

Board of Directors' Meeting LGCB 4-18-16, (Pages 1:1 to 121:24)

1:1 LOUISIANA GAMING LOUISIANA CONTROL BOARD

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4 BOARD OF DIRECTORS' MEETING

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9 MONDAY, APRIL 18, 2016

10

11 LaSalle Building, LaBelle Hearing Room

12 617 North 3rd Street

13 Baton Rouge, Louisiana

14

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16

17 TIME: 10:00 A.M.

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21

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2

1 APPEARANCES

2

RONNIE JONES

3 Chairman (At Large)

Third Congressional District

4 June 30, 2019

5 FRANKLIN AYRES BRADFORD

(Economic Planner)

6 Fifth Congressional District

June 30, 2019

7

8 JAMES SINGLETON

(Public/Business Administration)

9 Second Congressional District

June 30, 2014

10

11 MARK STIPE

(Attorney)

12 Seventh Congressional District

June 30, 2014

13

14 MAJOR CLAUDE MERCER

(Law Enforcement)

15 Fifth Congressional District

June 30, 2018

16

17 CLAUDE D. JACKSON

(At Large)

18 Fourth Congressional District

June 30, 2018

19

ROBERT W. GASTON, III

20 (At Large)

Sixth Congressional District

21 June 30, 2015

22

23 JULIE BERRY

(CPA)

24 Third Congressional District

June 30th, 2018

25

3

1 APPEARANCES CONTINUED

2

3 WANDA L. THERIOT

(At large)

4 First Congressional District

June 30, 2021

5

6 MAJOR MARK NOEL

Ex-Officio Board Member

7 Louisiana State Police

8

9 MIKE LEGENDRE

Director of Charitable Gaming

10 Department of Revenue

11

12 LANA TRAMONTE

Executive Assistant

13

14 TRUDY SMITH

Confidential Assistant

15

16 REPORTED BY:

17 SHELLEY G. PAROLA, CSR, RPR

Baton Rouge Court Reporters

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4

1		PAGE
2	I. CALL TO ORDER	8
3	II. PUBLIC COMMENTS	9
4	III. APPROVAL OF THE MINUTES	9
5	IV. REVENUE REPORTS	9
6	V. CASINO GAMING ISSUES	
7	A. Consideration of Certificate of	
8	Compliance for the Alternate	
9	Riverboat Inspection of the	
10	gaming vessel of Treasure Chest	
11	Casino, LLC, d/b/a Treasure	
12	Chest Casino - No. R012600098	17
13	B. Consideration of Certificate of	
14	Compliance for the Alternate	

15 Riverboat Inspection of the
16 gaming vessel of PNK Lake
17 Charles, LLC, d/b/a L'Auberge
18 Lake Charles - No. R011001707 20
19 C. Consideration of Petitions for
20 Approval of Merger Transaction,
21 Transfers of Interest and
22 Related Financing by Pinnacle
23 Entertainment, Inc., and Gaming
24 and Leisure Properties, Inc.,
25 No. 0904515852 (transfer of

5

1 PAGE

2 interest) 23

3 VI. VIDEO GAMING ISSUES

4 A. Consideration of the following
5 truckstop applications:

6 1. Gaubert Food Marts, Inc., d/b/a
7 Go-Bears#28 and Laffite's Treasure
8 Casino - No. 4900517327 (new
9 application) 96

10 2. Galliano Truck Plaza and Casino,
11 LLP, d/b/a Galliano Truck Plaza and
12 Casino - No. 2900513574 (transfer
13 of interest) 100

14 3. Bayou Magic Enterprises, LLC, d/b/a
15 Cajun Magic Truckstop Royal Flush
16 Casino 2 - No. 5501511641 (transfer
17 of interest) 100

- 18 4. Big Top Travel Center & Casino, LLC,
19 d/b/a Big Top Travel Center & Casino
20 - No. 330512939 (transfer of
21 interest) 102
- 22 5. Coushatta Truck Stop, LLC, d/b/a
23 Coushatta Truck Stop - No.
24 4101511094 (transfer of interest) 102
- 25 6. Houma-Coteau Holdings, LLC, d/b/a

6

1 PAGE

- 2 Houma-Coteau Travel Plaza - No.
3 5500511261 (transfer of interest) 103
- 4 7. I-220 Travel Plaza, LLC, d/b/a
5 Goldmine Casino - No. 0801512159
6 (transfer of interest) 103
- 7 8. Minden Truck Center, LLC, d/b/a
8 Waverly Truckstop - No. 3300510619
9 (transfer of interest) 103
- 10 9. Nitro Gaming d/b/a Mansfield Travel
11 Plaza & Casino - No. 1600513773
12 (transfer of interest) 103
- 13 10. Opelousas 190 Truck Stop & Casino,
14 LLC, d/b/A Opelousas Truck Stop -
15 No. 4900511817 (transfer of
16 interest) 103
- 17 11. QuickDraw Travel Plaza & Casino,
18 LLC, d/b/a QuickDraw Travel Center
19 & Casino - No. 60005150659 (transfer
20 of interest) 103

21 12. St. Francisville Investments d/b/a
22 Southern Belle Truckstop & Casino -
23 No. 6300512233 (transfer of interest) 103

24 VII. CONSIDERATION OF PROPOSED SETTLEMENT/
25 APPEALS

7

1 PAGE

2 1. In Re: Rodney Thomas - No.
3 PO40004239 (proposed settlement) 107
4 2. In Re: H & D Armour, Inc., d/b/a
5 Mule's Restaurant and Bar - No.
6 3601615268 (appeal) 108
7 3. In Re: Sh'Garyka D. Sutton -
8 No. PO40063301 (appeal) 111
9 4. In Re: Mallet Enterprises, Inc.,
10 d/b/a Encore Nite Club - No.
11 3601116921 (appeal) 112
12 VIII. ADJOURNMENT 119

13

14

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1 I. CALL TO ORDER

2 CHAIRMAN JONES: Good morning and
3 welcome to the April meeting of the
4 Louisiana Gaming Control Board.

5 Miss Tramonte, would you call the
6 roll.

7 THE CLERK: Chairman Jones?

8 CHAIRMAN JONES: Here.

9 THE CLERK: Mr. Bradford?

10 MR. BRADFORD: Here.

11 THE CLERK: Mr. Stipe?

12 MR. STIPE: Here.

13 THE CLERK: Mr. Singleton?

14 MR. SINGLETON: Here.

15 THE CLERK: Major Mercer?

16 MAJOR MERCER: Here.

17 THE CLERK: Mr. Jackson?

18 MR. JACKSON: Here.

19 THE CLERK: Mr. Gaston?

20 MR. GASTON: Present.

21 THE CLERK: Miss Berry?

22 MS. BERRY: Here.

23 THE CLERK: Miss Theriot?

24 MS. THERIOT: Here.

25 THE CLERK: Colonel Edmonson.

9

1 MAJOR NOEL: Major Noel for Colonel
2 Edmonson.

3 THE CLERK: Secretary Robertson?

4 MR. LEGENDRE: Mike Legendre for
5 Secretary Robertson.

6 CHAIRMAN JONES: We have a quorum.
7 We may conduct business.

8 II. PUBLIC COMMENTS

9 CHAIRMAN JONES: At this time, I'd
10 invite anyone who wishes to comment
11 during this period of time. I think
12 UNITE is here. We've agreed to permit
13 them to come up prior to the Pinnacle
14 transaction, if that's agreeable.

15 Anyone else? No one else.

16 III. APPROVAL OF THE MINUTES

17 CHAIRMAN JONES: Could I ask for a
18 motion to waive reading and approve the
19 minutes?

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

21 CHAIRMAN JONES: By Mr. Gaston, a
22 second by Miss Berry. Any opposition?

23 No opposition, the minutes are approved.

24 IV. REVENUE REPORTS

25 CHAIRMAN JONES: I now call for

10

1 Revenue Reports.

2 MS. JACKSON: Good morning, Chairman
3 Jones, Board Members. My name is Donna

4 Jackson with Louisiana State Police
5 Gaming Enforcement Division.

6 The riverboat revenue report for
7 March 2016 is shown on page one of your
8 handout. During March, the 15 operating
9 riverboats generated Adjusted Gross
10 Receipts of \$161,375,993, down \$4.7
11 million or 3 percent from last month,
12 and down \$11.8 million or almost
13 7 percent from last March. As you will
14 recall, Louisiana experienced major
15 flooding in early March, which likely
16 contributed to the decrease from last
17 year. The Lake Charles market
18 specifically was impacted due to the
19 closure of I-10 for four days.

20 Adjusted Gross Receipts for fiscal
21 year 2015-2016 to date are
22 \$1,453,000,000, an increase of 5 percent
23 or \$68 million from fiscal year
24 2014-2015.

25 During March, the State collected

11

1 fees totaling \$34,695,838. As of
2 March 31st, 2016, the State has
3 collected over \$312 million in fees for
4 fiscal year 2015-2016.

5 Next is a summary of the March 2016
6 gaming activity for Harrah's New Orleans

7 found on page three. Harrah's generated
8 \$23,958,789 in gross gaming revenue, a
9 decrease of \$1.7 million or 6.5 percent
10 from last month, and a decrease of over
11 \$6 million or 20.7 percent from last
12 year. Fiscal year-to-date gaming
13 revenues for 2015-2016 are \$226 million,
14 a decrease of 8 percent or almost
15 \$21 million for fiscal year 2014-2015.

16 During March, state fees due were
17 \$8,882,966. This includes a true-up
18 payment of \$3,800,999 for the April 2015
19 through March 2016 fiscal year, since
20 21.5 percent of Harrah's revenues
21 exceeded the minimum payment of \$60
22 million. As of March 31st, 2016, total
23 state fees were almost \$49 million for
24 fiscal year 2015-2016.

25 Slots at the Racetracks revenues are

12

1 shown on page four. During March, the
2 four racetrack facilities combined
3 generated Adjusted Gross Receipts of
4 \$28,689,834, a decrease of 9 percent or
5 \$3 million from last month, and a
6 decrease of 15 percent or \$5 million
7 from March 2015.

8 Adjusted Gross Receipts for fiscal
9 year 2015-2016 to date are \$266 million,

10 a decrease of 7 percent or \$21 million
11 from fiscal year 2014-2015.

12 During March, the State collected
13 fees of \$4,352,248. As of March 31st,
14 2016, the State has collected over
15 \$40 million in fees for fiscal year
16 2015-2016.

