7 with lease to purchase and one tract of
8 land that we have an option with Rocky
9 Rope (phonetic) & Associates, who is
10 purchasing from Louisiana Riverwalk,
11 LLC.

12 We also have entered into a
13 trademark and licensing agreement with
14 Margaritaville Holdings, who you will
15 hear from later in this presentation.
16 All of these options and agreements are
17 triggered by conditions and are subject
18 to a local option election, which has
19 already been called by the Parish of
20 Bossier contingent on your approval
21 today or when you so choose. That

22 election would be November 19th, 2011.

23 So assuming and being optimistic
24 that that election will be successful,
25 all -- that will trigger all the

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1 deadlines for these various options. We
2 will then enter into -- try and enter
3 into the -- exercise our option with
4 Isle. We'll go forward before the end
5 of November on closing on the financial
6 transactions, and then we will proceed
7 to close on the land and acquisition of
8 Isle of Capri, the Grand Palais Casino.

9 We have worked real diligently with
10 our financial advisors, Houlihan Lokey,
11 who have presented you with numerous
12 letters of credit which will be further
13 discussed, letters of interest which
14 will be further discussed later in this
15 presentation. And we have worked with
16 the Attorney General's Office,
17 Mr. Leonce Gautreaux, on conditions
18 which are acceptable to my client and
19 subject to your approval.

20 In those conditions, we wish to note
21 that we have an active procurement
22 policy which is committed to maximize
23 the use of local, regional and state
24 vendors, subcontractors, laborers and

25 services upon approval of the transfer

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1 of the license -- of the license. We
2 will advertise in all pertinent local,
3 regional and state media. We are
4 developing a procurement plan to utilize
5 local, regional and state vendors,
6 subcontractors and labor. We'll be
7 conducting a three-day jobs fair for all
8 interested parties so that we can assess
9 the products and services available in
10 the market and develop a procurement
11 plan that maximizes the involvement of
12 these resources.

13 We'll assess qualifications for
14 minority markets and trades to develop a
15 plan that will maximize involvement of
16 local and state resources. We will
17 require all subcontractors to submit
18 plans to involve the minority community
19 and will provide each subcontractor all
20 information garnered from the job fair.

21 In short, we have an option to
22 purchase the stock of Grand Palais
23 Riverboat, Inc. We have options to
24 purchase and/or lease the land, and
25 they're all in place. We have a

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1 trademark and sublicensing agreement for

2 Margaritaville of Bossier City, LLC, to
3 use its brand and retail products. We
4 have a call for a general election on
5 November 19th in Bossier City, and we
6 have qualified institutional investors
7 willing to fund this matter.

8 We are ready, willing and able,
9 subject to your approval, and we are
10 here today to introduce our team and to
11 give you a presentation which we think
12 hopefully warrants the approval of the
13 Gaming Control Board.

14 Let me take a few minutes to
15 introduce our willing and capable team.
16 First, I'd like to introduce Mr. William
17 Trotter. Mr. Trotter is the owner of
18 St. Gabriel Downs. He's the Principal
19 and Co-Manager of the Bossier Casino
20 Venture, the applicant today, and he's
21 the developer of the latest -- the
22 largest Burger King franchise group in
23 the United States and was the developer
24 of the Chart House Restaurant chain. He
25 is the former Chairman of the Board of

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1 First National Bank of Commerce from New
2 Orleans, which was acquired by JP Morgan
3 and Chase.

4 Next, Mr. Paul Alanis, he's also a

5 Principal and Co-Manager of Bossier
6 Casino Venture, LLC. He's a current CEO
7 of Silver Slipper Gaming, LLC, and owner
8 and developer of Silver Slipper Casino
9 in Hancock County, Mississippi. He's
10 the former President of Horseshoe
11 Gaming, LLC, and the owner and developer
12 of the Horseshoe Casinos -- was an owner
13 and developer of the Horseshoe Casinos
14 in Bossier City and Tunica, Mississippi.
15 He's a former CEO of Pinnacle
16 Entertainment, Inc.

17 Mr. Loren Ostrow, who is also a
18 principal in Bossier Casino Venture,
19 LLC. This is Mr. Loren Ostrow back
20 here. He's the current President of
21 Silver Slipper Gaming, LLC, an
22 owner/developer of Silver Slipper Casino
23 in Hancock, a former Senior VP and
24 General Counsel of Horseshoe Gaming and
25 Pinnacle Entertainment, Inc.

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1 Mr. Kevin Fontenot, who is doing the
2 presentation for us. He's is our owners
3 construction representative, and he has
4 a Bachelor of Architecture Degree at
5 University of Southwestern, licensed
6 general contractor and former Executive
7 Director of Development and Construction

8 Management for Peninsula Gaming, LLC.
9 John Cohan, he's the Chief
10 Executive Officer of Margaritaville
11 Holdings, LLC. He is a member of
12 Margaritaville Holdings' executive
13 board. He's guided Margaritaville
14 Holdings' to prominence in restaurant
15 consumer products in the industry, and
16 he oversees the growth of Margaritaville
17 Holdings and hospitality in casino
18 industries, and he will be speaking to
19 you at length today.

20 Mr. Paul Girvan, who is the Managing
21 Director of Innovation Group. He is a
22 premier gaming and leisure feasibility
23 consultant. He's located in New
24 Orleans, Louisiana. His studies have
25 been an integral part to over \$600

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1 billion in investment opportunities of
2 commercial and Native American Gaming
3 projects.

4 Mr. Mike Coster in the back of the
5 board. He's the Senior Vice-President
6 of Houlihan Lokey, and he is -- provided
7 investment banking services for mergers
8 and acquisitions, restructuring and
9 other transactions. He specializes in
10 gaming leveraged finance sales,

11 acquisitions and mergers. He was
12 formerly with Lieber Securities working
13 with mergers and acquisitions department
14 specializing in gaming transactions.

15 Mr. Thomas Hoskens, over 30 years'
16 experience as an architect. He's the
17 Vice-President of Cunningham Group
18 Architecture, PA. He's got extensive
19 experience with casino and hospitality
20 clients, including Harrah's
21 Entertainment, Ceasar's Entertainment,
22 Station Casinos, as well as numerous
23 Native American clients. He's presently
24 designing a \$650 million charity casino
25 and hotel expansion in North Carolina

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1 and the transformation of the Trump
2 Marina Hotel & Casino into the Golden
3 Nugget in Atlantic City.

4 Matt Pitman is not with us today,
5 but he is on our team. And he's the
6 President and Principal of Lay, Pitman &
7 Associates, and he's the naval architect
8 for our team.

9 Thomas Baird, he is with us today.
10 Mr. Baird is the Vice-President in
11 Gaming Hospitality of Brice & Anderson
12 Company with over 30 years of experience
13 in the construction industry with

14 primary emphasis on gaming and
15 hospitality projects. He has a bachelor
16 of science degree in civil engineering
17 and a master's of science degree in
18 construction management.

19 And finally, Gordon Moore, he's the
20 area manager and senior engineer of C-K
21 Associates out of Bossier City. He's
22 got a Bachelors of Science in Industrial
23 Engineering, Louisiana Tech, and he's
24 performed numerous environmental
25 engineering remedial permitting design

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1 and regulatory compliance project from
2 the Shreveport office since 1991. He
3 has a significant work history in
4 managing environmental projects
5 associated with Oil Pollution Act, Clean
6 Water Act and Clean Air Act, and is a
7 member of the professionals associations
8 including Air & Waste Management
9 Association and Louisiana Environmental
10 Federation.

11 That's our team, and without further
12 adieu, I'll turn this over to the leader
13 of our team, Mr. Paul Alanis, who will
14 complete our presentation to you today,
15 and we'll be available after the
16 presentation to answer any questions.

17 Thank you very much. Mr. Alanis.

18 MR. ALANIS: Thank you, Deborah,
19 morning, Mr. Chairman and Members of the
20 Board. Thank you for inviting us to go
21 here today to present our project to
22 you. As Deborah has said, it was just
23 six months ago, on February 17 to be
24 precise, that Mr. Trotter and I last
25 appeared before this board. At that

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1 time, we were competing for the 15
2 License and presented to you a proposed
3 Hard Rock Casino for Lake Charles. We
4 did not prevail in that competition, and
5 we certainly understand why and do not
6 begrudge that decision.

7 Quite to the contrary, while we were
8 disappointed, we were not discouraged.
9 In fact, we took heart in the comments
10 of several board members who expressed
11 regret that they did not have three
12 licenses to award, as all of the
13 proposals were worthy of consideration.

14 We are appearing before you today
15 giving you the opportunity to
16 essentially fulfill half of that wish,
17 because on February 17, just hours after
18 your decision on the 15th License, we
19 began work on this project. We have

20 been working intensely ever since. The
21 product of all of that work is what we
22 will present to you today. It
23 represents an enormous effort on the
24 part of all of the team members who are
25 with us today, as well as many, many

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1 others.

2 I believe that this project, which
3 we are proposing for your consideration,
4 is an enormously exciting, refreshing
5 and compelling one that will breathe new
6 life into a stagnant Shreveport/Bossier
7 City gaming market, one that has not
8 seen anything new or any appreciable
9 capital investment for over a decade.
10 Most importantly, it will contribute
11 significant economic benefit to the
12 State of Louisiana in terms of tax
13 revenue, employment and overall economic
14 growth. It will dramatically grow the
15 Shreveport/Bossier City gaming market
16 bringing back thousands of gamers who
17 now prefer the Native American casinos
18 in Oklahoma, and open up the market to
19 thousands and thousands of devoted
20 Margaritaville fans who have never had a
21 reason until we opened to visit the
22 Shreveport/Bossier City gaming market.

23 Mr. Trotter, Mr. Ostrow and I are
24 very proud of what we've created over
25 the past six months and are anxious to

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1 show it to you. So let's begin.

2 I'd like to begin by introducing to
3 you Mr. Tom Hoskens. He is the Senior
4 Architect with the Cunningham Group, our
5 project architect, and Tom will review
6 for you all of the architectural
7 features of the Margaritaville Casino
8 Resort in Bossier City.

9 MR. HOSKENS: Thank you very much.
10 I think what you're seeing here on the
11 slide is basically a location of the
12 different casinos, and I think you'll
13 note up in the top the location of
14 Margaritaville. I will get into exactly
15 where that's located in just a moment.

16 I think the Margaritaville resort is
17 strategically an excellent location.
18 Margaritaville is not -- is not a place.
19 Margaritaville is a state of mind.
20 Margaritaville is a tropical place.
21 It's -- it's a relaxing, comfortable
22 place, and what we're going to show you
23 in the boards around you and on this
24 slide presentation is how we have
25 transformed this location into that for

1 you.

2 All right. It's right next to
3 Louisiana Boardwalk, 92 retail stores
4 and restaurants right adjacent to it.
5 It's right next to the Bass Pro Shop,
6 which I think you'll find as a great
7 asset to this; and probably thirdly and
8 very exciting to some of our members
9 here, it's going to be next to a future
10 David Toms Golf Academy, so we can all
11 learn how to get just a little bit
12 better at that fundamental sport.

13 All right. Where are we? We're
14 located -- and if you're coming, say,
15 from Dallas, you're coming off of
16 Interstate 20, you'll make a quick turn,
17 go on Traffic Street and go down Bass
18 Pro Boulevard. If you're coming from
19 the north on 71, you can go across the
20 east Texas Street bridge, do a little
21 loop around and get over to Bass Pro
22 Boulevard itself, and then from the
23 east, again coming on 20 again going on
24 Traffic Street and doing a loop getting
25 over to Bass Pro Boulevard.

1 This is our site right here in blue.
2 The parking is right adjacent to it; and

3 I'll show that to you in a minute, and
4 Louisiana Boardwalk is all this down
5 here. And the -- Bossier City has
6 parking -- a parking ramp of 2,000 cars
7 here, 850 cars here, and then here's our
8 parking.

9 All right. This is the site plan.
10 Most notably, and many of you probably
11 have been to Bass Pro right here, right
12 adjacent to it on our current site of
13 about 4 acres is our casino resort.
14 Here's our parking of about 1,350 spaces
15 and, again, Bass Pro Boulevard coming
16 right in. We're also going to do a new
17 entry here, a roundabout, and bring you
18 down a tree-lined boulevard. Now, that
19 tree-lined boulevard has tropical trees
20 and plants all along it. We're planning
21 to put some interesting features in
22 along it, landscape, and I'll show you
23 what that looks like right now.

24 Okay. This is the project, and what
25 we're doing here is giving you a view of

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1 what it looks like coming in from the
2 parking area itself. We're walking
3 across an area that happens to have huge
4 jungle like landscaping on both sides.
5 There's a water feature right adjacent

6 to it. There's actually three symbolic
7 water features here. This is the water
8 feature you're walking by going right
9 towards the porte cochere. The porte
10 cochere piece is here inviting you with,
11 again, a little waterfall. So when you
12 valet park, you actually have the sound
13 of water, as well; and then behind that
14 is the event center, and there's a
15 symbolic waterfall, actually kinetic
16 water on the event center piece itself.