17 Overall in March, Riverboats,
18 Landbased and Slots at the Racetracks
19 revenues combined generated \$214 million
20 in Adjusted Gross Receipts and
21 \$48 million in state fees.

22 Are there any questions before I
23 present the Harrah's employee
24 information?

25 CHAIRMAN JONES: Any questions? No

13

1 questions.

2 MS. JACKSON: Harrah's New Orleans
3 is required to maintain at least 2,400
4 employees and a bi-weekly payroll of
5 \$1,750,835. This report covers pay
6 periods in March 2016. For the first
7 pay period, the Division verified 2,432
8 employees with a payroll of \$1,877,000.
9 For the second pay period, the Division
10 verified 2,411 employees with a payroll
11 of \$1,888,000. Therefore, Harrah's met
12 the employment criteria during March.

13 CHAIRMAN JONES: Any questions,
14 Board Members?

15 MR. GASTON: Mr. Chairman.

16 CHAIRMAN JONES: Pull your
17 microphone down.

18 MR. GASTON: The requirements of the
19 number of personnel like 2,400, does
20 that inhibit the opportunity to be able
21 to pay the people who have been there
22 long enough and reward them by having
23 the requirement, assuming the people,
24 the jobs, and it reduces the opportunity
25 of people to make a good living?

14

1 CHAIRMAN JONES: As you heard in
2 testimony from Dan Real, the General
3 Manager, several months ago, it creates
4 problems in administering between
5 full-time and part-time employees, the
6 policy that's required by law, to
7 maintain that minimum employment
8 standard.

9 Just so you'll be aware, there's
10 currently a bill that's working its way
11 through the legislature. It's passed
12 the out the Senate committees. It's
13 passed off the House floor, I think,
14 headed -- excuse me. It's passed out
15 the Senate committee off the Senate

16 floor headed to the House, which will
17 change the way in which the employees
18 are counted, and this was a bill that
19 was developed in conjunction with Karen
20 Carter Peterson and the management of
21 Harrah's, and it seems to have some
22 consensus and likely will permit him to
23 count the employees differently and
24 should give him some relief.

25 MR. GASTON: And while you're

15

1 mentioning the legislature, I just
2 wanted to let the Board know I happened
3 to be present when you testified the
4 other day.

5 CHAIRMAN JONES: Yes, sir.

6 MR. GASTON: You did an absolutely
7 beautiful job of explaining things to
8 the committee. I want to commend you
9 for that, Mr. Chairman.

10 CHAIRMAN JONES: Thank you. We
11 still have some work down there to do.

12 MR. GASTON: Thank you.

13 CHAIRMAN JONES: Thank you,
14 Miss Jackson.

15 Video Poker.

16 MR. BOSSIER: Good morning, Chairman
17 Jones and Board Members. My name is Jim
18 Bossier with Louisiana State Police

19 Gaming Audit Section. I'm reporting
20 video gaming statistics for March 2016
21 as shown on page one of your handout.

22 Sixteen new video gaming licenses
23 were issued during March: Eleven bars,
24 three restaurants and two truckstops.
25 Nine new applications were received by

16

1 the Gaming Enforcement Division during
2 March and are currently pending in the
3 field: Three bars and six restaurants.

4 The Gaming Enforcement Division
5 assessed \$3,500, collected \$8,250, and
6 there are currently \$3,850 in
7 outstanding fines. Please refer to page
8 two of your handout.

9 There are presently 13,051 video
10 gaming devices activated at 1,800
11 locations. Net device revenue for
12 March 2016 was \$53.1 million, a
13 \$600,000, or 1 percent, increase when
14 compared to February 2016, and a
15 \$2.3 million decrease, or 4.2 percent,
16 when compared to March 2015. Net device
17 revenue so far for fiscal year 2016 is
18 \$436.8 million, an \$11 million, or
19 2.5 percent, decrease when compared to
20 fiscal year 2015. Page three of your
21 handout shows a comparison of net device

22 revenue.

23 Total franchise fees collected for
24 March 2016 were \$15.9 million, a
25 \$100,000 increase when compared to

17

1 February 2016, and a \$700,000 decrease
2 when compared to March 2015. Total
3 franchise fees collected for fiscal year
4 2016 are \$130.7 million, a \$3.5 million
5 decrease, or 2.6 percent, when compared
6 to fiscal year 2015. Page four of your
7 handout shows a comparison of franchise
8 fees.

9 Does anybody have any questions?

10 CHAIRMAN JONES: Any questions,
11 Board? There are no questions.

12 MR. BOSSIER: Thank you.

13 CHAIRMAN JONES: Thank you, Jim.

14 V. CASINO GAMING ISSUES

15 A. Consideration of Certificate of Compliance
16 for the Alternate Riverboat Inspection of
17 the gaming vessel of Treasure Chest Casino,
18 LLC, d/b/a Treasure Chest Casino - No.
19 R012600098

20 CHAIRMAN JONES: We now come to
21 Casino Gaming Issues. First up is
22 Consideration of Certificate of
23 Compliance for the Alternate Riverboat
24 Inspection of the gaming vessel of

25 Treasure Chest Casino, LLC, doing

18

1 business as Treasure Chest Casino.

2 That's Number RO12600098.

3 Morning, gentlemen.

4 MR. LEWIS: Good morning. Morning,

5 Chairman Jones, Members of the Board.

6 I'm Assistant Attorney General Canick

7 Lewis, Jr. With me is a Master Trooper

8 Bennie Taylor with the State Police, as

9 Mr. John Francic of ABSC was not able to

10 be here due to inclement weather out of

11 Houston.

12 We're here in the matter of the

13 issuance of the renewal Certificate of

14 Compliance to Treasure Chest Casino,

15 LLC, doing business as Treasure Chest

16 Casino. On March 30st, 2016, ABSC began

17 the inspection process for the renewal

18 of Treasure Chest Casino's Certificate

19 of Compliance. For more on this, I now

20 turn the presentation over to Master

21 Trooper Taylor.

22 TROOPER TAYLOR: Good morning,

23 Chairman and Board Members, Trooper

24 Bennie Taylor, Louisiana State Police

25 Gaming Enforcement Division, standing in

19

1 for John Francic with ABS Consulting.

2 He's unable to make it due to the severe
3 weather in Houston. I'm here to report
4 the inspection of the 2016 annual
5 certification of Treasure Chest Casino
6 in Kenner, Louisiana.

7 On March 30th, 2016, an inspection
8 was done by Doug Chapman and Pete
9 Bullard of ABS Consulting. They're the
10 surveyors. They did the inspection and
11 found just two very minor discrepancies.
12 One was where they needed to replace
13 some speakers in the Z drive room, and
14 another one was a cover for a light in
15 the service elevator room. Both of them
16 was corrected on the spot by the
17 employees of the casino at the time of
18 the inspection.

19 There was no other discrepancies
20 found during that inspection, and
21 according to the report submitted by ABS
22 Consulting on the 2016 annual survey, as
23 required by the Louisiana Gaming Control
24 Board law, is complete and presents no
25 safety concerns to its patrons or

20

1 employees onboard the riverboat. The
2 report states that it is the
3 recommendation of ABS Consulting that
4 Treasure Chest Casino be issued a

5 Certificate of Compliance.

6 Any questions?

7 CHAIRMAN JONES: Are there any
8 questions? No questions.

9 MR. LEWIS: We now present these
10 findings to the Board and request that
11 upon the Board accepting the report
12 submitted by ABSC, the Board will move
13 for the renewal of Treasure Chest
14 Casino's Certificate of Compliance.

15 CHAIRMAN JONES: Do I have a motion
16 to issue the Certificate of Compliance?
17 By Mr. Mercer, second by Mr. Bradford.

18 Any objections? Without objection,
19 the motion carries. The certificate's
20 issued.

21 B. Consideration of Certificate of Compliance for
22 the Alternate Riverboat Inspection of the
23 gaming vessel for PNK Lake Charles, LLC, d/b/a
24 L'Auberge Lake Charles - No. R011001707

25 CHAIRMAN JONES: Next up:

21

1 Consideration of Certificate of
2 Compliance for the Alternate Riverboat
3 Inspection of the gaming vessel PNK Lake
4 Charles, LLC, doing business as
5 L'Auberge Lake Charles. That's Number
6 R011001707.

7 Gentlemen.

8 MR. LEWIS: Again, good morning,
9 Mr. Chairman, Board Members. I'm
10 Assistant Attorney General Kanick Lewis,
11 Jr., and with me is Master Trooper
12 Bennie Taylor of State Police, as John
13 Francic of ABSC was not able to be here
14 due to the inclement weather out of
15 Houston. We're here today in the matter
16 of the issuance of the renewal
17 Certificate of Compliance for L'Auberge
18 Casino Lake Charles.

19 On March 25th, 2016, ABSC began the
20 inspection process for the renewal of
21 L'Auberge Casino Lake Charles'
22 Certificate of Compliance, and for more
23 on this, I now turn the presentation
24 over to Master Trooper Taylor.

25 TROOPER TAYLOR: Again, I'm Trooper

22

1 Bennie Taylor with the Louisiana State
2 Police Gaming Enforcement Division
3 standing in for John Francic. I'm here
4 to report on the inspection of 2016
5 annual certification for L'Auberge
6 Casino in Lake Charles, Louisiana.

7 During the inspection that was
8 conducted on March 25th, 2016, by Pete
9 Bullard and Doug Chapman for ABSC --
10 during the inspection, they found two

11 discrepancies. There wasn't any proof
12 of six riverboat crew members on the
13 watch quota and station bill of having
14 CPR training, and they had improper use
15 of household insulation for structural
16 fire protection in the overhead above
17 the main switch board. On April 8th,
18 2016, the vessel was reinspected by the
19 same two. They found those two
20 discrepancies were corrected.

21 According to the report submitted by
22 ABS Consulting, the 2016 annual survey,
23 as required by Louisiana Gaming Control
24 Board, is complete and presents no
25 safety concerns to patrons or employees

23

1 onboard the riverboat. The report
2 states it is the recommendation of ABS
3 Consulting that L'Auberge Casino Lake
4 Charles be issued a Certificate of
5 Compliance.

6 CHAIRMAN JONES: Board Members, any
7 questions? There are no questions.
8 Close.

9 MR. LEWIS: And we now present these
10 findings to the Board and request upon
11 the Board accepting the report submitted
12 by ABSC, that they will move for the
13 renewal of L'Auberge Casino Lake

14 Charles' Certificate of Compliance.

15 CHAIRMAN JONES: Do I have a motion
16 to issue the Certificate of Compliance?

17 By Miss Berry.

18 MS. BERRY: It's a good boat.

19 CHAIRMAN JONES: A motion by
20 Miss Berry, seconded by Mr. Gaston.

21 Any objections? No objections to
22 the motion. The Certificate of
23 Compliance is issued. Thank you.

24 C. Consideration of Petitions for Approval of
25 Merger Transaction, Transfers of Interest and

24

1 Related Financing by Pinnacle Entertainment,
2 Inc., and Gaming and Leisure Properties, Inc.,
3 No. 0904515852

4 CHAIRMAN JONES: Next up is
5 Consideration of Petitions for approval
6 of Merger Transaction, Transfers of
7 Interest and Related Financing by
8 Pinnacle Entertainment, Inc., and Gaming
9 and Leisure Properties, Inc. We have
10 agreed to permit UNITE HERE to make a
11 presentation before we begin.

12 Good morning.

13 MS. ROYSTER: Good morning.

14 CHAIRMAN JONES: Come to the table,
15 please, and introduce yourself.

16 MS. ROYSTER: Good morning, Chairman

17 and Board Members. My name is Kendra
18 Royster. I'm a research analyst in
19 UNITE HERE's Research Department. Thank
20 you for giving us an opportunity to speak
21 with you today.

22 In addition to this testimony, we
23 have provided staff and Board with two
24 detailed research reports from the GLPI
25 leaseback model, one entitled "Outlining

25

1 the REIT Industry," and the other
2 entitled, "House Divided." I'm not
3 going to go over those reports in great
4 detail, but we do want to highlight some
5 of our concerns.

6 The impact of the proposed
7 acquisition of Pinnacle's casino
8 property on Louisiana's gaming industry
9 is cause for a concern. First,
10 Pinnacle's financial stability could be
11 threatened by this transaction.
12 Pinnacle in its first year will have, by
13 its own estimates, only 35 percent of
14 its cash flow after rent and interest
15 for discretionary spending. The company
16 expects to have EBITAs of \$635 million,
17 rent of \$377 million and interest
18 payments of \$38 million. Just the rent
19 expense alone is close to 60 percent of

20 their cash flow.

21 Though Pinnacle is touting a
22 reduction in debt payments, the rent
23 payment of \$377 million is considerably
24 higher than the previous debt
25 obligation. In 2015, Pinnacle was only

26

1 required to pay \$245 million in interest
2 expense. After GLPI assumes a portion
3 of their debt, Pinnacle expects to be
4 left with \$38 million in interest
5 expense payments. Approximately,
6 \$415 million in rent and interest
7 payments is a significant increase from
8 \$245 million.

9 An increase of 170 million in fixed
10 payments does not put Pinnacle in an
11 improved position. Instead, it could
12 weaken the company's financial
13 stability. This is a reduction in the
14 cash needed to capitalize major
15 improvements on existing structures or
16 fund the equity portion of acquisitions
17 or new developments. Given that gaming
18 is a capital intensive industry and that
19 operators are responsible for
20 maintenance capital expenditures at the
21 properties, inadequate free cash flow
22 could make it difficult for operators to

23 handle expensive repairs or renovations
24 or to maintain a sufficient level of
25 spending on promotions and marketing

27

1 programs.

2 Pinnacle stated in its Form 10-12B,
3 filed initially on December 22nd, 2015,
4 [As read]: "Under the master lease, the
5 initial annual aggregate rent payable by
6 Pinnacle, the tenant under the master
7 lease, will be \$377 million. As a
8 result of our significantly reduced cash
9 flow, our ability to fund our own
10 operations or development projects,
11 raise capital, make acquisitions and
12 otherwise respond to competitive and
13 economic changes, may be adversely
14 affected."

15 We are not the only ones sounding
16 this alarm. Gaming analyst and credit
17 rating agency, Fitch, have raised
18 concerns about some of these same
19 issues. Fitch wrote, [As read]: "REIT
20 leases have weakened the casino operator
21 as they are not well suited to be
22 long-term triple net lease tenants given
23 the cyclical and capital intensive
24 nature of gaming."

25 Alex Bumazhny, the Director of

1 Gaming Research at Fitch, recently said
2 about the U.S. gaming industry, [As
3 read]: "We would also be more positive
4 should the pending REIT plans be
5 canceled or if the REIT leases are
6 underwritten more favorably with respect
7 to the operating companies."

8 Just this past week Fitch released a
9 report reasserting a negative outlook
10 for gaming industry REIT transactions.
11 Bumazhny said, [As read]: "Asset sales
12 or spinoffs that are then leased back
13 may backfire if regional markets soften
14 as they did in 2013 and 2014, given the
15 operating leverage that comes with these
16 leases."

17 In Louisiana's case, the operating
18 company that could be impacted owns four
19 casinos and generates a third of all
20 gaming revenue from riverboat casinos in
21 the state. A gaming company generating
22 that much revenue for the state should
23 be in the strongest financial position
24 possible.

25 As you know, GLPI is not solely a

1 landlord but an operator of the
2 Hollywood Casino in Baton Rouge. The

3 Hollywood Casino is a direct competitor
4 of the Pinnacle's L'Auberge Casino.
5 According to the proposed master lease,
6 Pinnacle would have to gain approval for
7 certain capital improvements from their
8 direct competitor. The master lease
9 does not clearly define the criteria by
10 which a request could be denied. This
11 vague lease provision leaves GLPI with
12 the ability to withhold approval for
13 certain large scale capital
14 improvements.

15 This is not the only form of GLPI'S
16 potential influence. GLPI is not a
17 passive landlord, nor should it be
18 viewed as a financial partner like a
19 bank. In fact, according to the
20 proposed master lease, GLPI has veto
21 power over Pinnacle's ability to
22 construct new amenities such as hotels
23 or retail outlets within lease
24 facilities, over Pinnacle's ability to
25 develop new casinos or take over

30

1 management of existing casinos within a
2 60-mile restricted area, over Pinnacle's
3 ability to sublease space at the
4 properties they manage and over
5 Pinnacle's ability to undergo a change

6 in control.

7 GLPI says it will have no influence

8 over operations at the properties it

9 leases, but that has not been our direct

10 experience. At Meadows, where our union

11 represents 400 employees, bargaining was

12 in progress for a contract renewal at

13 the time GLPI and Meadows executed their

14 amended purchase and sale agreement.

15 The sale has not yet closed, so GLPI

16 does not have any official status with

17 respect to the casino; nevertheless, it

18 is our belief that GLPI officials

19 involved themselves in the labor

20 negotiations. Not only that, we believe

21 they consulted with Pinnacle

22 representatives even though Pinnacle had

23 not yet been selected as the successor

24 operator and had no license in

25 Pennsylvania.

31

1 So in the middle of routine

2 bargaining with the employer, GLPI and

3 Pinnacle, neither of whom yet have any

4 license (phonetic) with respect to the

5 property, may have intervened and

6 changed the course of bargaining, and

7 the Meadows case points of another way

8 in which GLPI can exercise influence.

9 It conducts the auction for successor
10 operators and selects the winner. That
11 is exactly what happened in Meadows.

12 Under the master lease if Pinnacle
13 chooses to no longer operate or the
14 regulators no longer find them a stable
15 or suitable operator, GLPI will play a
16 significant role in the selection of a
17 new operator. There is nothing in the
18 lease preventing GLPI's taxable
19 subsidiary from becoming a successor
20 tenant or from Penn National, the gaming
21 company that GLPI spun off from, from
22 becoming a successor tenant.

23 Successor operators seeking to
24 expand into the Louisiana market will
25 have an added barrier to access. A new

32

1 operator must be willing to enter into a
2 long-term leaseback arrangement with
3 GLPI. The master lease, in our view,
4 allows GLPI to influence what operators
5 enter the market through negotiations of
6 rent payments and leases of prospective
7 operators.

8 The proposed sale and leaseback of
9 Pinnacle's casino property creates a
10 number of risks for Louisiana. We don't
11 see how lease terms that leave the

12 operator with significantly reduced free
13 cash flow and restrict its discretion
14 over large capital projects are in the
15 best interests of the state. Further,
16 GLPI's misaligned entrance, combined
17 with its ability to influence a direct
18 competitor, is a unique risk for
19 Louisiana. No other jurisdiction has
20 had to address this issue.

21 The LGCB can and should exercise its
22 regulatory authority to prevent any
23 foreseeable conflicts of interest that
24 negatively impact gaming in this state.
25 We urge you to withhold approval and

33

1 deny the petition before you today.

2 Thank you for your consideration.

3 CHAIRMAN JONES: Thank you for that
4 presentation.

5 Board Members, do you have
6 questions?

7 MR. STIPE: I do have one. I, too,
8 thank you for the transmittal. Was this
9 transmittal sent to the other
10 jurisdictions to consider this?

11 MS. ROYSTER: Those reports were
12 sent to the other jurisdictions.
13 Specifically some of the issues specific
14 to Louisiana was just this --

15 MR. STIPE: In terms of the concern
16 of structure of the transaction, set
17 aside the two properties in the area,
18 that was sent to Nevada and Indiana and
19 all the other?

20 MS. ROYSTER: It was sent to Indiana
21 and Missouri. We haven't necessarily
22 had communications with every regulatory
23 body that was involved but mainly the
24 ones where there's some major issues,
25 including Indiana and Missouri.

34

1 MR. STIPE: That's all I have.
2 Thank you.

3 CHAIRMAN JONES: Any other
4 questions? [No response.]

5 Thanks so much for the packet.
6 Thank you for sharing that with us and
7 expressing your concerns, and we
8 appreciate you being here this morning.

9 MS. ROYSTER: Thank you for your
10 time.

11 CHAIRMAN JONES: Yes, ma'am.
12 State Police and Attorney General's
13 Office. Morning, ladies.

14 MS. MOORE: Good morning, Chairman
15 Jones, Members of the Board. I'm
16 Charmaine Moore, Assistant Attorney
17 General, and with me is Evie Ficklin of

18 the corporate security section of State
19 Police.