17 But what about the building, and how
18 do we entice the people with the
19 building? This building is very unique
20 in three ways. It has a lattice
21 structure on top, and if you know, many
22 of the island buildings have a lot of
23 lattice to shield you from the heat.
24 Well, the crown of the building, the
25 icon part of the building is a lattice

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1 structure itself.

2 But not only that, the second thing
3 it has is balconies, and the concept
4 here is to have -- be able to open the
5 doors, open the windows and let the
6 breeze flow through, the concept of the
7 island breeze is blowing through. And
8 thirdly and probably more dramatic is on

9 three sides we have this mural that is
10 graphically representative of the palm
11 trees, of the ferns, and then also if
12 you look at sort of the sunset along it
13 capped off by a very exciting
14 Margaritaville sign that will be able to
15 be lit at night. And on the sides,
16 there's actually pretty much the same
17 thing, only it has parrots and things
18 like that on it, again, adding color to
19 the building. The escapism is the key
20 to this concept, and I think you can
21 tell by the drawing that the building is
22 fulfilling that fantasy or that escapism
23 to just get away to a new place, a new
24 style.

25 Beyond that, we have the Louisiana

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1 Boardwalk, and what does it look like
2 really from Shreveport across the water
3 and what is the Louisiana Boardwalk and
4 what are the features of that? The
5 crowning jewel of our entry of the
6 Louisiana boardwalk is our
7 Margaritaville building. It's a
8 two-story restaurant with outside
9 decking. The outside decking again
10 works on both levels. It's sort of
11 where all of the -- where all of the

12 focus is as you start coming down here,
13 but right adjacent to this and as you
14 start to see here, the tiki huts, the
15 pool area up on top, Margaritaville on
16 the second level has an outdoor patio
17 area that allows one to flow from
18 Margaritaville to the patio area.

19 You can dine out there and partake
20 in the pool elements or visually partake
21 in the pool elements, if you want, but
22 the cool part about it is it also
23 overlooks the Red River down here. You
24 see the restaurants down here behind
25 this is a buffet, and over here, again,

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1 is a third restaurant and here is the
2 entry to the casino. So the culmination
3 or the anchor to this end is our casino
4 resort at this end of the boardwalk.

5 All right. So let's talk a little
6 bit about now what are the main elements
7 and how do they locate within the
8 property? If you go over here, this is
9 our porte cochere. Two slides ago you
10 saw the entry coming in from the parking
11 and that porte cochere. You see the
12 water feature that will happen right out
13 here looking in.

14 Once you get inside, you can go

15 straight into the casino. The casino is
16 right here. We're talking 1,275 slots;
17 we're talking 38 table games. There's a
18 900-seat event center. It is right
19 here. Our restaurant's here, and the
20 Louisiana Boardwalk goes right down
21 here.

22 So I think what you see here are the
23 major pieces to that. Entering from the
24 parking over here -- and, again, all the
25 parking is over here, and we have our

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1 north entry directly into the casino;
2 and here's the south entry going to the
3 Louisiana boardwalk.

4 Our service area is right here. We
5 have a center bar within the casino
6 itself. I'm going to show you what that
7 is currently envisioned at, and that's
8 right about here. There's also a bar
9 that's right out in front of the event
10 center, so we can work off of the event
11 center or off of the casino, and there's
12 a little cafe off of the hotel lobby
13 check-in area, so as you go through, you
14 can get your coffee or your Starbucks in
15 the morning.

16 The second floor, the second floor
17 is really pretty simple but also quite

18 exciting. When you get to the second
19 floor, there is a VIP lounge area, and
20 Paul will talk a little bit about that
21 in a minute. That VIP lounge area
22 overlooks the event center, and it has
23 soft seating in it, as well. When you
24 go down, you can go to the fitness and
25 spa area. This is the fitness and spa

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1 area, and you are going past the meeting
2 rooms. So the meeting rooms have
3 approximately 40 people per meeting room
4 and also a board room that happens right
5 here. But the focus of all of this is
6 the pool area, and I'll show you a
7 picture of that in a second.

8 This is the pool area, which is
9 overlooked by the fitness and spa, so
10 when you're working out in the morning,
11 you can have a view not only of the pool
12 area, but you look beyond that to the
13 Red River. It's just a dramatic area.

14 Also right here, this is the second
15 floor of Margaritaville, and you can see
16 the outdoor seating area adjacent to the
17 pool area. Our hotel, we have 16 floors
18 of rooms, right about 396 rooms so far.
19 I think the interesting thing, though,
20 as you get up in it is the suites, and

21 there's about 36 end suites. And the
22 end suites all have balconies, and they
23 overlook the river or the golf course.
24 Again, on both ends you see those suites
25 and what they're going to be like.

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1 Ah, the pool. This is an idea, and,
2 again, this is all under development.
3 Paul has been pushing us really hard to
4 get all of this done. But this is our
5 pool area; and we have our second floor
6 fitness area, so you're behind here,
7 you're looking out over the pool, you're
8 looking over to the Red River, and the
9 spa area is over here. The
10 Margaritaville seating, dining will be
11 right here, right adjacent to that pool
12 area.

13 All right. The thing about the pool
14 area is, what we're trying to do is to
15 create more of a well landscaped jungle
16 like resort feel, so there -- we're
17 going to over-landscape this area to
18 give it that feel. In order to get into
19 the mood of being on the islands or
20 being on the Margaritaville, we're
21 trying to create that with a lot of
22 landscaping around. So we expect this
23 not to be the typical concrete pool area

24 but just one really like you feel like
25 you're in the tropics next to the beach.

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1 Now, we took a shot at what the
2 inside bar might be, and this is one of
3 the options of what it can be. And it
4 will evolve over time, but basically
5 this is the 5 O'Clock Somewhere Bar, and
6 if it's 5 O'Clock Somewhere, I think we
7 can all relax and have a drink. So this
8 is the 5 O'Clock Bar. It's in the
9 center of the casino. Another look at
10 that same 5 O'Clock Bar complete with
11 our really funky signs about telling
12 people where the restaurants are and
13 things like that in the casino and,
14 again, landscaping; and not to be
15 forgotten, the gaming floor and just an
16 early shot at what it could be.

17 And I think the interesting things
18 here are everything from the lime light
19 fixtures to the column wraps that have
20 the parrots and the palm trees on them,
21 and I think the concept here of what
22 we're trying to get -- what we're trying
23 to get through is, again, this is an
24 escape place. This is a place you want
25 to go off to. It's a tropical place;

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1 it's a mindset, and it's a way to enjoy
2 one's self and have a great time, and
3 that's what we believe this
4 Margaritaville project will be.

5 MR. ALANIS: Thank you, Tom. As you
6 all know, I built the Horseshoe Casino
7 and expanded that in 1998. It's a
8 beautiful project. I'm very proud of
9 it. A couple years later Hollywood
10 Casino came into the market, and it's a
11 beautiful property. It's a clone
12 basically of the Horseshoe. Harrah's
13 expanded their property significantly,
14 and it's now owned by Boyd Corporation
15 called Sam's Town. They put a major
16 hotel and convention area, another
17 clone.

18 I've wanted to come back into this
19 market for a long time. Actually
20 attempted to acquire the Eldorado
21 property out of bankruptcy, was not
22 successful in that, but I have always
23 felt that this market had enormous
24 additional potential.

25 The site Tom talked about a little

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1 bit, but I can tell you that it's -- as
2 a developer, it's a site I've been
3 dreaming about for over a decade. It's

4 not an obvious site, though, because
5 what we started with was 4 acres, and
6 that's not a gaming site. The site is
7 made in heaven, or maybe more
8 appropriately, it was made in Mayor "Lo"
9 Walker's office, because without his
10 help and the help of his very capable
11 staff and the availability of additional
12 land on Cane's Landing and the property
13 that they own connecting us to the
14 river, this could not become a gaming
15 site, but we transformed this into a
16 gaming site that I consider to be one of
17 the best in the State of Louisiana.

18 All of the casinos in the
19 Shreveport/Bossier market, as opposed to
20 a lot of your other markets, are about
21 within a mile of one another. So
22 everyone has good proximity to
23 Interstate 20. The thing that
24 distinguishes this site is that it is
25 right next-door to the Bass Pro Shop.

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1 You can throw a stone from our porte
2 cochere through the window of Bass Pro
3 Shop. It is right next-door to a
4 beautiful -- a destination resort, a
5 shopping area, the boardwalk; as Tom
6 said, 92 stores, numerous restaurants,

7 14-plex movie theater, over 4,000 cars
8 of parking on the boardwalk. This
9 facility already attracts seven to eight
10 million customers every year. Those are
11 customers that will be on our doorstep
12 where I don't have to spend dollar --
13 marketing dollars to get them to come to
14 the site. I just have to create a
15 development that will get them to come
16 visit next-door, Margaritaville.

17 And I think you can see, in terms of
18 what we're trying to do, is to be
19 something completely different, to not
20 be a clone, to not just do the same
21 thing over again, another white marble
22 lobby and crystal chandeliers, which
23 I've done and which are very nice; but
24 we want to do something that will
25 attract a new market, something that

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1 will grow the market, and we think that
2 Margaritaville can do that with a
3 completely different look, a look that
4 is so fresh, so new, so resort-like that
5 we can bring people who have stopped
6 coming to the Shreveport/Bossier market
7 and prefer to go to WinStar, or those
8 people who have never been to the
9 Shreveport/Bossier market but are

10 devoted fans of Margaritaville, to get
11 those people to come to this facility.

12 It has just about everything and
13 then some that every one of the other
14 casinos in this marketplace has.
15 There's only one other facility that has
16 a performance hall. Boyd has a
17 convention area and a ballroom that they
18 use for performances. Horseshoe has a
19 river dome which is a sprung structure,
20 which I thought was to be a temporary
21 place, but it's still there 13 years
22 later.

23 We're going to do a real performance
24 hall like Bluesville like I built in
25 Tunica, two levels, a beautiful balcony

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1 and VIP room, a room where you will not
2 be more than a few feet from the stage,
3 which we can use on the weekends for
4 major performers; during the week as a
5 major nightclub/entertainment spot;
6 during the days working with Bass Pro
7 Shop and the boardwalk to do hunting,
8 fishing, boat exhibitions, working with
9 the city to do performances that they --
10 local performances. So this will be a
11 multi-purpose room that will both have
12 an ability to function daytime and

13 evening.
14 The second area -- floor area, as
15 Tom described it to you, works so
16 beautifully, I feel, because you have
17 that meeting rooms up there where you
18 can conduct your meetings. You can go
19 out after your meetings to a reception
20 on the pool deck, have a wonderful
21 cocktail party. You can then walk over
22 to the second floor of Margaritaville
23 and have dinner. You can then walk back
24 to the VIP room and see a major
25 performer and then go down to the casino

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1 and gamble. We won't let you out.
2 The casino's going to be
3 dramatically different, as well, because
4 the industry, as you know, has evolved.
5 With L'Auberge, one level, Las Vegas
6 like casino, no need for going up
7 escalators or elevators. It will all be
8 on a 46,000 square foot vessel which we
9 will construct in place on the site. So
10 much like L'Auberge where it is
11 seamless, we will have a beautiful
12 gaming area which will connect directly
13 into the restaurants, directly into the
14 performance hall, and it will be a
15 considerably different gaming experience

16 than the other facilities in
17 Shreveport/Bossier are, and directly
18 competitive with casinos like WinStar
19 that have been pulling customers away
20 from the Shreveport/Bossier market.

21 So I think as a developer this is
22 the perfect project in the perfect
23 location, and I think we have right
24 theme and the right partner with
25 Margaritaville.

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1 I think we also have the right
2 contractor, and I'd like to at this
3 point introduce to you Tom Baird who
4 you've heard about before. His firm is
5 a Louisiana-based contractor, and he
6 will tell you about all the hard work we
7 have done in terms of costing out this
8 project and feeling comfortable with
9 both the budget and the timeline.

10 MR. BAIRD: Good morning. I'm not
11 going to spend a lot of time, but the --
12 you see the \$95 million construction
13 number there, and it's just one line
14 item on a piece of paper. In fact,
15 there's reams and reams and reams of
16 paper that went behind that \$95
17 million and --

18 MR. SINGLETON: Can we, for the

19 record, get his name and his company and
20 have it on the record?

21 CHAIRMAN MORGAN: Sure.

22 MR. BAIRD: Tom Baird,
23 Vice-President Gaming and Hospitality,
24 Brice Building Company. I'll give you a
25 little bit about us. We've been in New

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1 Orleans since 1951. We're one of the
2 predominant contractors in the State of
3 Louisiana. We're a wholly-owned
4 subsidiary of Roy Anderson Corp, which
5 has one of the largest gaming portfolios
6 in the southeast. We have built three
7 other projects in the State of
8 Louisiana. The -- if there is any other
9 questions about us, we'll be happy to
10 expand upon that.

11 As I said, I'm not going to bore
12 everybody with the details of that \$95
13 million, except to say this: We've gone
14 through several generations of drawings
15 as we've refined to get to the budget.
16 We have adequate contingencies. We,
17 like every site, have our own soils
18 conditions to deal with. We have
19 adequately vetted that, and we're
20 extremely confident in getting to this
21 \$95 million number. We will be reaching

22 the GMP here in the next 60 to 90 days
23 if we go on schedule.

24 Again, unless your eyes are a whole
25 lot better than mine, you can't read

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1 that, but we are anticipating
2 commencement of construction at the
3 first of the year and completing it in
4 16 months or in time for the summer
5 season opening in May of 2013.

6 Any questions?

7 CHAIRMAN MORGAN: I'm going to let
8 you keep going, and then we'll ask
9 questions.

10 MR. BAIRD: Okay. I don't know that
11 I have a whole lot more to add to that.
12 I mean, it's -- construction schedules
13 are very --

14 MR. JONES: I just have one
15 question. I think part of the
16 property's on an abandoned landfill.
17 Did I read that right?

18 MR. BAIRD: Well, part of the
19 parking. Most of the parking is on a
20 landfill.

21 MR. JONES: And I know there's
22 certain regulations in piping off
23 methane and stuff like that when you
24 shut a landfill down. You've done all

25 that.

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1 MR. ALANIS: Mr. Jones, I can
2 address that question. Yes, there are
3 not structures that will be built on the
4 landfill. The property that I referred
5 to that the city has helped us with is
6 Cane's Landing. It is the landfill that
7 was closed, I think, over 15 years ago.
8 Only the surface parking will be located
9 on that.

10 The study -- the City has done
11 extensive studies and worked with Isle
12 Tech, who has worked with the Louisiana
13 Department of Environmental Quality. We
14 have submitted a letter from them which
15 indicates that they believe that there
16 are absolutely no problems with that --
17 in fact, they encourage -- the Louisiana
18 Department of Environmental Quality
19 encouraged the reuse of the property as
20 something like a parking lot and a golf
21 course, which is the contemplated use
22 for it.

23 So we are very comfortable that what
24 we are doing -- they've also given us
25 the method in which -- our light

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1 standards in that parking structure

2 penetrate through the 18 inches of clay
3 that encapsulates that landfill -- how
4 to basically restore that and make
5 certain that it is done in a way that
6 does not create any environmental
7 issues. So we have completely addressed
8 this issue. We know exactly the
9 boundaries of where that landfill is.

10 I will also say we conducted soils
11 tests, and we are very comfortable about
12 the soils, where our actual structures
13 will be located, so we do not anticipate
14 any issues with respect to the soils
15 because they were only a few feet away
16 from existing structure such as the Bass
17 Pro Shop.

18 So what we are doing on the landfill
19 we believe is appropriate, and we have
20 considered it from all environmental
21 perspectives, and we see no problems
22 whatsoever.

23 MR. JONES: Okay.

24 MR. SINGLETON: I'm going to have to
25 ask the question, but I want to make

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1 sure I raise it anyway. Being from New
2 Orleans, I think you pretty much know
3 what my question's going to be about,
4 diversity and the others; but I just

5 want to know a Louisiana company, are
6 you going to be using Louisiana
7 subcontractors?

8 MR. BAIRD: We are. As Deborah
9 spoke to earlier, we are very committed
10 to not only Louisiana, but the local
11 market. We have built two other
12 projects in that market, so we have a
13 pretty good idea already of the
14 participants in that market. But we are
15 very -- we are very committed to using
16 local first and Louisiana second. There
17 are, of course, some specialty things,
18 like lime shape light fixtures that are
19 going to be bought somewhere else
20 because they're not made here.

21 But other than that type of thing, I
22 think you can expect to see all of our
23 workforce, all of our suppliers to come
24 first locally and secondly from the
25 State of Louisiana.

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1 MR. SINGLETON: All right. That's
2 from the contractor, but can I hear from
3 the owner your plan and how you plan to
4 implement the plan knowing that we
5 looking at diversity, both men and
6 women, African Americans, et cetera?
7 How are you going to approach that?

8 MR. TROTTER: William Trotter. Mr.
9 Singleton, I spent 35 years in New
10 Orleans, also. I opened up my first
11 Burger King in 1961 on Airline Highway.
12 One of my first acquaintances was with
13 Judge Israel Augustine. We met once a
14 month for coffee and biscuits.

15 I opened that store with a
16 35 percent minority crew management, and
17 for 35 years in New Orleans I went
18 through Judge Israel Augustine, Mayor
19 Moon Landrieu, Mark Morial. We had the
20 Burger Kings, and we had a 100 plus
21 rating with the black minority community
22 and the City of New Orleans. We always
23 maintained at least 35 percent crew,
24 management, supervisors and top
25 management.

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1 MR. SINGLETON: I appreciate that,
2 but I'm still interested in the
3 construction.

4 MR. TROTTER: My commitment to you
5 is that we will meet all minority,
6 African American, whatever community and
7 contractors and subcontractors.

8 MR. SINGLETON: Okay.

9 MR. TROTTER: You have my
10 commitment.

11 MR. ALANIS: Thank you, Tom. I'd
12 only add to this that I want to be open
13 before that summer. I want to catch
14 that summer business, pull that summer
15 business away from Oklahoma and back to
16 Shreveport/Bossier. So our timing is
17 very critical in terms of we have set
18 the election for November 19th. We
19 intend to break ground within 60 days
20 thereafter and finish this project
21 within 16 months thereafter.

22 I've done it before; I can do it
23 again. So it is obviously an aggressive
24 time schedule, but it is very much a
25 realized achievable time schedule.

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1 The key to this entire project is,
2 as I've told you, the whole feel, the
3 whole orientation and nature of it, and
4 I've had a long friendship and business
5 association with John Cohan, who is the
6 COE of Margaritaville Holdings. It was
7 my hope and dream that they would come
8 into this project, which they are, and
9 we have signed a definitive licensing
10 agreement with Margaritaville Holdings
11 so that that name will be on this
12 building, and everything associated with
13 Margaritaville will be part of this.

14 At this point, I'd like to introduce
15 to you Mr. Cohan that will tell you
16 more about the company, because I think
17 it may be bigger and more diverse than
18 you actually realize.

19 MR. COHLAN: Thank you, Paul. Thank
20 you, Mr. Chairman, Committee Members,
21 for inviting us here. First, I'd like
22 to present an apologize from Jimmy, who
23 I know would love to be here; but he's
24 actually on his summer tour, and he's
25 playing Jones Beach tomorrow night. So

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1 I want to let you know he'd like to have
2 been here.

3 We've built the business of
4 Margaritaville on a partnership basis
5 with strong partners, and hopefully all
6 we've done has been of great quality.
7 And the very simple idea is to bring fun
8 to as many people as we can. We have
9 known Paul and Billy for many, many
10 years, as Paul said, and are very, very
11 excited to be involved in such a
12 terrific project and with such partners
13 of high integrity.

14 Margaritaville really began as a
15 song and as a business about 27 years
16 ago in Key West, and we really have

17 become a destination hospitality
18 business based on the very simple idea
19 that was invented and created by Jimmy
20 of giving people an opportunity to have
21 fun and to enjoy an escape from their
22 everyday life.

23 We are in some very, very big
24 destination locations -- hold on a
25 second on the slides, just because I'll

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1 come to that in a second. Just go back.
2 We're in big destination locations.
3 We're in Las Vegas; we're in Orlando.
4 And really what we found is that we're a
5 draw; we're a magnet. We tend to grow
6 markets because people want to come to
7 Margaritaville and have fun. We've
8 expanded from the restaurant business
9 into a broad range of consumer
10 businesses. I'm sure many of you
11 have -- hopefully many of you have seen
12 our blenders or our footwear. The next
13 slide just real quickly shows you some
14 photos of some of these different
15 products and who are partners are --
16 next slide -- giving you an idea.

17 Now, what we're proudest of is how
18 much people enjoy the fun we provide.
19 If you focus on that very top line,

20 you'll see when we do consumer surveys
21 about guest satisfaction at our
22 restaurants in particular, sort of a
23 99 percent result in terms of a
24 consumer's desire to come back, and if
25 you go down that chart and look at all

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1 the various other opportunities we
2 provide for fun, it seems to be that
3 people look forward to coming back and
4 being repeat interactors [sic] with what
5 we do.

6 Next slide, just real quickly in
7 terms of who are our customers are --
8 I'm not going to go through the list --
9 but, basically, people who come to
10 Margaritaville are people who are
11 looking to have a good time, and I think
12 in certainly in the resort business and
13 more in the gaming business now it's
14 being viewed as an opportunity to have
15 fun, which is why we think the evolution
16 of our company into these businesses
17 makes a lot of sense.

18 Next slide. So now the real fun
19 stuff, the photos. So this is our
20 location in Las Vegas, where we are the
21 only restaurant in America, potentially
22 the world, that serves a million meals a

23 year. If I knew how to work that
24 pointer, I would show you where we're
25 opening in October. Right now that's

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1 the restaurant as it is, and if you look
2 all the way down past the flamingo
3 tulip, what will be opening in October
4 is the first Margaritaville Casino.
5 It's 13,000 square feet. It's really
6 all strip frontage. We're very, very
7 excited about it. Harrah's is our
8 partner, and I think that can only be a
9 good thing for the project we're talking
10 about here today. The restaurant itself
11 is about 28,000 square feet and is a
12 very, very big business on its own.

13 Next slide. This is just the
14 inside. You can see we have a volcano
15 that erupts margaritas into a very large
16 blender, and we have a sacrificial
17 maiden who slides down the blender and
18 gets out and sells margaritas. This is
19 something you can only do at
20 Margaritaville, and people have a great
21 time with it. In the middle of a city
22 with many, many stimulating
23 entertainment attractions, this somewhat
24 basic but fun experience is remarkably
25 popular.

1 Next, these are just some shots to
2 give you an idea of, you know, how we
3 think of ourselves. Next. I talked
4 about evolving from the restaurant
5 business into the resort business. We
6 opened our first resort about a year ago
7 in Pensicola, Florida, directly on the
8 beach. It's a fabulous location. It's
9 160 rooms, and I encourage y'all to come
10 visit. We didn't really have the
11 opportunity to design the rooms
12 ourselves. It was actually offered to
13 us three months before we opened, and
14 it's really showing us that our -- our
15 customers love the idea of coming to a
16 place called Margaritaville.

17 Next. These are just some fun
18 shots, how you can make gaming fun. I
19 particularly, like the "Come Monday"
20 come line. So, again, you know, there's
21 no reason that if people are going on a
22 vacation, people are trying to get away,
23 and we think we represent the next
24 generation of this business.

25 Great food, this is something we've

1 got a very long history with, as I said
2 about 27 years, and our restaurants are

3 always destinations; and we think we'll
4 really enhance the experience of the
5 Bossier City customer who comes to us.
6 And here as we've gotten into the
7 consumer product business, it's really
8 just a great mesh with being in the
9 hotel business because many of these
10 things we already have developed and I
11 think just adds to the overall
12 experience of getting away.

13 You know, I'd make a comment about
14 our physical location because I know
15 Dallas is a place from where many
16 customers come to Bossier City, and if
17 you haven't been to a Jimmy Buffet show
18 in Dallas, it's really quite an
19 experience. And we've found in the last
20 four or five years that it's really one
21 of the more exciting places he plays and
22 one of the things that has gotten us
23 very, very enthusiastic about being in
24 this particular geography.

25 It's not only Louisiana, which, of

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1 course, in many ways is a home for
2 Jimmy, New Orleans being the city where
3 he really first began to play; and those
4 of you might know, he was the poster
5 this year for the New Orleans Jazz Fest,

6 but also the proximity to Dallas which
7 is a place where the idea of having fun
8 at Margaritaville seems to really
9 resonate.

10 I'd be happy to take any questions.

11 MR. STIPE: You've hit it, but I
12 want to kind of read a couple things to
13 you and just get you to comment, if you
14 would. Let's see: The current -- the
15 market is currently depressed, and a
16 relocation of the license will create
17 another venue but not creating new jobs
18 or enhanced revenue for the State or
19 give any significant economic
20 development to the area. All the
21 facility would do is cannibalize the
22 current market.

23 What's your response to that notion?

24 MR. ALANIS: Balderdash. I would
25 tell you that the market -- let me tell

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1 you how I see this market. It's time
2 that the Shreveport market stopped
3 playing defense. You know, I don't know
4 if you remember Mohammed Ali, the famous
5 fight where the rope-a-dope strategy
6 where for seven rounds he just protected
7 himself and let, I think it was, Joe
8 Frazier punch himself out, and then he

9 knocked him out in the next round when
10 he came out fighting.

11 I think it's about time that the
12 Shreveport/Bossier market started to
13 fight back against Oklahoma. In order
14 to do that, you need something dramatic,
15 something new, something that will be
16 able to attract customers back. We're
17 about to show you an economic
18 presentation, and you will see in that
19 how the Shreveport/Bossier market stayed
20 at about \$800 million for literally
21 seven years, while the Oklahoma market
22 was growing from \$250 million to nearly
23 \$300 billion.