20 Pinnacle Entertainment and Gaming
21 and Leisure Properties have filed
22 separate petitions with the Board
23 seeking approval of certain transactions
24 which will result in the transfers of
25 ownership of their licensees and also

35

1 the approval of the financing required
2 to effectuate those transactions.

3 Pinnacle Entertainment is a publicly
4 traded corporation that owns and
5 operates 15 gaming entertainment
6 properties located in eight states. In
7 Louisiana, Pinnacle owns and operates
8 L'Auberge Lake Charles, L'Auberge Baton
9 Rouge, Boomtown New Orleans and Boomtown
10 Bossier City.

11 In November 2014, Pinnacle announced
12 that its board of directors approved a
13 plan to pursue a separation of its
14 operating assets and its real estate
15 assets into two publicly traded
16 companies. In 2015, Pinnacle and Gaming
17 and Leisure Properties entered into
18 discussions which resulted in the
19 negotiation and execution of the
20 Agreement and Plan of Merger.

21 GLPI is a self-administered and
22 self-managed Pennsylvania real estate
23 investment trust that was incorporated
24 in early 2013 as a wholly-owned
25 subsidiary of Penn National Gaming. In

36

1 2013, Penn completed the tax-free
2 spinoff of GLPI by distributing the
3 common stock it held in GLPI to Penn
4 stockholders. GLPI acquired
5 substantially all the real estate
6 property interests related to Penn's
7 gaming operations but not Penn's gaming
8 operations, with the exception of
9 Hollywood Casino Baton Rouge and
10 Hollywood Casino Perryville, which is in
11 Maryland. GLPI owns and operates these
12 casinos as taxable REIT subsidiaries.

13 So as to Louisiana Casino Cruises,
14 Inc., doing business as Hollywood Casino
15 Baton Rouge, GLPI owns and operates the
16 licensee, which has no connection to
17 Penn. GLPI's primary business consists
18 of acquiring, financing and owning real
19 estate property to be leased to gaming
20 operators in triple net lease
21 arrangements. The Agreement and Plan of
22 Merger entered into by Pinnacle and GLPI
23 provides for GLPI to acquire the real

24 estate assets of Pinnacle using the
25 operation of its gaming facilities and

37

1 to lease the property back to Pinnacle.
2 Prior to doing that, Pinnacle will need
3 to undergo certain premerger
4 restructure.

5 Pinnacle intends to carry out the
6 proposed separation of its real estate
7 assets and its operating assets through
8 two newly formed Pinnacle entities, PNK
9 Entertainment and Pinnacle MLS. The
10 Louisiana subsidiaries and all other
11 similarly situated subsidiaries of
12 Pinnacle will transfer their real estate
13 assets to Pinnacle. The subsidiaries
14 will continue to own the gaming and
15 other operating assets.

16 Through a series of steps Pinnacle
17 will transfer to PNK, then PNK will
18 transfer to MLS, the ownership interest
19 of the Louisiana subsidiaries, including
20 the Louisiana licensees. Pinnacle will
21 then enter into a triple net 35-year
22 master lease with MLS on behalf of the
23 operating subsidiaries of MLS for the
24 lease of the real estate used in each of
25 the operating subsidiaries' respective

38

1 operations. The master lease will
2 provide for an initial term of ten years
3 with five five-year renewal periods at
4 MLS's option. MLS will initially pay
5 \$377 million in rent in the first year
6 after closing with the rent subject to
7 adjustment in following years.

8 The common stock of PNK will be
9 distributed to the Pinnacle stockholders
10 in a taxable spinoff with Pinnacle's
11 real estate assets remaining with
12 Pinnacle. At that time, Pinnacle and
13 PNK will become two separate publicly
14 traded companies.

15 Following these premerger
16 transactions, GLPI will acquire Pinnacle
17 pursuant to the merger of Pinnacle with
18 an into GLPI subsidiary, Gold Merger
19 Sub, with Gold Merger Sub being the
20 survivor. Upon merger, Pinnacle will
21 cease to exist and all of its rights,
22 obligations, privileges and property,
23 including the lease property, will be
24 transferred, by operation of law, to
25 invested in the surviving entity, Gold

39

1 Merger Sub.

2 Accordingly, Gold Merger Sub will
3 secede to Pinnacle's interest as lessor

4 under the master lease with Pinnacle
5 MLS, which will remain the lessee. At
6 or soon after the merger, Pinnacle will
7 change -- PNK will change its name to
8 Pinnacle Entertainment, Inc. The
9 members of the board of directors and
10 the officers of Pinnacle will become the
11 members of the board of directors and
12 officers of PNK, now renamed Pinnacle
13 Entertainment, Inc. The casino and
14 hotel operations as currently conducted
15 by the Pinnacle licensees will continue
16 in the same location with the same
17 management team and the same employees.
18 The consummation of this transaction is
19 subject to the successful resolution of
20 various contingencies including, but not
21 limited to, receiving the required
22 approvals from gaming and other
23 regulators.

24 As of today, five of the seven
25 gaming regulatory jurisdictions have

40

1 already approved the transactions
2 proposed. Only Louisiana and Colorado
3 have yet to approve.

4 After review of the proposed
5 transactions and the approvals granted
6 by other gaming jurisdictions, it was

7 deemed viable that the Board approve the
8 transaction subject to certain
9 conditions. The conditions primarily
10 relate to the reporting of capital
11 expenditures, lease rental amounts and
12 adjustments and any amendments, disputes
13 or defaults concerning the master lease.
14 Pinnacle and GLPI and their
15 subsidiaries, PNK Entertainment,
16 Pinnacle MLS and Gold Merger Sub, have
17 agreed to the conditions.

18 A resolution subject to those
19 conditions has been prepared if it is
20 the Board's decision to approve the
21 petitions of Pinnacle and GLPI.

22 MS. FICKLIN: Good morning,
23 Mr. Chairman and Board Members. I'm
24 Evie Ficklin, a gaming auditor with
25 State Police.

41

1 On July 21st, 2015, GLPI announced
2 it and Gold Merge Sub, its wholly owned
3 subsidiary, had entered into a merger
4 agreement with Pinnacle to acquire
5 Pinnacle's real property assets via
6 merger and subsequently incorporate
7 those real property assets under GLPI's
8 existing REIT structure. In exchange
9 for Pinnacle's real property assets,

10 GLPI has agreed to assume and refinance
11 at closing \$2.7 billion of Pinnacle's
12 existing debt and as merger
13 consideration to distribute 0.85 percent
14 GLPI shares for each one share of
15 Pinnacle stock held by Pinnacle's
16 shareholders.

17 Pinnacle agreed to restructure by
18 separating its operating assets,
19 basically those assets connected to its
20 gaming and entertainment business, from
21 substantially all its real property
22 assets by contributing its operating
23 assets to a new to be publicly traded
24 subsidiary now known as Pinnacle
25 Entertainment -- excuse me, PNK

42

1 Entertainment, Inc., or PNK OpCo. It
2 also agreed to be responsible for
3 satisfying that portion of its
4 outstanding debt not assumed by GLPI.
5 Lastly, post merger one of its
6 subsidiaries will lease back the real
7 property from GLPI.

8 Since the announcement, GLPI and
9 Pinnacle have been positioning their
10 companies in preparation for the various
11 transactions involved in the merger.
12 While retaining substantially all of its

13 real property assets, Pinnacle will
14 contribute, in a premerger transaction
15 to PNK OpCo, approximately 532 acres of
16 undeveloped land and the operating and
17 real property assets held by one of its
18 facilities in Ohio named Belterra Park
19 and all of its operating assets.

20 PNK, in turn, will contribute
21 certain of those operating assets, i.e.,
22 those connected to 14 of Pinnacle's
23 gaming properties, to its wholly owned
24 subsidiary, Pinnacle MLS, LLC, or
25 TenantCo. After the separation of

43

1 assets and preceding the merger,
2 Pinnacle will spin off PNK OpCo by
3 distributing, in a pro rata taxable
4 dividend, its holdings in PNK OpCo
5 common shares to Pinnacle shareholders
6 of record on a one to one share basis.
7 Pinnacle and TenantCo will enter into a
8 35-year master lease wherein TenantCo
9 agrees to lease back the real property
10 assets associated with the operating
11 facilities from Pinnacle.

12 Post spinoff PNK OpCo will secure
13 new financing to contribute a cash
14 payment, the OpCo cash payment, to
15 Pinnacle to satisfy that portion of

16 Pinnacle's debt not assumed by GLPI.
17 The OpCo cash payment was estimated at
18 \$805 million on March 31st, 2016.

19 Following the premerger
20 transactions, Pinnacle, including its
21 real property assets, will merge with
22 and into Gold Merger Sub with Gold
23 Merger Sub surviving the merger and via
24 assumption through merger directly
25 owning Pinnacle's real property assets.

44

1 Further, as a consequence of the merger,
2 Gold Merger Sub replaces Pinnacle as
3 lessor in the master lease with
4 TenantCo.

5 At the merger closing, GLPI will
6 distribute 0.85 percent shares of GLPI
7 stock to existing Pinnacle shareholders.
8 Post merger GLPI ownership is expected
9 to be allocated 71 percent to GLPI
10 shareholders and 29 percent to Pinnacle
11 shareholders.

12 After the merger, PNK OpCo will
13 change its name to Pinnacle
14 Entertainment, Inc. It's common shares
15 will be publicly traded with the stock
16 listed on the NASDAQ Exchange.

17 In summary post merger, PNK OpCo and
18 TenantCo will conduct the gaming and

19 hospitality operations formerly
20 conducted by Pinnacle, and Gold Merger
21 Sub will lease back those real property
22 assets formerly owned by Pinnacle to
23 TenantCo. To finance the closing
24 transactions, GLPI's most recent sources
25 and uses schedule indicates it will need

45

1 approximately 4.8 billion at closing,
2 including 2.7 billion to assume and
3 refinance its portion of the Pinnacle
4 debt and merger consideration to pay to
5 Pinnacle capital shareholders. Its
6 financing plans includes a mixture of
7 debt and equity financing, including an
8 \$825 million incremental loan under its
9 existing credit agreement and issuance
10 of \$863 million of its common stock on
11 April 6th, 2016, and issuance of
12 1.766 billion in GLPI common stock to
13 distribute to Pinnacle shareholders as
14 the merger consideration, and an
15 issuance of 1.375 billion in Senior
16 Notes registered with the SEC.