24 The first time the
25 Shreveport/Bossier market declined was

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1 in the recession of 2009, which took, of
2 course, virtually every industry down,
3 and its decline was far less than what
4 you see in places like Las Vegas and
5 Atlantic City. So the customers in
6 Shreveport/Bossier are actually really
7 quite loyal.

8 So I see it differently. Instead of
9 saying, well, let's see, the
10 Shreveport/Bossier market's \$750 million
11 and we don't want another operator in

12 there to carve up the \$750 million, I
13 say, there's \$3 billion in Oklahoma that
14 has grown from \$250 million while
15 Shreveport has been standing still
16 during the last decade. I'm going after
17 the \$3 billion. I'm not interested in
18 the \$750 million. We're interested in
19 getting some of that \$3 billion that's
20 going to Oklahoma back to Louisiana
21 where it belongs, and I think that we're
22 capable of doing that.

23 They're far more vulnerable in terms
24 of the amount of their -- the size of
25 their market and the ability for us to

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1 capture a decent share of that and bring
2 it back up to the Shreveport/Bossier
3 market. So I'm very comfortable that
4 that type of statement or philosophy is
5 one that basically is saying, well,
6 let's just keep what we're doing and
7 let's not do anything to disturb or
8 upset the apple cart because it is what
9 it is, the world is the way it is. And
10 I say to that: It isn't. We'll make it
11 different; and we will grow this market
12 and we will capture some of that \$3
13 billion, and it's time that, as I say,
14 Shreveport stop playing defense and

15 start playing offense.
16 MR. COHLAN: Yeah, and if I could,
17 you know, what we're about is delivering
18 an overall experience. We're about a
19 lifestyle, and so, you know, I think
20 that's unique, and I think its
21 compelling. And so from the moment you
22 check in, regardless of how long you
23 stay, it will be a unique experience,
24 and, you know, what we found is that
25 unique experiences get people to travel

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1 to come to them, and so I would agree
2 with Paul.

3 MR. ALANIS: Let me just point out
4 one other thing, and it's very important
5 in terms of how sometimes people analyze
6 the industry. I think sometimes people
7 just look at raw numbers, how many
8 customers. The secret to the success of
9 the Horseshoe is not numbers; it's the
10 quality.

11 Let's look at it simple mathematics.
12 If someone is playing a hundred dollars
13 at a blackjack table, they're worth 20
14 customers who are playing \$5. So when I
15 was with the Horseshoe, the key to our
16 business was to control and to own the
17 top end of the market. It's why the

18 Horseshoe has stayed number one in every
19 market that it's in.

20 This is why Margaritaville is so
21 important to us. The most important
22 slide that John showed you was the
23 demographics. Their customer is a
24 hundred thousand plus income, a person
25 who loves to go out and go on vacation,

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1 enjoys and has the disposable income to
2 do that. They are also the typical type
3 of person who enjoys gaming, and it is
4 that type of customer who can make an
5 enormous difference in a market, because
6 as I say, when you are attracting that
7 type of customer, they can grow the
8 market dramatically each with small
9 numbers of them because of their buying
10 power and their -- and their budget's to
11 gain.

12 So the beauty of Margaritaville --
13 and I think it's different than a lot of
14 other types of brands. Frankly, it's
15 different than the Hard Rock. The Hard
16 Rock is a good brand, but it is a
17 younger crowd. And the good thing about
18 Margaritaville is -- and if you go to
19 any of Jimmy's concerts, you'll see
20 it -- there are 18-year-olds next to

21 75-year-olds all enjoying the same
22 experience, and they're all bouncing
23 beach balls back and forth and got shark
24 fins on their heads; and they're all
25 enjoying that same concert together.

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1 So it's a broad base appeal for
2 Margaritaville, but their core customer
3 is a more affluent, a more -- a customer
4 who has a lot of time and recreation
5 ability to go out on vacation and get
6 away and has a much higher disposable
7 income budget than the average customer.
8 They're our perfect customer.

9 Well, I think that's a good segway,
10 actually, Mr. Stipe, into the next
11 segment of our presentation, and that is
12 about the economic impact and market
13 analysis that Innovation Group has done
14 for us, and so I'd like to at this point
15 invite Mr. Paul Girvan up who is in the
16 New Orleans office of the Innovation
17 Group, and he will discuss with you and
18 go in more detail some of the numbers
19 and some of the statistics that I've
20 just given you in terms of how we think
21 we can, indeed, grow this market and the
22 kind of economic -- positive economic
23 impact we think we can have on the

24 State.

25 MR. GIRVAN: Good morning,

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1 Mr. Chairman and Commission Members. My
2 name is Paul Girvan. I'm managing
3 Director of the Innovation Group; and I
4 run our New Orleans office and, in fact,
5 the whole company which began in New
6 Orleans, and we have a number of offices
7 around the country now. Plus, we
8 started up some of their additional
9 businesses. So it's one of the things
10 I'm really, really proud about.

11 When I first look at a market, my
12 first -- you know, my background is
13 geography, so I want to take a look at
14 the geography of the market, and what
15 I've done here in this slide is really
16 show you the competition in the market
17 areas that we broke this market into
18 based on distance and the nature of the
19 demographics of the market and their
20 proximity to other competitors. But I
21 want to make two significant points.

22 First, if you look up here in
23 Oklahoma just right across the Texas
24 line, you've got three casinos. Two of
25 those we know have about a total of

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1 10,000 gaming positions. Those
2 facilities are pulling revenue from the
3 Dallas area. Primarily they're doing
4 that, they're achieving that because of
5 proximity. They're about 45 minutes
6 closer than Shreveport is. I think the
7 issue there is if you look at the size
8 of this market, it counts for about
9 60 percent of the population in this
10 entire market area that I've described
11 here.

12 So, you know, it is significant, and
13 there is significant competition along
14 the Oklahoma border with which
15 Shreveport is competing.

16 In addition to those, there's also
17 two Native American Casinos in
18 Louisiana, one at Paragon and one at
19 Coushatta which are at the very
20 extremity of this market. But this sort
21 of lays it out and gives you an idea of,
22 you know, how the market's situated.

23 Next slide, and this gets back to --
24 this slide speaks to the point that Paul
25 was making earlier. The yellow numbers

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1 are Shreveport gross gaming revenues,
2 and you can see that they remain
3 relatively constant with a little up

4 slide through the period 2001 to 2008.
5 Then the recession hit and it went down,
6 but I think what is amazing about this
7 is that they have been able to retain
8 this growth while there's been such
9 rapid growth in Oklahoma.

10 Not all this growth occurs in the
11 market that Shreveport could potentially
12 tap. A large portion of it is -- some
13 portion of it, a large portion is in
14 other parts of the state that we won't
15 be able to attack, but my estimates put
16 about \$1 billion plus going to those --
17 to those casinos along the
18 Oklahoma/Texas border that is subject to
19 competition from Shreveport if we can
20 offer them the right product.

21 Next slide. Now, when I looked at
22 demographics that were provided to us by
23 Margaritaville, and I had the same
24 reaction as Paul. To me in all the
25 surveys I've done over the years, these

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1 demographics match almost exactly your
2 medium to high-end gamer. I mean, if I
3 had been sitting down to write them out
4 right now, they would have been exactly
5 what the Margaritaville demographics
6 are.

7 However, we wanted to look at those
8 demographics in relation to their
9 preference for casinos. So we went out
10 and asked 2,500 people across the U.S --
11 and this was a couple of years ago --
12 you know, if we put these various brands
13 on a casino, which one would you be most
14 likely to go visit. As you can see,
15 Margaritaville was number one, and I
16 think that proves the fact that, you
17 know, when we saw the Margaritaville
18 demographics, they immediately struck me
19 as being medium to high-end gamers; and
20 I think that's reflected in our own
21 research work.

22 Now, as you can see at the top
23 three, House of Blues and Hard Rock.
24 I've done studies in casinos for various
25 markets for all three of those, and I'm

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1 just waiting now for number four to give
2 me a call.

3 Next slide, please. So we went
4 through our analysis, and what we did
5 was we estimated that year-to-date 2011
6 revenues as far as Shreveport/Bossier at
7 \$752 million. We then pushed this
8 number forward using the population
9 projections, and, you know, really, you

10 know, essentially a normative growth
11 that reflects the recessionary period we
12 are in to 2014 where we put the market
13 projection at \$769 million in 2014.

14 Then we dropped Margaritaville into
15 the market, and we made some adjustments
16 to certain age groups, very small
17 adjustments, either one or two points in
18 key demographic groups based on the
19 Margaritaville brand, and that analysis
20 has resulted in an 18 percent increase
21 in revenue in the market. The market
22 will be increased to -- really, it's
23 starting level is \$842 million, and off
24 that we were able to be projecting that
25 about \$73 million will be new, taxable

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1 revenue to the State of Louisiana; and
2 that will come from two sources: One,
3 revenue capture from the Native American
4 casinos, both in Louisiana but primarily
5 in Oklahoma; and two, from new casino
6 visits generated by the Margaritaville
7 brand itself.

8 Now, as you saw there, the increase
9 we're projecting in the market is
10 12 percent, and, you know, people may
11 challenge that number. But if you look
12 at what happened in some other markets

13 in Louisiana when we added new product,
14 when you look at L'Auberge when it
15 opened, the market grew from -- grew by
16 141 million. That was a 42.5 percent
17 increase. When Hollywood opened in
18 Shreveport in 2000, the market grew by
19 \$123 million, or 18.1 percent. So from
20 my perspective, you know, or
21 projections, you know, are definitely
22 apparently are on the conservative side.

23 I think, you know, when you think
24 about that -- and I think this is a very
25 important point -- when we did this

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1 analysis, we considered primarily the
2 brand and spent less attention on the
3 site but particularly on the co-location
4 with Bass Pro Shops. With 78 million
5 visitors to Bass Pro Shops, I would have
6 been very tempted to put a capture rate
7 on those visitors and say, hey, one or
8 two percent or three percent or
9 five percent of those folks are now
10 going to go to the casino, and I could
11 probably have justified that position.

12 But in this case, I did not do that.
13 I tried to be -- keep this conservative
14 because I realized that we were going
15 into a mature, stable market in a

16 recessionary period, so I wanted to keep
17 our numbers relatively conservative.

18 So the next step in the process was
19 then to really, you know, try and
20 estimate what we think the revenue would
21 be for the market as a whole by property
22 in 2014, and what we're saying here is
23 that Margaritaville, in terms of the
24 hierarchy of projects, will be number
25 three.

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1 And I want to draw your attention to
2 a couple of things, and really this
3 market share ratio is the most
4 significant piece of it all. You can
5 see what that is really telling you is
6 that we are giving this project a
7 premium of 18 percent over and above
8 what it would get if we just gave it its
9 market share based on the number of
10 positions in the market. And as you can
11 see, that puts us, you know, just behind
12 Eldorado, but we're number three in the
13 market.

14 We're not pushing these numbers, and
15 I think if you look at the Horseshoe,
16 even our market share ratio number with
17 the very strong brand of Margaritaville,
18 it has a much higher market share ratio

19 than ours and a much higher number of
20 gaming position. So I feel these
21 numbers are perfectly reasonable and,
22 you know, absolutely doable. And,
23 again, I want to make the point that we
24 did not add in any additional
25 consideration or capture any of the

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1 gaming visits from the six to
2 seven million visitors that are going to
3 the adjacent Bass Pro Shop.

4 This slide just simply takes the
5 original -- the initial projection,
6 discounts it for the first year to
7 represent a ramp-up, which really
8 culminates in 2015 and forward and a
9 really fairly conservative growth rate
10 of 2.5 percent per annum in terms of
11 revenues.

12 The other thing that we'd like to
13 point out in this slide is we have a
14 slightly higher win per visit than the
15 market as a whole, and I think that is
16 consistent with the demographics we're
17 expecting to attract here from the
18 Margaritaville brand, which as we noted
19 earlier has the demographics to attract
20 medium to high gamers.

21 Next slide. Of course, the bottom

22 line in all this analysis is really, you
23 know, is this thing financeable? Is it
24 doable? So we pro forma(ed) it out.
25 There's a couple of things I want to

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1 bring your attention to. First, is the
2 non-gaming revenues. In my opinion, you
3 know, these are from our standard pro
4 forma model for a casino. They do not
5 take a kind off the additional revenue
6 that I believe will occur with the
7 Margaritaville brand in terms of both
8 FNB and retail, and John, you know,
9 showed how strong their company is in
10 both those areas. So I think that's
11 probably a conservative analysis there.

12 But really the key number here are
13 the numbers, the EBITDA, starting at
14 \$42 million, increasing to about
15 \$50 million by the fifth year. Looking
16 at the -- if you look at construction
17 costs, the multiple -- the way bankers
18 look at it is you need a multiple of --
19 at this particular juncture of four --
20 between 4 and 4.5 on your EBITDA to get
21 to your construction costs, and if you
22 can do that, the project is eminently
23 financeable.

24 So, you know, we look at about two

25 to 300 projects a year. We've been

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1 doing it for 20 years; and in my
2 opinion, you know, that sort of ratio is
3 going to receive a great deal of
4 interest from the financing folks, and I
5 think it's ultimately really doable.

6 Now, of course, I think you as
7 Gaming Commissioners in the State of
8 Louisiana are very interested in gaming
9 taxes. This project will generate in
10 the first year about \$31 million in
11 state tax, increasing to 35 by 2018.
12 Local municipalities will benefit by
13 about 6.5 million in the first year,
14 increasing to 7.4 in the fifth, and
15 that's a total tax benefit to the State
16 of Louisiana of \$37.5 million increasing
17 to 42.5.

18 And, okay, and this chart here, I
19 think it just really breaks down all the
20 entities and the local municipalities
21 that will benefit from this. Obviously,
22 the big winner here is Bossier City
23 getting 4.26 million, 4.26 million.

24 And in addition to the gaming taxes,
25 there are also a substantial portion of

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1 taxes that are thrown out from this

2 project in other areas. Firstly,
3 property tax: Total property tax
4 estimates for that project are about 2.6
5 million, with the primary beneficiary in
6 this case being Bossier Parish at
7 2.2 million. We also estimate the hotel
8 occupancy tax, which is comparatively
9 small, \$654 when we're talking amongst
10 some of these other numbers, and that
11 goes to Bossier Parish, as well.

12 Sales taxes will also be
13 significant, and as I said earlier, I
14 feel that I may have underestimated the
15 retail sales, because we really didn't
16 take account of the full impact of
17 Margaritaville; but I think if you look
18 at the combined local sales taxes here,
19 it's about 2.25 million, with the State
20 garnering another 1.86 million, for a
21 total stay at the local sales taxes of
22 just over 4 million.

23 So, you know, just trying to
24 summarize the total annual tax and
25 fiscal impact, summing up all the

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1 various tax components I've spoke about,
2 the local municipalities, including, you
3 know, primarily Bossier, will gain about
4 \$12.1 million from this project, while

5 the State will garner 35.2 million or
6 35.3 million; and the total -- total tax
7 benefit from this project will be about
8 47.4 million.

9 Now, the next element in our
10 analysis was to do an economic impact,
11 and that's really looking at the jobs,
12 the income and the general impact in the
13 economy, both local and statewide. I'll
14 not go through all these numbers, but
15 I'll try and quickly summarize them.

16 The project, the first set of
17 numbers here show for construction, so
18 these are one-off impacts that occur
19 during 16 months of construction. The
20 project will directly employ 500 people,
21 produce \$31 million in labor income and
22 about 91 million in total spending in
23 the local economy. When we run that
24 through the multiplier, the total impact
25 in the local area is estimated to be

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1 just over 1,000 jobs, 52 million in
2 labor income and about 156 million in
3 total spending in the economy.

4 Statewide increases somewhat. The
5 total impact statewide is estimate --
6 will be 1,255 jobs, a total of
7 68 million in labor income and about

8 200 million in total spending.

9 Next slide -- oh, no. Okay, this is
10 the -- the next one. No. There we go.
11 Let me check that. No, it's the next
12 slide, sorry. So more important than
13 the construction impact is really one
14 off thing, is the annual impact which
15 will occur year after year. This
16 project will employ directly 1,134
17 people in the local market. That
18 increases to about 1,161 statewide, but
19 when you run that through the
20 multiplier, this project will be
21 responsible for creating 1,738 jobs
22 within the local economy and about 1,815
23 statewide.

24 Labor income locally will total
25 61 million of which 41 million will be

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1 directly paid by the casino, and the
2 total output in the economy would be --
3 locally would be 124 million, with 74
4 million directly spent by the casino.
5 Statewide, those numbers, as I said,
6 increase 1,850 jobs -- 1,815 jobs, a
7 labor income of 63.8 million and total
8 economic impact of 133 million
9 statewide.

10 And I believe that is the end of my

11 presentation, except, you know, I just
12 wanted to say one thing, and really,
13 I've been doing this since 1992. Our
14 company over the years has done about
15 two to three hundred projects a year. I
16 get to see most of them in my position;
17 and each one I look at from sort of a
18 quality control perspective and say, you
19 know, there's a certain amount of risk
20 associated with this projection, and,
21 you know, I'm not -- I may want to go
22 back and take another look at it, if
23 it's very low risk involved with it.
24 And of all the projects I've seen, I
25 think this is probably one of the ones

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1 with the lower risk, and I'm going to
2 list you with a couple of reasons why I
3 think that.

4 Firstly, the co-location with the
5 Bass Pro Shop is absolutely a dream
6 location. I mean, those things attract
7 6 to 7 million folks, and those folks
8 drive a long way. I mean, if you've
9 ever seen a Bass Pro Shop, you're going
10 to see a lot of RVs; you're going to see
11 a lot of small hotels spring up around
12 it. So that's a unique draw, and the
13 demographics, again, are good gaming

14 demographics.

15 The Margaritaville brand, as I said
16 earlier, it's ideal for a casino. We
17 were seeing -- I've worked on at least
18 one additional Margaritaville project,
19 not including the one in Las Vegas, so
20 we're seeing more casino companies look
21 at this brand because of its -- or
22 because of its co-demographic nature.

23 And finally, you know, I want to say
24 that, you know, you look at the market
25 potential, and I know that's a concern.

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1 But you look at Oklahoma, you look at
2 those two Indian casinos up there.
3 They're generating a billion dollars a
4 year. I've been to those casinos. They
5 -- you know, the only thing they offer
6 is closer proximity to the Dallas metro
7 area. Their FNB selection is very weak.
8 Their hotel, they don't have a huge
9 number of hotel rooms. They are
10 vulnerable to competition, and it's a
11 huge market.

12 And I agree with Paul. I think with
13 the right product, with the right
14 management, which I think -- I think we
15 certainly have here, that this project
16 can be successful. And, you know, my

17 major concern is -- because I like to
18 keep within four or five percent of what
19 the actual numbers are -- is these guys
20 are going to blow right by my
21 projections at this point. Thank you.

22 MR. ALANIS: Thank you, Paul.

23 Mr. Stipe, I don't want to impugn the
24 existing operators in this marketplace,
25 who I think maybe -- whose sentiment was

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1 expressed in the statement you read.
2 Nobody likes more competition. Nobody
3 likes a new operator to come in, and
4 everybody is always careful about their
5 turf. But we have designed this project
6 in a way where we're not intending to
7 put anybody out of business. It is a
8 reasonably sized project right for the
9 market and one that can be easily
10 absorbed by the market and can grow the
11 market.

12 I think what you've seen from
13 Mr. Girvan's slides is that we will
14 have, I believe, a far less impact upon
15 the existing operators in this
16 marketplace than Mojito Pointe will have
17 on the existing operators in Baton Rouge
18 or Pinnacle's project will have on the
19 existing operator -- I'm sorry, in Lake

20 Charles, or Pinnacle's project will have
21 on existing operators in Baton Rouge.

22 Our goal is to come into this
23 marketplace, and I remember back when I
24 was with Horseshoe, we used to do
25 cooperative marketing with all of the

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1 casinos together marketing into the
2 Dallas market. That has stopped, and it
3 needs to happen again. Our goal in
4 coming into this market is to work
5 together with the existing operators.
6 We would encourage them to continue to
7 invest in their properties and expand
8 their properties and grow this market
9 together.

10 We have designed a project that is
11 not meant to be, as they say in this
12 industry, a category killer that would
13 not enable the existing operators to
14 still remain viable and successful. We
15 think we can grow the market
16 dramatically, bring new customers to
17 that market, and that there is room --
18 plenty of room for all of us in that
19 marketplace.

20 So we'll move on to the next --

21 CHAIRMAN MORGAN: I have a question
22 real quick.

23 MR. ALANIS: Certainly.

24 CHAIRMAN MORGAN: On page 47, the
25 \$73 million in new gaming revenue that

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1 will be taxable, that figure's
2 derived -- when you say "new gaming
3 revenue," a portion of that would come
4 from cannibalization of the other
5 properties?

6 MR. GIRVAN: Yes.

7 MR. ALANIS: No, no, no.

8 MR. GIRVAN: Oh, no, that's
9 incremental.

10 MR. ALANIS: That is growth,
11 Mr. Chairman.

12 MR. GIRVAN: That's total growth in
13 the market. So that -- that 73 million
14 will come from Oklahoma Native American
15 Indians. It will come from --

16 CHAIRMAN MORGAN: New money to
17 Shreveport.

18 MR. GIRVAN: New money to Shreveport
19 market, absolutely.

20 CHAIRMAN MORGAN: Okay. One other
21 thing. I just want to compliment your
22 company, not to give you an endorsement
23 for more business.

24 MR. GIRVAN: We'd take one, though.

25 CHAIRMAN MORGAN: I've looked at a

1 lot of these; and it was very easy to
2 read, and that's very helpful as a board
3 member. And I appreciate it. It was
4 very well organized.

5 MR. GIRVAN: Appreciate your
6 comment. Thank you.

7 CHAIRMAN MORGAN: I hope it's all
8 correct.

9 MR. ALANIS: I hope it's
10 conservative.

11 Moving on with our presentation
12 because we want to keep moving. We have
13 worked very hard with the local
14 community, and it is part of our
15 approach in coming into this community
16 to be -- to be a member, a contributing
17 member of the community; and we're
18 gratified by the support which we have
19 received. There listed are six letters
20 of support that you have from the Mayor,
21 from the Police Jury, from various civic
22 organizations, from David Toms. We
23 believe we have the support of many,
24 many additional organizations within the
25 community, just don't have letters from

1 them at this point, but it is very, very
2 gratifying, as I said, to us that we

3 have received all of the support; and we
4 look forward to working together with
5 them toward the local option election,
6 which obviously is the key to this. And
7 we feel that with the nature of the
8 project and our commitment to the
9 community, we should be successful in
10 receiving that.

11 So we move on to, obviously, one of
12 the most critical elements for your
13 consideration; and we've talked about
14 it, we've hit upon it in various stages
15 in this presentation, and it is -- okay,
16 it's a great idea, but can it get done?

17 MR. SINGLETON: Just one before you
18 move on.

19 MR. ALANIS: Certainly.

20 MR. SINGLETON: You said the mayor
21 and the police jury, et cetera. Is
22 there City Council in Bossier City?

23 MR. ALANIS: Yes.

24 MR. SINGLETON: Why don't you get --
25 I get a little jealous, I guess.

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1 MR. ALANIS: I'm sorry. We've
2 received their unanimous approval of our
3 project. Well, they didn't have a
4 letter for us. I'm sorry. As I tried
5 to refer to, Mr. Singleton, we've

6 received the support of a number of
7 organizations, but we just have letters
8 from those six right now. But we did
9 receive unanimous approval from the city
10 council, and I know many of those
11 members very well and look forward to
12 working with them. And so we certainly
13 don't mean to neglect or forget them
14 because they're vital, and they've given
15 us their unanimous support.

16 MR. SINGLETON: Okay.

17 MR. ALANIS: So as I said, this
18 project is a major project. It's
19 \$181 million, but I believe that given
20 the economics of it, it is clearly
21 financeable, and as a result of our
22 experience in terms of competing for the
23 15th License, we understand the
24 reasonable concern of this board for
25 that issue. We have worked extremely

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1 hard in that area, and I think we have
2 produced an amazing, I think,
3 performance at this point in terms of
4 actually receiving letters from
5 institutional investors indicating
6 interest for nearly double what the
7 amount of financing that will be
8 required for this project is.

9 So I'd like to bring up Mr. Mike
10 Coster, who has been, you know,
11 instrumental in that process. He's with
12 the firm of Houlihan Lokey, and he is
13 our investment banker; and he will
14 discuss with you the process we've been
15 through and the process that we will go
16 through in the next couple of months to
17 complete this financing.

18 MR. COSTER: Hi, thanks for having
19 me. Mike Coster, I work in the gaming
20 practice of Houlihan Lokey, which is an
21 LA based investment bank. We've been
22 working over the past several months
23 with Paul Bilianteen (phonetic) to firm
24 up the qualitative and quantitative
25 aspects of this project; quantitative

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1 being the construction budget, the
2 five-year operation plan, qualitative
3 being the design build in the state of
4 the market in the state of the
5 competition.

6 Given -- given the tight time frame
7 that Paul's working on, we've -- we went
8 to the market relatively early, and we
9 went to the market with the general
10 story that was largely shaped by Paul
11 and his team and Paul and Billy; and

12 during that time, we've firmed up what
13 we believe to be the construction budget
14 and the five-year plan.

15 And given the fact that Paul, to
16 your credit, Commissioner, did a great
17 job with projections, we haven't really
18 disproved anything that Paul's come up
19 with. If anything, we think the revenue
20 projections are light, and the model
21 that we will eventually put as the
22 definitive model in front of the
23 institutional accounts will show a
24 little bit higher growth but probably
25 offset by a little higher expenses. So

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1 we are still holding true to that 42,
2 \$43 million.