17 GLPI's new Senior Notes issuance
18 through two of its subsidiaries is a
19 bifurcated offering consisting of 400
20 million 4.37 percent Senior Notes due
21 2021, and 975 million 5.375 percent

22 Senior Notes due 2025.
23 As of April 12th, 2016, PNK OpCo now
24 anticipates it will need, approximately,
25 860 million for its closing

46

1 transactions, including the estimated
2 805 million for the PNK OpCo cash
3 payment to pay its portion of
4 Pinnacle's debt not paid by GLPI. PNK
5 OpCo recently finalized the financing
6 needed for the closing transactions and
7 for going forward. At closing, PNK OpCo
8 will enter into a new \$1.185 billion
9 credit agreement comprised of a \$185
10 million Term Loan A, a \$400 million
11 revolver with an accordion feature
12 allowing up to an additional 300 million
13 in borrowing and a \$300 million Term
14 Loan B.

15 PNK OpCo is also issuing 375 million
16 5.625 percent Unsecured Senior Notes due
17 May 2024 in a private placement set for
18 registration under SEC Rule 144A.
19 TenantCo's first year's rent payment to
20 GLPI is 377 million. PNK OpCo's
21 projections through 2018 beginning on
22 page 71 indicate its ability to maintain
23 its obligations, including interest
24 payments associated with its debt, its

25 rent payments to GLPI under the triple

47

1 net master lease, as well as its

2 responsibilities under that lease to

3 secure insurance, pay taxes and to

4 provide at least 1 percent of its actual

5 net revenue annually of maintenance of

6 the leased properties.

7 However, due to the uncertainty

8 inherent in the projections provided by

9 PNK OpCo or any company, especially as a

10 new operating company that does not own

11 the real estate assets that its gaming

12 companies occupy and lacking historical

13 information and considering PNK's

14 ability to meet long-term financial

15 obligations of this magnitude and

16 duration, we are unable to state with

17 any degree of certainty that PNK OpCo

18 will be able to generate sufficient

19 revenues to meet these requirements.

20 Pinnacle stock closed a \$39.52 Friday,

21 April 15th, 2016, and GLPI's, \$33.01.

22 Other than our ability to provide

23 assurance concerning financial

24 projections, particularly PNK OpCo's

25 achieving revenues sufficient to

48

1 maintain its borrowed debt and payments

2 under the master lease over a 35-year
3 period, no financial matters came to our
4 attention to preclude the Board's
5 approval of this transaction.

6 CHAIRMAN JONES: Board, questions
7 for Miss Moore or Miss Ficklin?

8 Mr. Stipe.

9 MR. STIPE: If this is better
10 directed to them, please tell me. The
11 master lease is treated as a
12 long-term -- how is that treated in
13 their financial accounting?

14 MS. FICKLIN: ASC 842, since the new
15 lease requirements, it's going to be
16 treated as a leasing obligation on the
17 balance sheet and as a lease interest
18 expense on the income statement, and
19 then I think on the cash flow statement,
20 from the best I can see -- I think it
21 was published March 25th or March 16th,
22 I'm not sure which, under ASC 842 -- I
23 believe in the cash flow statement, from
24 what I can see, under operating --
25 operating section of the cash flow

49

1 statement, it looks like it matches the
2 actual lease payment paid against the
3 lease -- the lease interest expense
4 shown on the income statement.

5 MR. STIPE: Okay. And that change
6 in terms of your ultimate review and
7 your ultimate analysis, did you -- were
8 you able to factor in that change in
9 accounting treatment, or does that
10 matter in terms of the ultimate summary
11 that you gave us?

12 MS. FICKLIN: I hope I'm not
13 speaking above what I understood from
14 reading it, but from what I can
15 understand, it's almost going to be,
16 like, having two sets of books; and the
17 first set of books will be those we'll
18 be looking at, which is the actual lease
19 expenses that are going to be paid, and,
20 I guess, the other set are the ones that
21 will be the balance sheet effect, I
22 guess, of having that lease obligation
23 on the balance sheet.

24 So at this point, I don't have any
25 concern with the impact of that ASC 842.

50

1 CHAIRMAN JONES: You say you don't
2 have concerns over that?

3 MS. FICKLIN: Over the impact of
4 that? No.

5 CHAIRMAN JONES: Board, questions?
6 No further questions from the Board.

7 MS. MOORE: Thank you.

8 CHAIRMAN JONES: Thank you.
9 Pinnacle, would you like to take the
10 two tables? Please introduce yourself.

11 MR. SANFILIPPO: Good morning,
12 Chairman Jones and Members of the Board.
13 I am Anthony Sanfilippo. I'm the CEO of
14 Pinnacle Entertainment, and with me is
15 Carlos Ruisanchez, who is our President
16 and Chief Financial Officer, as well as
17 Jack Godfrey, who is our general
18 counsel, also is Brandon Moore, who is
19 the general counsel of Gaming and
20 Leisure Properties, and with him is Paul
21 West, who is an attorney here in Baton
22 Rouge.

23 What I would like to do, first I
24 want to thank you for allowing us to be
25 back in front of you two months since

51

1 the last time we were here. In
2 February, we took you through a pretty
3 extensive review of that transaction. I
4 want to thank the State and the Attorney
5 General's Office for all the work that
6 they've done, and I think they did a
7 nice job explaining the transaction in
8 general.

9 I would like to update you on what's
10 happened since we last saw you this past

11 February, and that is our shareholders
12 approved, on March 15th, this
13 transaction, both the shareholders for
14 GLPI as well as for Pinnacle
15 Entertainment. We had the Nevada Gaming
16 Commission approve this transaction on
17 March 17th. The Missouri Gaming
18 Commission approved the transaction on
19 March 24th; the SEC cleared our Form 10
20 on April the 12th.

21 And then lastly, both Carlos and I
22 were in New York, and we arranged the
23 financing that was described to you just
24 a few minute ago, and it is the lowest
25 cost of capital that this company's ever

52

1 had. We're very pleased to be able to
2 issue bonds that were under 6 percent --
3 5.625 percent, which is by far the
4 lowest cost of capital we've ever had,
5 and if you contrast that to over six
6 years ago we were in the eight plus
7 range percent on bonds.

8 So we have -- this has been very
9 well received from the market in
10 general. We have a very, very low cost
11 of interest going forward, and we
12 have -- in addition to seeking your
13 approval today, we'll be in front of

14 Colorado in a couple of days to seek
15 their approval, and then we are
16 scheduled to close, based on both of
17 those approvals, at the end of this
18 month on April the 28th.

19 I'd like to be able just to answer
20 the question that I thought was a very
21 thoughtful question, Chairman, which
22 was: Why is this in the best interest
23 of the State of Louisiana? Why is it in
24 the best interest of Pinnacle
25 Entertainment, and why is it in the best

53

1 interest of the four licenses that we
2 operate here in this state?

3 As you know, in 2014 our company
4 determined a separation of our real
5 estate from the rest of our company made
6 sense for us. We were going to pursue
7 this separation ourselves, but the
8 transaction with GLPI provides clear
9 benefits to this goal, as it accelerates
10 the separation and provides a stronger
11 and more diversified landlord for our
12 shareholders and for the State of
13 Louisiana than we could have done if we
14 had done a separate company ourself, and
15 as you've heard, both stocks are trading
16 in a very healthy range right now

17 because those in the market today
18 recognize that these are two very strong
19 companies going forward and coupled with
20 receiving the highest ratings that we've
21 ever received from our rating agencies.
22 We're both the lowest cost to capital
23 and the most favorable ratings that
24 we've ever received as a company.

25 This transaction will not impact our

54

1 day-to-day operations or our long-term
2 approach to our facilities and our
3 business as a whole. It will also have
4 no impact on the competitive landscape
5 of our properties in Louisiana. We will
6 be able to continue to focus on
7 excellence in operations and in growth.
8 Through this transaction, we'll
9 materially reduce our conventional debt
10 by \$2.7 billion, which will leave our
11 company with less than \$850 million of
12 borrowed money debt.

13 Our borrowed money leverage will be
14 3.5 times our cash flow, down from about
15 six times our cash flow today, and as
16 noted, in 2015 we spent approximately
17 \$569 million in debt service, including
18 debt payment -- paying down our debt and
19 our interest. Our annual lease payments

20 of 377 million to GLPI, coupled with our
21 expected interest on our borrowed money
22 debt, will be less than 415 million, and
23 I'll just go through that again: Is
24 that in '15, we paid down \$569 million
25 in debt, and we're expecting our lease

55

1 payment and our interest expense will
2 have us at around 415, which gives us
3 very ample supply of cash to continue to
4 invest in our properties, do expansions
5 like we've been doing, grow our property
6 and continue to pay down our debt.

7 The transaction shall not have a
8 negative impact on our communities, team
9 members, vendors or revenues since the
10 operations and management will not
11 change as a result of the transaction.

12 Please note that we have already
13 received approval from the Lake Charles
14 Harbor & Terminal District for the
15 assignment of the lease to GLPI, and
16 that our property in Lake Charles has
17 operated very well and profitably since
18 its inception despite the fact that we
19 leased that property; and there are
20 other properties that we have in the
21 Pinnacle portfolio that we also lease.

22 The leased real estate assets will

23 be owned by a REIT that has a stronger
24 credit rating than we do today. In
25 addition, GLPI will be a potential

56

1 financing source for us going forward
2 and is licensed and regulated by you,
3 the Louisiana Gaming Control Board.

4 Pinnacle will be in a better
5 position to grow following this
6 transaction as our conventional debt
7 will be lower, but our capabilities as a
8 company will be the same as they are
9 today. Ultimately, we believe the focus
10 should be on two main points as it
11 relates to this transaction.

12 Will the revenue potential to the
13 state be impacted? The answer to that
14 question is, no, it won't. If anything,
15 our ability to grow, bring new ideas,
16 better operations should enhance our
17 ability to grow revenues and
18 correspondingly taxes to the state.

19 The financial strength and
20 reputation of your licensees: We have a
21 very healthy, financially strong company
22 after this transaction with meaningfully
23 less refinancing risk, as our borrowed
24 money leverage will be materially down.
25 Furthermore, and more importantly,

1 Pinnacle has developed a strong
2 reputation in the investment community
3 as a company that not only operates well
4 but is a great steward of the
5 investments that institutions have made
6 in us.

7 This reputation has allowed us to
8 continue to receive capital to invest in
9 our businesses, capital to grow, capital
10 to refinance. Capital has been invested
11 in the State of Louisiana. This
12 reputation yields to the benefit of the
13 State of Louisiana, that is because
14 we're partners with you, the State. Our
15 business has had a big impact in the
16 economic development of the communities
17 we are in. That impact is, in part,
18 possible due to the reputation that we
19 have developed with investors to
20 continue to fund our company. Approving
21 this transaction will continue to
22 support that reputation that both the
23 State of Louisiana and Pinnacle
24 currently have and we hope to continue
25 to lean on as we move forward. We

1 believe this transaction is in the best
2 interest of our four properties in

3 Louisiana, the best interest of our
4 company and the best interest of this
5 state.

6 We are happy to answer any
7 questions, Chairman, that you may have
8 for us.

9 CHAIRMAN JONES: Thank you,
10 Mr. Sanfilippo. We appreciate your
11 comments, now for questions.

12 Pull your microphone down,
13 Miss Theriot, please.

14 MS. THERIOT: Thank you very much.
15 Very good to see you again.

16 Okay. My first question: When you
17 appeared before us before, I had asked
18 you about the debt service in relation
19 to the rent that you paid, and at that
20 time, the answer that was received was
21 that -- the number that you gave us had
22 the debt service as being less than the
23 rent that you were paying. Can you
24 address that, the differences today
25 before us? You just made a presentation

59

1 that the debt service was more than the
2 rent that you would be paying plus the
3 remaining debt service on the properties
4 that are not -- the debt that's not
5 being paid off.

6 MR. RUISANCHEZ: Good morning,
7 Carlos Ruisanchez. Good morning,
8 Chairman, Board Members, members of the
9 staff.

10 The reference -- the last question
11 was -- the answer provided was strictly
12 in regards to interest. We actually
13 spent about 569 million between
14 interest, debt service pay down last
15 year, certainly in the context of a
16 lease. Now, this is clearly a financing
17 obligation but one that you do not
18 repay. So as a result on an annual
19 basis, we will be spending less on an
20 annual basis than we spent last year.

21 MS. THERIOT: Okay. Let me ask you
22 a second question. So it's my
23 understanding -- and in general terms
24 because I know you have several NewCos,
25 and the spinoff is very detailed, but

60

1 the general transaction appears to be
2 that Pinnacle's real estate will be
3 going to GLPI, who will then be paying
4 off 2.7 of Pinnacle debt and giving
5 Pinnacle shareholders, approximately,
6 1.8 billion in stock.

7 Is that a correct general
8 description of the transaction?

9 MR. RUISANCHEZ: Sure.

10 MS. THERIOT: Okay. If I step back
11 and look at this and collapse this
12 transaction, it looks like you had an
13 asset that had equity in it that you
14 owned, and now you transferred it to
15 another entity, GLPI; and its equity is
16 now being given to the shareholders as a
17 distribution. To me, it looks like a
18 distribution. I had a company that had
19 an asset worth something -- had debt on
20 it, but presumably there's equity
21 because GLPI is paying more than the
22 debt is paying off. It's giving 1.8 --
23 approximately, 1.8 billion of stock to
24 the shareholders. It's not in the
25 company. It's -- shareholders aren't

61

1 making a cash contribution to the
2 company, as far as I understood.

3 MR. SANFILIPPO: So let me take a
4 shot at that. The way we looked at this
5 was our company is exactly the same
6 company it was pre and post; meaning,
7 what we were going to do instead of
8 owning the real estate was lease back
9 the real estate long-term, and it's a
10 35-year lease that if -- there's only
11 value in that real estate if you've got

12 somebody who can operate that real
13 estate appropriately. And so when we
14 took a look at our ability to pay down
15 our debt -- and \$2.7 billion reduction
16 in debt is significant -- coupled with a
17 week ago our ability to get financing
18 that's the lowest the company's ever
19 seen, we believe it's created a platform
20 for us to be able to continue to grow
21 the company.

22 This is a one-time deal. So it's
23 only with the assets that we have talked
24 with you about. So as we look at
25 continuing to grow the company and our

62

1 ability to go out and raise debt,
2 whether we own or don't own the real
3 estate we feel very good about the
4 ability we have to do that, and so we
5 think the company is in terrific shape
6 going forward post this transaction.

7 MS. THERIOT: And I agree with you
8 that this is an odd circumstance. This
9 is an asset that's not regularly and
10 customarily traded on everyday in real
11 estate transactions, but -- and again,
12 we don't really know how you came up
13 with this value; but clearly it has
14 value because GLPI is paying it, and it

15 appears to me that the company once had
16 an asset with equity, that it could have
17 gone and raised some more capital on if
18 it needed to or -- and now 1.8 billion
19 is being taken out and going to the
20 shareholders.

21 I have concern with that. I have
22 concern with that under capitalization.
23 We've now taken an asset that used --
24 Pinnacle used to have, the building,
25 with some equity in it. We've now

63

1 transferred it to another entity, and I
2 just see that 1.8 billion going back to
3 the shareholders; and to me it looks
4 like a dividend.

5 I don't know -- so what -- how do
6 you intend to replace that capital? How
7 do you intend to replace that capital
8 that, to me, looks like it's leaving?

9 MR. RUISANCHEZ: Well, certainly
10 what we're doing is monetizing an asset
11 within the company that does not
12 interfere at all in regards to
13 operations. Financially we will be a
14 stronger company going forward and
15 probably no better proof of that than
16 the fact that Moody's, who is probably
17 the most respected agency out there,

18 actually upgraded us in the context of
19 this transaction, both by the fact that
20 we lower down our borrowed money by
21 \$2.7 billion as part of this and to --
22 in regards to the cash flow and our
23 ability to reduce dramatically a
24 refinancing risk that we will have.

25 This is a way to basically

64

1 capitalize ourselves in a way that we do
2 not have a refinancing risk, at least
3 for 35 years, and at the end of the 35
4 years, we'll go and renegotiate what a
5 lease will look like. Because as
6 Anthony mentioned, the best use of these
7 facilities is actually to do what we're
8 doing in it today, and the licenses will
9 remain with us and continue to operate
10 to try to maximize what's best for both
11 the company and, obviously, for the
12 state.

13 MS. THERIOT: It doesn't seem
14 Moody's upgraded you, but Standard &
15 Poor's is notoriously more conservative,
16 and they did not upgrade you. They, at
17 least, maintained your rating.

18 MR. RUISANCHEZ: They affirmed the
19 rating, and they were already a notch
20 higher than Moody's. Traditionally, at

21 least in our case, Moody's has been more
22 conservative than S & P. I can't speak
23 for the agency as a whole, so now
24 they're basically the same rating, which
25 is the best rating that we've had as a
65
1 company ever.

2 MR. SANFILIPPO: Let me add a couple
3 of things to you. I think part of, I
4 hope, what's important that you judge us
5 on is what we've done in the past, and
6 we have built a terrific property here
7 in Baton Rouge. We've maintained a
8 wonderful property and competed well in
9 Lake Charles. We have two properties,
10 one that we recently put a hotel in in
11 New Orleans, and then another property
12 up in -- in a very competitive market in
13 Shreveport/Bossier City.

14 We have laid this deal out in
15 February when we were here, and we can
16 take you back through our cash flows and
17 how much is going to rent -- it's in the
18 appendix that you have in front of
19 you -- and how much is going to pay our
20 new interest expense and how much free
21 cash flow we have left. What was
22 important to us when we negotiated this
23 deal is that Pinnacle Entertainment

24 going forward would be able to continue
25 to have very healthy cash flows for us

66

1 to continue to invest in our current
2 properties, which we'll lease, and with
3 a triple net lease, we're responsible
4 for maintaining those properties. We
5 won't be the quality company that we are
6 and we have been unless we continue to
7 invest in those properties, which we
8 plan on doing.

9 So when we made this deal with GLPI,
10 we wanted to make sure there was
11 sufficient debt paid down, and that we
12 had the right platform for us to
13 continue to be a good license holder
14 here; and so I would ask that you just
15 take a look at how we are in the
16 communities that we operate in, the
17 quality of the properties that we
18 operate, the performance that you've
19 seen to date as you sort of take a look
20 and have a judgment on us going forward.
21 We believe we've shown you that
22 there's -- there is great cash flow --
23 free cash flow that allows us to, still
24 going forward, be a very successful
25 company.

67

1 MS. THERIOT: And then I had one
2 last question that we discussed last
3 time. It was the GLPI's approval over
4 the structure of the buildings not to be
5 unreasonably withheld and no definition
6 of that at the time located in the
7 lease. Has that been changed, or are we
8 still in that position?

9 MR. RUISANCHEZ: You want to address
10 that, Brandon?

11 MR. MOORE: Sure. We went back
12 after the last meeting, and we took that
13 question away; and we went back and
14 actually looked at how we managed that
15 section with respect to Penn National
16 Gaming over the past two-and-a-half
17 years in order to provide a better
18 answer to that question. And what we
19 really found is that the standard that
20 we've used really is in the lease. In
21 Section 10.2 A through E, there are a
22 number of things that the tenant is
23 required to certify to us in connection
24 with a capital improvement notice that
25 we're to -- or a capital improvement

68

1 consent we're required to approve.

2 We've always gone through those list
3 of factors, and if they were all met,

4 we've always approved it; and they have
5 to do with zoning and structural
6 integrity and those sorts of things.

7 So we actually believe that the
8 lease does contain a lot of the
9 parameters around our judgment as a
10 landlord as to what we really can
11 consider when determining whether or not
12 there's a project that we can consent to
13 or not, and I will point out:

14 Additionally, here in Baton -- with
15 Baton Rouge specifically, the FTC asked
16 us to enter into a letter agreement with
17 the folks at Pinnacle, which we've done,
18 that says that we won't take into
19 consideration the impact that a capital
20 improvement could conceivably have on
21 the competitive set in our facility that
22 we own in Baton Rouge when determining
23 whether or not something is reasonable.

24 And I can tell you: When that request
25 came from the FTC, we were happy to do

69

1 it because it's not something we would
2 do. It's not something we would intend
3 to do, so...

4 MS. THERIOT: So that would be "no,"
5 we have no definition of unreasonable --
6 unreasonably withheld in the lease

7 agreement?