3 In the backdrop of the macro
4 economy, we are -- we are very impressed
5 with where we stand currently. As you
6 know, we have institutional letters
7 from -- from, you know, committing to
8 over \$300 million worth of capital and
9 \$171 million of capital need, but as
10 importantly, there are probably five to
11 six other institutional lenders that
12 continue to express an interest in
13 investing in the project. And given the
14 macro uncertainty, that's very

15 important, because as we progress, you
16 know, we want to make sure, you know,
17 that when everything falls out, you
18 know, targeting November funding, that
19 we're left with \$171 million in capital.
20 As importantly, you know, to us is to
21 make sure we deliver that capital on
22 reasonable terms.

23 There's not much more to add. I
24 will state that -- that conveying this
25 story is not hard given the design

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1 build, given the state of the
2 competition, given the market, and as
3 importantly, the depth of the team that
4 Paul has put together. We have worked
5 with Paul Alanis on a handful of
6 previous transactions, and all of them,
7 to my knowledge -- some of them are
8 still in the works -- have gone
9 extremely well. And I think when you
10 take somebody, the institutional
11 accounts are always going to look for
12 that casino operations experience, and a
13 lot of the time it will get a greenfield
14 project done, but you tend to get a lot
15 of push back to the extent the team
16 doesn't have significant experience
17 doing a greenfield development from

18 start to finish.

19 Paul has significant, significant
20 depth doing that design build on
21 comparable projects, Bossier City
22 Horseshoe being one of the more relevant
23 examples.

24 So as we head towards November,
25 there's still a significant amount of

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1 work to do, the primary thing being us
2 working with -- with Roy Anderson and
3 his team to firm up the guaranteed
4 maximum price contract. Obviously, the
5 institutional accounts, we are very,
6 very focused on making sure that this
7 project comes in or very close to
8 \$181 million, so when they go get their
9 commitments from their LPs, we won't run
10 into construction overruns.

11 With the -- with the guaranteed
12 maximum price contract in hand, I think
13 we will then begin the process of doing
14 definitive doc negotiations, which will
15 all transpire over the next couple of
16 months. So, you know, we're very
17 impressed with where we're at; we're
18 very impressed with the project, and we
19 see no reason currently to believe this
20 project will not get Financed in the

21 November timeframe.

22 MR. JONES: Apparently, the big
23 chunk of the financing is going to come
24 from the debt issue with warrants
25 attached.

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1 MR. COSTER: Yes, sir.

2 MR. JONES: What rate of interest
3 are you talking about on the debt?

4 MR. COSTER: It's -- one of the
5 structures that we're currently talking
6 about and seems to be in favor with the
7 accounts is a unit tranche, which is
8 \$171 million of unit tranche, but I
9 caution, because that unit tranche will
10 be a hybrid security, which will mean
11 there will be no applied equity
12 component with it, which is the
13 47-and-a-half percent warrants.

14 So despite the fact that we're
15 putting it out as a unit tranche, it, in
16 essence, is debt with equity, so the
17 institutional investors in both. Right
18 now -- and, again, I'll caution that
19 eventual pricing is subject to overall
20 market conditions -- we're looking at
21 pricing that \$171 million at a nine or
22 ten percent cash rate.

23 MR. JONES: At what percent?

24 MR. COSTER: Nine to ten percent
25 cash rate.

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1 MR. JONES: And -- and you think you
2 can do that even with the current
3 turmoil in the market right now?

4 MR. COSTER: That's -- we've got
5 fights to do, yes. Yes, we do. It is
6 very helpful that we're oversubscribed
7 right now, that we have the level of
8 interest that we do.

9 MR. JONES: Well, you need to hurry
10 up.

11 MR. COSTER: We're right there with
12 you.

13 MR. ALANIS: Well, we wanted to come
14 to this hearing with something more than
15 investment bankers that said they were
16 having confidence, so we've been really
17 hard at work at this. Mr. Trotter and I
18 have met every one of those institutions
19 from whom you have a letter, and several
20 others we have met with extensively
21 toward the site with, had extensive
22 meetings with. They have reviewed
23 information pro formas. There is a date
24 of -- there's a complete database up at
25 Houlihan Lokey's office that they have

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1 access to with all of the relevant
2 documentation and all of our information
3 in terms of the market evaluations, pro
4 formas and the like.

5 Many of these -- two -- two of the
6 interested investors are, frankly, firms
7 that are my lenders with the Silver
8 Slipper. So we have existing
9 relationships with them, and I'm
10 gratified that they're both very
11 interested in this project, as well.

12 So I would tell you we're very, very
13 far down this road. I think Mike would
14 tell you that it's not typical to get
15 institutions of this size -- and we're
16 now talking about, every one of these
17 institutions is 20 billion or bigger --
18 to write letters at this stage of the
19 process indicating their serious
20 interest in the project.

21 So we're very pleased that they're
22 willing to do this, and I think it
23 represents their genuine interest in
24 this. Make no mistake, we still have
25 work to do and terms to firm up, but we

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1 have a lot of interest, as Mike has
2 said, additional firms beyond the five
3 that have provided letters that remain

4 interested in this. It is an
5 ever-changing and, you know,
6 unpredictable environment in terms of
7 the financial markets.

8 I was just looking at the stock
9 market before we started our
10 presentation. Again, it was down four
11 or five hundred points. It's a little
12 crazy out there, so we're going to move
13 very fast. Our timing is that --
14 subject to your approval, and assuming
15 we receive your approval -- we would
16 move forward immediately with firming up
17 those discussions.

18 Our plan is to execute definitive
19 loan agreements before the November 19th
20 election, subject to the approval of the
21 voters. That would be funded -- to fund
22 that but before the first of December,
23 which would be used then to fund the
24 acquisition of the land and the
25 transaction with Isle and then to begin

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1 construction by early January.

2 In order to do that, we have to move
3 the plans forward very aggressively, so
4 Mr. Trotter and I risking the money that
5 it takes, millions of dollars thus far,
6 and into the future over the next 90

7 days to move the plans to the point
8 where we can get a guaranteed maximum
9 price contract where we clearly know
10 what this project will cost and,
11 therefore, know that the financing we're
12 getting is adequate, and then firm up
13 the terms with the institutional lenders
14 and close this transaction.

15 It's a fast time track again; but we
16 have moved with lightning speed thus
17 far, and I see no reason why we cannot,
18 based upon the level of interest we have
19 received, complete this within the next
20 60 days, thereabout roughly 60 days, at
21 most 90 days, before the election and
22 meet our time deadline of trying to
23 break ground by the first of the year.

24 CHAIRMAN MORGAN: Do you agree with
25 that analysis, sir?

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1 MR. COSTER: I do. I do. It also
2 should be noted as an aside, my boss who
3 couldn't be here today due to illness in
4 the family, has worked with Paul for 20
5 some odd years, and I can't deny that
6 it -- he's got a big checkbook, but he's
7 committed personally to invest up to \$10
8 million into this project, as well, so I
9 think that speaks to the merits. He'll

10 miss it if Paul doesn't treat it well.

11 CHAIRMAN MORGAN: Thank you. Does
12 that complete y'all's presentation?

13 MR. ALANIS: It concludes it. I
14 just have one -- just very brief
15 concluding remarks that I'd like to make
16 and then open it up for additional
17 questions you may have. But as you can
18 see, an enormous amount of work has been
19 accomplished over the last six months,
20 and let me just give you a list of what
21 that really is.

22 The purchase and sale agreement has
23 been negotiated and executed for the
24 acquisition of the 4-acre parcel
25 adjacent to the Bass Pro Shop.

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1 Definitive lease with option to purchase
2 has been negotiated, and a written
3 option has been signed with Bossier City
4 relating to the additional 13 to
5 14 acres needed for parking, road access
6 and connection to the Red River. The
7 conceptual design for the project has
8 been completed. We know the exact --
9 with certainty, the elements of the
10 project, their location, their size and
11 their basic design.

12 We've worked with our contractor to

13 carefully and conservatively estimate
14 the construction cost of what's been
15 designed. You have that number. We've
16 carefully evaluated the time period
17 required for construction and provided
18 that timeline to you. We have
19 coordinated with the David Toms
20 Foundation to assure that our two
21 projects are both compatible and
22 complimentary. We completed the initial
23 design of our vessel, the basin in which
24 it will be located, and coordinated this
25 process with appropriate governmental

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1 agencies.

2 We've performed or updated various
3 environmental assessments, soils tests
4 and other inspections to ensure there
5 are no existing conditions or impacts
6 from our project that would be
7 problematic, cause delay or otherwise
8 impede the project.

9 We have enlisted and received the
10 support of the City, the Police Jury,
11 City Council, the Boardwalk, David Toms
12 Foundation and other civic and business
13 organizations. We've worked with
14 Bossier Parish, and the local option
15 election is slated for November 19th.

16 And finally we have, as you've seen,
17 worked with our investment banker and
18 obtained letters of serious interest
19 from investors that are interested in up
20 to \$310 million for a \$170 million of
21 needs and believe we can complete that
22 financing within the next 60 to 90 days.

23 So we appreciate the opportunity to
24 be here today. We appreciate your
25 patience and listening to this -- our

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1 presentations. We probably have taken a
2 little longer than we maybe originally
3 anticipated, but we welcome any
4 additional questions you may have,
5 comments you may have, and we would
6 appreciate your support.

7 CHAIRMAN MORGAN: Mr. Jones.

8 MR. JONES: Yeah, I just have one
9 curiosity question. I know we're having
10 global warming and all. It's been a hot
11 summer, but it gets kind of chilly up
12 here in the wintertime. How are you
13 going to keep those palm trees alive?

14 MR. ALANIS: Well, I've actually
15 done some research on palm trees; I've
16 been buying books on palm trees. And
17 there are certain species of palm trees
18 that don't do well. There are others

19 that can survive down to about
20 10 degrees, so we'll be very careful
21 about which ones we select.

22 Some of the typical ones you see,
23 you know, the really, really tall ones
24 are probably more suspect -- susceptible
25 to getting, you know, frost damage and

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1 dying, but we'll -- we've got a very
2 large landscaping budget, \$2 million.
3 We don't have that much land, but we
4 intend to choose these plants very
5 carefully. I mean, some of them
6 obviously won't work up there, but there
7 are a lot that will. And we'll find an
8 array of ones that will fit the design
9 and fit the look and will survive up
10 there.

11 MR. TROTTER: And pray a lot.

12 MS. ROGERS: I want to comment on
13 your presentation. It was not too
14 concise, but it was quite clear. And my
15 question is not based on ambivalence.
16 It's strictly curiosity. Getting back
17 to demographics, how did you get to the
18 \$100,000 household; and part B, is there
19 any question in your mind that having
20 that would maybe discourage John Q.
21 Public?

22 MR. ALANIS: Well, Miss Rogers, I
23 think that the hundred thousand dollar
24 number comes from Margaritaville. It is
25 their research that they do on an

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1 ongoing basis that identifies their
2 customer for purposes of their own
3 marketing strategy and trying to
4 identify exactly what type of customer
5 is the typical Margaritaville customer.

6 That's the average customer. That
7 doesn't mean that's all the customers,
8 and the good thing about Margaritaville
9 is that it appeals to all income levels
10 and all ages, men and women; and so I
11 think that it's going to be a nice
12 blend. What I'm really saying to you is
13 this: That that hundred thousand dollar
14 income person, let's face it, there
15 aren't -- they don't represent the
16 majority of our population. So they're
17 not going to be the majority of our
18 customers, but our ability to be able to
19 attract that type of customer will be
20 important to the success and to -- of
21 our success and of the growth of the
22 market.

23 So I think it's going to be a
24 wonderful mix of people both young and

25 old, male and female, of all different

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1 types of background and incomes, but the
2 key to it is our ability within that mix
3 to be able to attract the higher income
4 and the customers who have more
5 disposable income.

6 CHAIRMAN MORGAN: Any other
7 questions? Okay. Thank you. We'll
8 probably have you back up.

9 MS. HARKINS: All right. Thank you,
10 Mr. Chairman.

11 CHAIRMAN MORGAN: We're going to
12 take at most a five-minute break.

13 (Off the record from 12:17 p.m. to 12:27 p.m.)

14 MR. GAUTREAU: I promised the
15 Chairman we'll try to be as brief as
16 possible. I just wanted to say one
17 thing initially which has already been
18 talked about, but because this involves
19 a berth site relocation, the
20 Constitution requires the approval of
21 the electorate in the parish to where
22 the boat is moving before it can be
23 moved. Also, the election code requires
24 the Board's approval of that move before
25 that election can be held, which is why

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1 we have all these approvals before you

2 today prior to the election. It's just
3 the way the law is written.

4 CHAIRMAN MORGAN: Leonce, on that
5 issue, the casino is domiciled in one
6 parish not two?

7 MR. GAUTREUX: It is domiciled in
8 Bossier Parish. Yes, they have had
9 issue, but they have looked into it, and
10 it is completely within Bossier Parish
11 and not part of it will be in Caddo.