8 MR. MOORE: We didn't attempt to
9 define it further than what it's defined
10 in the lease agreement now with the
11 construct that's in there with the
12 parameters that are included in the
13 lease that we believe dictates what that
14 standard is now. I mean, because if you
15 look at the different -- I think there
16 are five different aspects to that.

17 If Pinnacle can come to us and say,
18 it's not going to affect the structural
19 integrity of the building, it's not
20 going to affect the building's systems
21 and the ability of the building systems
22 to service the building, it's permitted
23 by zoning -- and there are several other
24 things there -- that's what we looked at
25 to determine whether or not consent

70

1 should be given, and I can tell you
2 there's not a situation that's arisen
3 where something that net all those
4 criteria in the lease we felt like we
5 had a right to say no to.

6 So I think in many ways we didn't
7 discuss it when we were here last time.
8 I failed to point those provisions out,
9 quite frankly, because I didn't have it

10 in front of me, and I wasn't thinking
11 about it; and I wasn't thinking about it
12 in the context that you put it which
13 was: How do you go about determining
14 whether or not something is reasonable?
15 So we went back, and we did that
16 homework internally; and we talked to
17 the folks at Pinnacle. We thought it
18 was really there, and I'm not sure if we
19 were to spell it out, we would do it
20 differently than what's currently in the
21 lease now.

22 MR. RUISANCHEZ: It's probably worth
23 adding that it is in their best interest
24 to have us continue to invest in the
25 properties, even though they technically

71

1 own the real estate while we continue to
2 use it. So there was not an economic
3 advantage to withholding a consent
4 that's going to go on and improve and
5 help the performance of that property,
6 which is the basis under which we invest
7 in our properties today.

8 MS. THERIOT: Thank you, gentlemen,
9 for answering my questions.

10 MR. SANFILIPPO: Thank you very
11 much.

12 MR. MOORE: I'd like to add, too,

13 we've also agreed to some conditions
14 that I think we were happy to do that
15 relates to providing you folks notice
16 when we're doing certain capital -- when
17 Pinnacle is doing capital improvement
18 projects. It's consistent with some
19 conditions we agreed to in other states,
20 and we're happy to do it; and I think
21 you'll see over time the things that
22 they want to do, you'll see us applying
23 the standard in the lease and approving
24 those things. And unfortunately, I
25 can't show you until we come back here

72

1 next time, but I think you'll see that a
2 lot of it is there.

3 MS. THERIOT: Thank you.

4 CHAIRMAN JONES: Okay. Mr. Stipe
5 has a question.

6 MR. STIPE: I do, and I guess this
7 is to counsel. There's a -- in the
8 transmittal that we got, one of the
9 clauses or one of the phrases that was
10 recited from the Form 10-12B which is --
11 which states, [As read]: "As a result
12 of our significant reduced cash flow,
13 our ability to fund our own operations
14 or developmental project, raise capital,
15 make acquisitions or otherwise respond

16 to -- to respond to competitive and
17 economic changes may be adversely
18 affected."

19 First of all, is that in the Form
20 10B?

21 MR. GODFREY: Yes.

22 MR. STIPE: And what's the section
23 that it's in, or could you kind of give
24 us some context of where that is in that
25 particular file?

73

1 MR. GODFREY: Well, as a company
2 regulated by the SEC, obviously there
3 are standards that the SEC imposes upon
4 public companies for disclosure of risk
5 factors, so we and all other companies
6 do disclose those risk factors, and if
7 you compared the risk factors for PNK
8 Entertainment, Inc., to Pinnacle
9 Entertainment, Inc., they're very, very
10 similar. We don't ascribe a probability
11 to these risk factors, but we're
12 required to list things that could
13 happen without assigning a probability
14 to that. So it's full disclosure to
15 investors.

16 MR. STIPE: And this is one of a
17 number of them --

18 MR. GODFREY: Yes.

19 MR. STIPE: -- contained in your
20 files, correct?

21 MR. GODFREY: Correct.

22 MR. STIPE: All right. Is it
23 accurate that this master lease is going
24 to be defined as a long-term liability
25 in your financial statements?

74

1 MR. RUISANCHEZ: That is correct.
2 It will be a financing obligation under
3 GAAP.

4 MR. STIPE: If you look at your
5 long-term obligations before this
6 transaction and after this transaction,
7 how do they differ, if that is defined
8 as a long-term obligation?

9 MR. RUISANCHEZ: The actual total
10 balances will be, roughly, about the
11 same as it is before. The big
12 difference is that this is one that
13 practically you don't pay down, as it
14 will instruct -- the GAAP has a number
15 of oddities to it as to how it ended up
16 this way.

17 The big difference here really is
18 that we have a 35-year instrument and
19 the fact that there was no refinancing
20 that will take place in the meantime, as
21 opposed to the things that do get -- end

22 up refinanced anywhere between five and
23 ten years on an annual basis, and you
24 take a refinancing risk every time you
25 do that. Here is a way that we've

75

1 basically locked down. We know what our
2 obligations will be for the next 35
3 years, and it will get renewed at that
4 point going forward.

5 MR. STIPE: And if interest rates go
6 up, you don't worry about it.

7 MR. RUISANCHEZ: For the first 35
8 years, we know what this piece will be,
9 and certainly on what's left
10 outstanding, which is obviously
11 meaningfully less, as Anthony mentioned,
12 \$850 million, that will be a piece that
13 we'll worry about, but it's a lot more
14 manageable for our company going
15 forward.

16 MR. STIPE: And I guess I'm going to
17 direct this to you, and you spoke to it
18 a little bit. But the concern is that
19 we do have two facilities in the same
20 area, so tell me again: What are the
21 protections that we have for that
22 facility? Because that's a very good
23 facility. That's a very good facility,
24 and you have two competitors in the same

25 area. So what are the protections built

76

1 into this agreement that this Board can
2 rely on with respect to those two
3 competitors in the same facility?

4 MR. MOORE: I think I would start by
5 pointing out that under the lease,
6 Pinnacle isn't giving us confidential
7 information that we could utilize in
8 order to do or take anti-competitive
9 measures, first of all. Second, if they
10 were to provide us confidential
11 information that could arguably be used
12 in some anti-competitive way, there's a
13 confidentiality agreement -- a
14 confidentiality provision in the lease
15 that we would be in breach of if we were
16 to do that.

17 So the presumption would be that if
18 we were to take Pinnacle information
19 that I, quite frankly, don't know that
20 we'll receive, honestly -- I couldn't
21 tell you a piece of information that I
22 think these folks would provide under
23 that lease that we could turn around and
24 utilize at our Hollywood boat in order
25 to gain a competitive advantage; but

77

1 assuming for the moment there is, we

2 would be in breach and violation of that
3 lease in order to do that, and I think a
4 company of our size, to think that we
5 would breach a lease this important --
6 to think we'd breach a lease at all,
7 quite frankly.

8 I mean, we're all here, found
9 suitability and licensed in this state,
10 subject to the licensure of this Board
11 on a continuing basis. To think that we
12 would violate any agreement, first of
13 all, is difficult for me to imagine. To
14 think that we would violate an agreement
15 this important to our company and to our
16 business seems just unfathomable to me,
17 both in our fiduciary duties to our
18 shareholders and just in our dealing
19 with our partners. So I think that's
20 the first thing I would point out.

21 The second thing I would point out
22 is with respect to these capital
23 improvement projects, which I think are
24 the two areas that people would focus
25 on, is how could you gain some sort of

78

1 competitive advantage? One, you might
2 receive competitive financial or other
3 information from your tenant that you
4 could utilize to benefit your own

5 business, and two would be, you could
6 prohibit that tenant from doing capital
7 improvement projects that could take
8 away some of your business, right? They
9 could create new amenities at that
10 property that could arguably harm the
11 Baton Rouge Hollywood boat.

12 I think that we've been through our
13 rights to say "no" under the lease to
14 capital improvements. I don't feel as
15 though we have a right in those
16 circumstances to say "no." We've
17 certainly agreed with the Federal Trade
18 Commission, and that we wouldn't say no
19 under those circumstances. I think that
20 you gotta look at: The Baton Rouge boat
21 is important to our business, but as a
22 subset of our overall revenues, it's an
23 immaterial amount of our business moving
24 forward when you factor in the Pinnacle
25 rent to the Penn National Gaming rent,

79

1 which will be over \$800 million,
2 compared to the business generated at
3 the Baton Rouge boat.

4 So not to minimize the importance of
5 that facility to our business, but to
6 think that we would do something that
7 would jeopardize our entire business to

8 benefit that boat in a way that may or
9 may not even work, I think is something
10 that just won't happen.

11 If there are other risks that you're
12 thinking of that I haven't addressed
13 besides the confidential information and
14 the capital improvements, I'm happy to
15 discuss, but those are the two issues I
16 think we focused on in the separate
17 management teams; and they're two issues
18 we have addressed with other regulatory
19 agencies that have expressed a concern,
20 including the Federal Trade Commission.

21 MR. STIPE: The commitment that you
22 made with the Federal Trade Commission,
23 is that component -- had that been
24 integrated into --

25 MR. MOORE: It's a side letter that

80

1 we -- they asked us to enter into. We
2 offered to amend the lease, and the
3 Federal Trade Commission said that's not
4 necessary. In fact, they said, we
5 prefer you not amend your lease, but we
6 would like for you to make a commitment
7 to the Pinnacle management, which we've
8 done in writing.

9 MR. GODFREY: The condition, as I
10 recall, that we cited and gave it over

11 to the staff, relates to their inability
12 to interfere or not approve any capital
13 expenditure required by regulators, but
14 the letter that Brandon refers to on
15 October 28th, which I did provide that
16 to the Chairman as a side letter,
17 clearly states that they cannot take
18 into consideration any potential impact
19 on their property in considering our
20 capital expenditure projects to the
21 extent they need to be approved.

22 I think it also bears mentioning --
23 and I think Brandon mentioned this at
24 the last hearing -- the track record
25 that they have on capital expenditures

81

1 with Penn National Gaming. As I recall,
2 your -- you've never denied one.

3 MR. MOORE: No. We've added a
4 couple, but we haven't denied any. I
5 mean, for the most part, they're
6 improving our facilities. I mean, these
7 are facilities that we own that their
8 highest and best use is gaming, and
9 you're talking about two high quality
10 operators that we believe or assume,
11 quite frankly, are doing things in the
12 best interest of that facility of that
13 company for their shareholders. And so

14 absent some crazy circumstance I can't
15 think of at the moment that -- where
16 they were trying to do something that
17 would impact the structural integrity of
18 a building where we could have some
19 liability -- if the building crumbles,
20 even though we're a landlord and we have
21 indemnification under the lease, we
22 still will have liability. We're really
23 looking out in that regard. I can't
24 think of anything that we would say no
25 to investing in our properties at this

82

1 point in time.