12 CHAIRMAN MORGAN: So it's only --

13 MR. GAUTREUX: So it will just be
14 Bossier Parish.

15 Here with me today is Maggie Malone
16 and Ryan Riley from the Louisiana State
17 Police, and they're going to give you a
18 little background.

19 MS. MALONE: Good morning, Chairman
20 Morgan and Members of the Board. I'm
21 Maggie Malone, Corporate Securities
22 Auditors with the State Police Gaming
23 Audit. We reviewed the financial
24 documents, legal agreements,
25 environmental market, economic

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1 assessments, as well as the site and
2 facility plans just described to you at
3 length. We -- I will run through a
4 recap of pertinent issues based on our

5 review.

6 Bossier Casino will initially be
7 owned 100 percent by Silver Slipper,
8 which is controlled by Mr. Alanis,
9 Mr. Ostrow and St. Gabriel which is
10 controlled by Mr. Trotter. Bossier
11 Casino provided a term sheet from JP
12 Morgan outlining a joint loan to Silver
13 Slipper and St. Gabriel, which would be
14 used to contribute the initial
15 100 percent equity investment in the
16 project.

17 Bossier Casino provided letters from
18 lenders indicating interest in
19 purchasing the notes needed to fund the
20 project. If the warrants that will be
21 attached to the notes are fully
22 exercised, St. Gabriel and Silver
23 Slipper's ownership will be reduced to
24 52.5 percent, but they will retain
25 control. Proceeds from the notes and

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1 the equity contribution will be used to
2 close the stock purchase agreement with
3 Isle, the land purchase agreement with
4 BW Holding and the funding of the
5 construction accounts.

6 At a date after confirmation of a
7 successful local option election in

8 Bossier Parish, Bossier Casino plans to
9 execute all the agreements related to
10 the project. At that same time, the
11 lease with option to purchase agreement
12 with the City of Bossier will become
13 effective.

14 The Margaritaville licensing
15 agreement provides Margaritaville
16 control over quality and design
17 standards. Under the licensing
18 agreement, Margaritaville will earn up
19 to 5 percent of total operating
20 revenues.

21 The Margaritaville project will be
22 managed under management and operating
23 agreements with St. Gabriel and Silver
24 Slipper that cover not only management
25 of the casino after opening, but also

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1 the project development and construction
2 phases. Mr. Trotter and Mr. Alanis
3 through these two companies will control
4 construction and operations of the
5 facility and receive base and incentive
6 management fees.

7 Bossier Casino's projected financial
8 statements for a five-year period
9 indicates sufficient cash flows from
10 operations to maintain debt and fund

11 expenditures; however, audit is unable
12 to state with any degree of certainty
13 whether Bossier can achieve these
14 projections.

15 In summary, no financial matters
16 came to our attention to preclude the
17 Board's approval of these transactions
18 described in this report, and now you
19 will hear from Trooper Ryan Riley.

20 TROOPER RILEY: Good morning, sir,
21 Chairman Morgan and Members of the
22 Board. My name is Senior Trooper Ryan
23 Riley with Louisiana State Police Gaming
24 Division.

25 A suitability investigation was

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1 conducted on Bossier Casino Venture,
2 LLC, which was initially known as
3 Paradise Casino, LLC, and its key
4 personnel. Bossier Casino Venture, LLC,
5 is owned by St. Gabriel Downs, LLC, and
6 Silver Slipper Gaming, LLC, each of whom
7 possess a 50 percent ownership.

8 St. Gabriel Downs, LLC, is solely
9 owned and operated by its managing
10 member, Mr. William Trotter, II. Silver
11 Slipper Gaming, LLC, is owned jointly by
12 its co-managing member/CEO, Paul Alanis,
13 who controls about 66.67 percent

14 ownership interest and his Co-Managing
15 member, Mr. Loren Ostrow, who controls
16 about 33.33 percent ownership interest.

17 This investigation consisted of
18 inquiries made through federal, state
19 and local law enforcement agencies,
20 computerized criminal history databases,
21 financial and civil institutions and
22 gaming regulatory agencies.

23 Tax clearance request forms were
24 forwarded to the Internal Revenue
25 Service and the Louisiana Department of

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1 Revenue in order to ensure that the
2 applicants are current in filing all
3 their taxes.

4 During this suitability
5 investigation, I discovered no
6 information which would preclude
7 licensing of Bossier Casino Venture,
8 LLC, or Mr. William Trotter, II, Mr.
9 Paul Alanis, Mr. Loren Ostrow and St.
10 Gabriel Downs, LLC, and Silver Slipper
11 Gaming, LLC.

12 MR. GAUTREUX: Briefly, to address
13 a couple of the transactional issues.

14 In order for Bossier Casino Venture to
15 relocate, of course, they first must
16 acquire the interest in Grand Palais

17 Riverboat, Inc. As you heard today,
18 they have an option to purchase all the
19 stock of Grand Palais Riverboat, Inc.,
20 which they will exercise upon successful
21 completion of the local option election
22 in Bossier.

23 Once they exercise the option,
24 they'll execute a stock purchase
25 agreement in which they will acquire all

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1 of the outstanding shares of Grand
2 Palais Riverboat, Inc. Certain assets
3 are excluded, like the cash chips and
4 tokens, trademark, intellectual property
5 of Isle of Capri. They will also be
6 acquiring the Crown Casino vessel.

7 The outside closing date under the
8 agreements is December 31st, 2011, but
9 the intent is to close all the
10 transactions, as you heard today,
11 shortly after the local referendum.

12 Upon consummation of the stock
13 purchase agreement, Bossier Casino
14 Ventures will own 100 percent of the
15 outstanding stock of Grand Palais
16 Riverboat, Inc. Immediately after the
17 acquisition, Bossier Casino Ventures
18 will merge into Grand Palais Riverboat,
19 Inc., with Grand Palais Riverboat, Inc.,

20 being the surviving company.

21 Thereafter Grand Palais Riverboat,
22 Inc., will convert from a corporation to
23 an LLC pursuant to articles of
24 conversions, which will be filed with
25 the Secretary of State. After that,

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1 they will amend its articles of
2 organization and change the name from
3 Grand Palais Riverboat to Bossier Casino
4 Ventures.

5 At the end of all of this, Bossier
6 Casino Ventures, LLC, will be the
7 licensee doing business as Bossier City
8 Margaritaville. They have to do it that
9 way because our law prohibits the
10 transfer of a license, and they wanted
11 to get the licensee eventually into
12 Bossier Casino Ventures, LLC. So they
13 had to go through those extra steps to
14 accomplish that without violating the
15 nontransferable provision of the license
16 of our law.

17 The final piece of this
18 transactional puzzle, as I call it, is
19 that Isle will be exchanging the two
20 riverboats in Lake Charles. Currently
21 as you know they operate two riverboats
22 from the same berth site. St. Charles

23 Gaming Company has the Crown Casino
24 vessel, and Grand Palais Riverboat,
25 Inc., has the Grand Palais vessel.

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1 As St. Charles was the first entity
2 to move to Lake Charles and begin
3 operations in Lake Charles, all of the
4 leases and the various agreements,
5 administrative services agreements and
6 all the employees are under St. Charles
7 Gaming. Grand Palais then moved later
8 and got approval to operate from the
9 same berth site.

10 So Isle determined that it would
11 be -- instead of having to rearrange all
12 of the contracts and all of the
13 agreements that -- and the lease of St.
14 Charles Gaming, it would be more
15 advantageous to exchange the riverboats
16 to whereas Bossier Casino Ventures, even
17 though they're acquiring the shares of
18 Grand Palais, will actually be acquiring
19 the Crown Casino vessel as an asset.

20 So they've drafted a vessel exchange
21 agreement where St. Charles Gaming
22 Company will transfer Crown Casino
23 vessel to Grand Palais Riverboat, Inc.,
24 in exchange for the Grand Palais vessel.

25 So bottom line out of all this is

1 when Bossier Casino Ventures acquires
2 the stock of Grand Palais, it will be
3 acquiring the Crown Casino vessel, and
4 Isle will be keeping the larger Grand
5 Palais vessel in operation in Lake
6 Charles.

7 Should the Board approve these
8 transactions, as Miss Harkins indicated
9 earlier, they have committed to the
10 usual conditions that we -- the Board
11 places on the license. Those conditions
12 include the construction timeline,
13 reporting requirements, escrow
14 requirements. It also includes, since
15 they are acquiring an existing licensee,
16 all the applicable conditions still on
17 Grand Palais will also be part of these
18 conditions.

19 It's important to note that these
20 conditions will only go into effect if
21 they win the local option election and
22 they consummate completely the
23 transaction with Isle.

24 CHAIRMAN MORGAN: Okay, thank you.
25 Are there any questions by Board

1 Members, State Police or the Attorney
2 General's Office? Okay. I'm not

3 hearing any. Can we get -- Miss Boles,
4 can you come up with Isle of Capri?
5 Introduce everyone.

6 MS. BOLES: Good afternoon, I'm
7 Janet Boles, and I represent the Isle of
8 Capri. And with me is Eric Hausler.
9 He's Chief Strategic Officer for the
10 Isle; Paul Hutchins, excuse me, the
11 General Manager in Lake Charles for
12 Isle; and Michael Freeze, the
13 Vice-President of Legal Affairs. And we
14 would just ask that you approve the swap
15 of the boats and the application by
16 Mr. Trotter and Mr. Alanis, and we're
17 open to questions.

18 CHAIRMAN MORGAN: I want to publicly
19 thank your company. I've been in
20 several meetings between the parties,
21 and your willingness to make this
22 transaction happen, should it be
23 approved, it's appreciated, and I think
24 it shows your interest in bettering
25 Louisiana.

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1 One thing I noted, and it's a small
2 issue, it's just about -- the notation
3 was made about the possibility of having
4 a laying off of employees because of the
5 transaction; I guess it would be toward

6 the end of the year. Would it be the
7 company's intent to try to avoid that if
8 possible and just do it through
9 attrition, or is that --

10 MS. BOLES: Well, I think I can
11 address it, but 25 of them are the
12 marine crew, so clearly those will have
13 to go, but the rest of them -- and we
14 don't anticipate laying anybody else
15 off. It will be done through attrition.
16 Is that the -- one of y'all want to talk
17 about it?

18 MR. FREEZE: Yeah, absolutely. We
19 would expect to absorb as much of that
20 into the operation as possible, or
21 attrition would take care of that.

22 MR. JONES: There's a total of 50,
23 right, 25 marine crew and 25 others?

24 MR. FREEZE: Approximately, yes.

25 MS. BOLES: But the only ones we

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1 know for sure that will be gone is the
2 marine crew. We just gave you 50 as an
3 outside number because we're sure that
4 probably other people will have to go,
5 but we don't know that. The only ones
6 we intend to have to lay off are the
7 marine crew, which is approximately 25
8 people.

9 CHAIRMAN MORGAN: Anybody else?

10 MR. JONES: What's the total
11 employment there right now?

12 MR. FREEZE: Total employment
13 between the two entities is
14 approximately 1,200, so during our peak
15 season we get up to about 1,200.

16 CHAIRMAN MORGAN: Thank you very
17 much.

18 MS. BOLES: Thank y'all.

19 CHAIRMAN MORGAN: At this time we
20 will -- I will read in the record those
21 individuals who have indicated that they
22 would either like to speak or have their
23 position noted for the record, and then
24 we'll open it up for public comment.

25 Lisa Johnson from the Bossier

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1 Chamber is in support, if you're here.

2 Ashley Busada from the Chamber is in

3 support. Paul -- y'all are going to get

4 me with these names -- Paul Girvan, I

5 think, is in support. Jason Trotter, he

6 better be in support. Natalie DeJean is

7 in support. Allie Dijon is in support.

8 Mr. Trotter brought the whole family.

9 Logan Trotter is in support. Tom Nolan

10 is in support. This might hurt you that

11 Michael Russell, coming on the B clause,

12 in support. David Rockett is in
13 support. Jordan Moore is in support.
14 Mr. Loren Ostrow is in support. Rick
15 Avery is in support and Paul Glorioso is
16 in support.

17 We have one -- I have one person in
18 opposition, and then we'll get into the
19 folks who'd like to comment that are in
20 support, and that's Miss Dawn Dupuis.
21 Dawn? Am I saying that right? [She
22 checked the wrong box]. We know who's
23 buying lunch.

24 All right. Ray Tromba, you want to
25 speak? Ray, is with -- the General

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1 Manager of the Louisiana Boardwalk.

2 MR. TROMBA: That's kind of a tough
3 act to follow. Good morning, Mr.
4 Chairman and Board Members. I won't
5 take up much of your time. I did want
6 to have the opportunity to address you.
7 I am the General Manager of the
8 Louisiana Boardwalk. The Boardwalk
9 referred to quite often in the
10 presentation sits adjacent to the
11 proposed venture, and we have
12 approximately 600,000 square feet of
13 retail space, including there the Bass
14 Pro that was referred to often in the

15 presentation.
16 Obviously, we're enthusiastically
17 supportive of the project. We think
18 it's going to be wonderful for the city.
19 We think it will be wonderful for us
20 next-door, and more importantly I think
21 it's going to be wonderful for
22 customers, gamers and the like that come
23 to Bossier City. I think it creates a
24 synergy that, you know, having spent
25 more than 20 years in gaming in

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1 Louisiana myself I think has not been
2 touched or seen in the state, and that
3 synergy being defined as something
4 adjoining next to a project like ours
5 that already has seven to eight million
6 people and doing joint programs.

7 You know, we promote our property
8 significantly throughout the region.
9 It's the number one tourist attraction
10 in the region, and we promote it a lot,
11 a family atmosphere, places to shop. We
12 have over close to 90 businesses as we
13 talked about, and it's a project with a
14 lot of blue sky. And, obviously, like I
15 say, I'm supportive of it, but the part
16 that makes we very, very enthusiastic
17 about it is the fact that it's something

18 that I -- I don't know that I've seen in
19 all my years in gaming in Louisiana, the
20 opportunity that exists in terms of
21 joint marketing, joint promotions where
22 people kind of can come and go.

23 We're talking with Mr. Alanis and
24 Mr. Trotter about, you know, shared
25 usages, whether it be parking, whether

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1 it be an event on our property that we
2 can move people to and from if the
3 customer wants to go over to the
4 Margaritaville or if someone in
5 Margaritaville wants to come over to an
6 event we've got going on on our
7 property. We have concerts from time to
8 time on ours.

9 So I think the combination of the
10 two projects creates an incredibly
11 different dynamic in gaming in
12 Louisiana, and so, you know, obviously
13 I'm here being supportive of it and
14 wanted to let you know that, as well.

15 I'm happy to answer any questions
16 you might have of me about the property
17 or anything in general.

18 CHAIRMAN MORGAN: Okay.

19 MR. TROMBA: Thank you so much.

20 CHAIRMAN MORGAN: Brad Axlerod?

21 MR. AXLEROD: I no longer need to
22 speak, sir.

23 CHAIRMAN MORGAN: Is it Mine Coster,
24 Mike Coster in support; Thomas Hoskens
25 in support; Tom Baird in support. I

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1 think all of these might have already
2 spoke, so. Okay. So is there anyone
3 else? Jimmy Hall.

4 MR. HALL: Mr. Chairman, Board
5 Members, I'm Jimmy Hall. I'm the city
6 attorney from the City of Bossier City.
7 Mayor Walker would be here today if it
8 weren't for a medical emergency in his
9 family that he had just two days ago.
10 But I'm here to express the unequivocal
11 support of the Mayor and the City
12 Council. We've had four occasions to
13 have votes into the City Council on this
14 issue, and every time it's been a
15 unanimous vote. They see the vision and
16 the economic development potential of
17 this project and are very much
18 supportive of it, and we're very
19 supportive of the group that brings this
20 to the table.

21 We have a history with Horseshoe
22 Casino, with Paul Alanis, and every
23 occasion -- you know, you get people

24 that can talk the talk, but he walks the
25 walk. Every time we've ever had an

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1 occasion to deal with Paul, he exceeded
2 our expectations, so we are 100 percent
3 in support of this project.

4 CHAIRMAN MORGAN: I thank you very
5 much.

6 MR. HALL: Thank you.

7 CHAIRMAN MORGAN: Bill Altimus with
8 the Bossier Police Jury.

9 MR. ALTIMUS: Thank you, Mr.
10 Chairman, Board Members. I'm the Parish
11 Administrator for Bossier Parish and
12 also a police juror for District Nine in
13 the parish, and we want to let you know
14 that the Bossier Parish Police Jury sees
15 a lot of merit in this project, and that
16 we'd ask the Board for its support in
17 order to allow the citizens to decide on
18 November 19th the merits of it.

19 CHAIRMAN MORGAN: Thank you for
20 coming. Is there anyone else who would
21 like to speak on this matter? Anyone
22 else? [No response.] Okay. Then
23 public comment period is closed.

24 Members, I'd open it up for any
25 questions that you have of anyone who

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1 testified, or me, the Attorney General's
2 Office, anybody?

3 MR. STIPE: I guess this is directed
4 to Leonce. I was handed this
5 handwritten pleading, I guess. I take
6 it there is no order or any impediment
7 to the Board acting today.

8 MR. GAUTREAU: There is not.
9 That's the only thing we have on that.
10 And we had somebody check the docket
11 yesterday, and there's nothing else
12 shows on it. So there is no order from
13 the Court. In fact, that doesn't even
14 ask for one.

15 CHAIRMAN MORGAN: And the lawsuit
16 was to keep the Isle of Capri vessel in
17 Calcasieu, right? That's what the gist
18 of it was.

19 MR. GAUTREAU: Yes. And have the
20 Board go have a meeting in Lake Charles
21 over it, too, is what they did request.

22 CHAIRMAN MORGAN: At least we can
23 have a meeting. We just can't vote,
24 take action.

25 One other -- I failed to mention.

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1 We did have two letters we have received
2 not in support. One was from
3 Mr. Brantley representing Legends

4 Gaming, which is DiamondJacks Casino;
5 and I had received a letter earlier on
6 from Mr. Sanfillipo from PNK that was
7 not in support, but he -- I communicated
8 with him later, and he said that they
9 were not going to take a position on the
10 issue.

11 Mr. Singleton, you have a question?

12 MR. SINGLETON: I can't see. I just
13 wanted to make an observation to you
14 again. We've talked about the
15 construction; we have talked about local
16 people and hiring local people,
17 diversity, both African American and
18 women. I just want to make sure that
19 you understand that we're serious about
20 this. That I would expect y'all to come
21 back and continuously bringing us
22 updates as to what you're doing as you
23 move into the project.

24 I have one advantage with you and
25 the gentlemen who is supposed to be the

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1 general contractor. Y'all have been
2 around New Orleans for a long time, and
3 let me just say it to the Chairman and
4 the others, they have not always lived
5 up to everything they say they were
6 going to do. And that was when I was in

7 a position to make some difference in
8 the whole matter by sitting there on the
9 city council, and I just want to say
10 that to you again: I just expect y'all
11 to live up to what you say.

12 Y'all have done an excellent job as
13 far as I'm concerned with your
14 presentation today, one of the better
15 ones that I've seen, I might add, and I
16 want to congratulate you on that. But I
17 want to continue to congratulate you as
18 we go along in terms of how you put this
19 whole thing together.

20 And for Paul, let me just say one
21 thing, because something came up a
22 couple weeks ago with another big
23 company. When you're trying to hire
24 people and bring in diversity, I notice
25 that you forget that there are

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1 architects and engineers that are
2 minorities in the State of Louisiana
3 that you can use, but I never see those
4 surface in any of these projects.

5 So that's just to give you a little
6 something else to think about as you put
7 this together. I'd like to see some of
8 those things happen in the city. I
9 don't know how many architectural firms

10 they have in Shreveport. I know there
11 are two or three in New Orleans, and I
12 know they're capable of working with the
13 other people to get some of these things
14 done; and I would just like to see that
15 happen, if possible.

16 MS. HARKINS: Yes, sir. We'll look
17 forward to presenting to you as we
18 proceed on that project.

19 CHAIRMAN MORGAN: Miss Harkins, you
20 had -- who would be signing agreeing to
21 the conditions?

22 MS. HARKINS: Mr. Trotter or Mr.
23 Alanis.

24 CHAIRMAN MORGAN: Why don't we go
25 ahead and get them up here and get them

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1 on record. And, Paul, can you tell us,
2 the surface parking, how many spots that
3 will be?

4 MS. HARKINS: 1,300.

5 MR. ALANIS: Yes, Mr. Chairman, it's
6 roughly 1,350. There is additional
7 property up on Cane's Landing.

8 CHAIRMAN MORGAN: I don't really
9 need to know. The reason is: That was
10 inadvertently left out of the
11 conditions. We would like to have your
12 acknowledgment that you agree to put

13 that into the conditions whatever that
14 number may be?

15 MR. ALANIS: Yes. It's roughly
16 1,300, yes.

17 CHAIRMAN MORGAN: Okay. So do you
18 agree to --

19 MR. ALANIS: Yes.

20 CHAIRMAN MORGAN: -- add that into
21 the conditions?

22 MR. ALANIS: Yes.

23 CHAIRMAN MORGAN: Have you read the
24 conditions and agree to them?

25 MR. TROTTER: Yes.

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1 MR. ALANIS: Yes, we have.

2 CHAIRMAN MORGAN: Is there any other
3 matter of the Board? Any questions?

4 [No response.] I was one of those that
5 approached you after the meeting when
6 you weren't awarded the license asking
7 you not to give up on Louisiana, and I
8 appreciate the fact that you haven't.

9 And in particular, both Mr. Trotter,
10 you, Mr. Alanis, Mr. Ostrow and Mr.
11 Cohan and Jimmy Buffet, we thank you,
12 appreciate the fact that you are willing
13 to invest in Louisiana, and if the Board
14 so chooses to approve this, if my
15 calculations are correct, this will

16 represent \$930 million of construction
17 in this state with regard to casino
18 development.

19 I think that speaks volumes for the
20 State of Louisiana. I do agree with the
21 economic study that was done. I do
22 think it's going to add a lot of
23 excitement to that area and hopefully
24 have your competitors step up their
25 game, as well, so we might make a

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1 billion.

2 So with that, I would make a motion
3 to adopt the resolution.

4 MR. SINGLETON: Second.

5 CHAIRMAN MORGAN: Seconded by
6 Mr. Singleton. Miss Tramonte, will you
7 read the resolution into the record.

8 THE CLERK: On the 18th day of
9 August, 2011, the Louisiana Gaming
10 Control Board did, in a duly noticed
11 public meeting, consider the issue of
12 Isle of Capri Casino's, Inc., and
13 Bossier Casino Venture, LLC's, one,
14 petition for approval of change in
15 ownership of riverboats; two, joint
16 transfer of ownership and economic
17 interest and petition for approval of
18 transfer; and three, petition for

19 approval of modification of license to
20 reflect change in berth. And upon
21 motion duly made and second, the Board
22 adopted the following resolution.

23 Be it resolved that the following
24 transactions are approved. One: St.
25 Charles Gaming Company, Inc.'s, transfer

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1 of Crown Casino Vessel number 1023327 to
2 Grand Palais Riverboat, Inc., in
3 exchange for the transfer of the Grand
4 Palais vessel number 1028318 to St.
5 Charles Gaming Company, Incorporated.

6 Two, Isle of Capri Holdings, LLC's,
7 transfer of hundred percent of the
8 shares in Grand Palais Riverboat, Inc.,
9 to Bossier Casino Venture, LLC. Three,
10 the merger of Bossier Casino Venture,
11 LLC, with and into Grand Palais
12 Riverboat, Inc. Four, subject to the
13 requirements of Article 12, Section 6C2
14 of the Louisiana Constitution, the
15 relocation of Grand Palais Riverboat,
16 Inc.'s, berth site to a site on the Red
17 River in Bossier City contiguous to the
18 Louisiana Boardwalk.

19 Be it further resolved that the
20 statement of conditions to riverboat
21 gaming license of Grand Palais

22 Riverboat, Inc., attached hereto be
23 approved.

24 Thus done and signed in Baton Rouge,
25 Louisiana, this 18th day of August,

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1 2011.

2 CHAIRMAN MORGAN: Call the roll,
3 please.

4 THE CLERK: Miss Rogers?

5 MS. ROGERS: Yes.

6 THE CLERK: Mr. Jones?

7 MR. JONES: Yes.

8 THE CLERK: Mr. Stipe?

9 MR. STIPE: Yes.

10 THE CLERK: Mr. Singleton?

11 MR. SINGLETON: Yes.

12 THE CLERK: Miss Noonan?

13 MS. NOONAN: Yes.

14 THE CLERK: Chairman Morgan?

15 CHAIRMAN MORGAN: Yes. It's
16 approved. Congratulations.

17 MS. HARKINS: Thank you. Thank you
18 very much, Chairman.

19 MR. ALANIS: Good to be back.

20 CHAIRMAN MORGAN: We'll be meeting
21 many times in the future.

22 MR. ALANIS: I look forward to it.

23 CHAIRMAN MORGAN: Members, any other
24 business? [No response.]

25 IX. ADJOURNMENT

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1 CHAIRMAN MORGAN: Motion to adjourn?

2 MR. SINGLETON: Adjourn.

3 CHAIRMAN MORGAN: Motion by

4 Mr. Singleton to adjourn.

5 MR. STIPE: Second.

6 CHAIRMAN MORGAN: Seconded by Mr.

7 Stipe. We're adjourned.

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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

20

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 given under
7 oath in the preceding matter on August 18, 2011,
8 as taken by me in Stenographic machine shorthand,
9 complemented with magnetic tape recording, and
10 thereafter reduced to transcript, to the best of
11 my ability and understanding, using Computer-Aided
12 Transcription.

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

19 Baton Rouge, Louisiana, this 16th day of
20 September, 2011.

21

22

SHELLEY G. PAROLA, CCR, RPR

23

CERTIFICATE NO. 96001

24