2 Now, it could come up, and if it
3 does, I think you'll see it, because the
4 conditions we have will -- you'll see
5 the request and you'll see our response,
6 and if you see us say no to something,
7 hopefully it will be something that we
8 all understand why and --

9 MR. SANFILIPPO: Let me add, too,
10 Brandon, that we had long negotiations
11 with them, and that was part of our
12 concern, is our ability to continue to
13 grow these businesses; and we did get
14 comfortable that we would be able to do
15 it. There's other things that if it was
16 ever perceived that they were impeding

17 us from growing our business, there's
18 other ramifications. It would be cost
19 of financing. It would be a variety of
20 things that could have an impact on
21 their stock price, our stock price, so
22 we -- while I think we all understand
23 the question, we think the likelihood or
24 probability is just so very small that
25 that could happen, and that we've got

83

1 remedies in dealing with that. We also
2 have a variable component to the rent
3 that they're going to be cheering us on
4 to continue to grow the business.

5 MR. RUISANCHEZ: One last point:
6 You know, obviously as a licensee,
7 they're subject to your oversight and
8 jurisdiction, so I'm sure if there's
9 something you feel is not right with
10 this thing, you will make that known.

11 MR. STIPE: That FTC -- the
12 commitment to the FTC was integrated
13 into the terms and conditions?

14 MR. MOORE: I don't believe that was
15 specifically in the conditions that I
16 saw, at least, that we signed, but it's
17 a commitment we've made to them that
18 it's the same level of commitment we've
19 made in the master lease.

20 CHAIRMAN JONES: Any other
21 questions?

22 MR. GASTON: Mr. Chairman, in
23 listening to this -- and this has been
24 tremendous discussion, some of the best
25 ever since I've been on this board --

84

1 several things jump out to me real
2 quick. First of all, the Attorney
3 General's Office, the State Police have
4 clearly done a thorough job of reviewing
5 some very difficult information. I was
6 impressed with the debt reduction which
7 was a -- is always good. The fact that
8 the shareholders have approved it is
9 certainly a positive point. I assume it
10 was not a 421 to 420 vote, but assuming
11 that that went forward, the fact that
12 five out of the seven have already
13 approved this transaction -- Colorado is
14 going to approve it. Hell, they
15 approved marijuana so they're going to
16 approve it.

17 But I would like to commend
18 Mr. Stipe and Miss Theriot for some
19 wonderful questions. I assume the other
20 five did not interrogate you quite as
21 well as these two have.

22 MR. SANFILIPPO: They did not. They

23 all approved it.

24 MR. GASTON: I can see that, but at
25 the proper time, Mr. Chairman, I believe

85

1 this is a quality corporation doing a
2 lot of good things; and at the proper
3 time, I'd like to move for approval.

4 CHAIRMAN JONES: Thank you. Let me
5 make some concluding remarks before
6 we --

7 MR. GASTON: Yes, sir.

8 CHAIRMAN JONES: -- move forward
9 with the motion.

10 First of all, I apologize to the
11 Board that you got packets on Thursday.
12 We're sometimes driven by others that we
13 rely on to get the information, and we
14 get it out as quickly as we can. So I
15 apologize for that. I will try to do a
16 better job in that regard. Don't ever
17 hesitate to call me and say, look, let's
18 talk about this. I'm available all
19 week, and everybody has my number.
20 Don't ever hesitate.

21 You asked some questions about
22 Hollywood, the relationship in the
23 market. I mean, this was a little more
24 different -- more different. This was
25 somewhat different than the other

1 jurisdictions, in that we have the
2 operator in one case, the landholder in
3 the other case; and quite frankly from
4 the beginning, that's something that I
5 had to kind of get my head wrapped
6 around, and it was the one area that I
7 had more discomfort with than anything
8 else. I think I've come to some
9 resolution on that.

10 You know, we don't make decisions
11 like this in a vacuum, and what we have
12 to look at is Pinnacle's track record.
13 You know, I'm not very good at
14 predicting the future. You can just
15 look at my Final Four bracket and figure
16 that out, nor is this an exact science.
17 This isn't engineering and accounting.
18 I mean, we have to make judgments, and
19 in this case, for me it was about
20 knowing who Pinnacle is in the state and
21 what they've done and the reputation
22 that they have. I can only try and base
23 decisions based on prior conduct and
24 trusting people.

25 Don't make me hunt you down,

1 Brandon, okay?

2 I want to thank my staff and the

3 A.G.'s Office for working on the
4 conditions that they put in place. My
5 staff -- and I know the A.G. talked to
6 some of the other jurisdictions to try
7 and find our way down this path. We've
8 been working on it for months, and I
9 finally have a level of comfort.

10 So I think we have a motion to adopt
11 the Resolution. Do I have a second?

12 MR. BRADFORD: Second.

13 CHAIRMAN JONES: By Mr. Bradford.

14 Miss Tramonte, would you read the
15 Resolution into the record.

16 THE CLERK: On the 18th day of
17 April, 2016, the Louisiana Gaming
18 Control Board did, in a duly noticed
19 public meeting, consider the separate
20 petitions of Pinnacle Entertainment,
21 Incorporated, ("Pinnacle"), and Gaming
22 and Leisure Properties, Incorporated,
23 ("GLPI"), for approval of the transfer
24 of ownership of Pinnacle's Louisiana
25 licensees, the merger of Pinnacle with

88

1 and into a subsidiary of GLPI, the
2 transfer and leaseback of certain of
3 Pinnacle's real estate assets, and the
4 separate financing to be entered into by
5 Pinnacle and GLPI for funding the

6 transactions, and upon motion duly made
7 and second, the Board adopted this
8 resolution.

9 Whereas, on July 20th, 2015,
10 Pinnacle Entertainment, Incorporated,
11 Gaming and Leisure Properties,
12 Incorporated, and Gold Merger Sub, LLC,
13 ("GMS"), did enter into an "Agreement
14 and Plan of Merger," providing for the
15 transfer of Pinnacle's real estate
16 assets used in the operation of certain
17 of its casino facilities to GLPI by
18 merger of Pinnacle with and into GMS,
19 and the leaseback of those properties to
20 Pinnacle MLS, LLC, ("MLS"), a subsidiary
21 of PNK Entertainment, Incorporated,
22 ("PNK"), currently a subsidiary of
23 Pinnacle, the ownership of which shall
24 be distributed to Pinnacle stockholders;
25 and whereas, many of the transactions

89

1 provided for in the "Agreement and Plan
2 of Merger" and the related agreements
3 entered into in connection therewith,
4 require Board approval, including,
5 without limitation, the financing of the
6 transactions.

7 Now therefore, be it resolved that
8 the conversion and name change of PNK

9 (Bossier City), Incorporated, to PNK
10 (Bossier City), LLC, is hereby approved.

11 Be it resolved that the transfer of
12 Pinnacle's ownership interest in the
13 following subsidiary entities to PNK is
14 hereby approved: One, one hundred
15 percent of PNK Lake Charles, LLC, doing
16 business as L'Auberge Lake Charles; two,
17 a hundred percent of Pinnacle
18 Development 8, LLC, which holds
19 one percent of PNK (Baton Rouge)
20 Partnership doing business as L'Auberge
21 Casino & Hotel Baton Rouge; three, a
22 hundred percent of Pinnacle Development
23 9, LLC, which holds 99 percent of PNK
24 (Baton Rouge) Partnership doing business
25 as L'Auberge Casino & Hotel Baton Rouge;

90

1 four, one hundred percent of Casino
2 Magic, LLC, which holds one
3 hundred percent of PNK (Bossier City),
4 Incorporated, doing business as Boomtown
5 Bossier City, which will be converted to
6 PNK (Bossier City), LLC; five, one
7 hundred percent of Boomtown, LLC, which
8 holds 95 percent of Louisiana-1 Gaming,
9 L.P., doing business as Boomtown New
10 Orleans; six, five percent of
11 Louisiana-1, L.P., doing business as

12 Boomtown New Orleans.

13 Be it resolved that the transfer of
14 PNK's ownership interest in the
15 subsidiary entities it acquires from
16 Pinnacle to MLS is hereby approved.

17 Be it resolved that the transfer of
18 PNK (Lake Charles), LLC's, interest in
19 the Ground Lease Agreement dated
20 August 21st, 2003, but made effective
21 August 19th, 2002, as amended thereafter
22 from time to time, by and between PNK
23 (Lake Charles), LLC, as lessee, and the
24 Lake Charles Harbor & Terminal District,
25 as lessor, to Pinnacle, and the

91

1 subsequent subleases of the property to
2 MLS & PNK (Lake Charles), LLC, are
3 hereby approved.

4 Be it resolved that the transfer of
5 the leased properties, as defined in
6 Master Lease, from subsidiaries of
7 Pinnacle to Pinnacle is hereby approved.

8 Be it resolved that execution of the
9 Master Lease by Pinnacle, as lessor, and
10 MLS, as lessee, is hereby approved.

11 Be it resolved that the subleases of
12 the leased property, as defined in the
13 Master Lease, by MLS to Pinnacle PNK
14 Louisiana licensees is hereby approved.

15 Be it resolved that the spin-off and
16 distribution of Pinnacle's ownership
17 interest in PNK to Pinnacle stockholders
18 is hereby approved.

19 Be it resolved that the merger of
20 Pinnacle with and into GMS with GMS, as
21 the surviving entity, is hereby
22 approved.

23 Be it resolved that the transfer of
24 an indirect ownership interest in
25 Louisiana Casino Cruises, Incorporated,

92

1 doing business as Hollywood Casino Baton
2 Rouge to occur upon the issuance of
3 shares of common stock of GLPI to
4 Pinnacle's stockholders at the rate of
5 0.85 shares of GLPI for each share of
6 Pinnacle stock held at the time of
7 closing, is hereby approved.

8 Be it resolved that the assumption
9 of GLPI of \$2.7 billion of Pinnacle's
10 debt, subject to certain adjustments, in
11 consideration of the acquisition of
12 Pinnacle and the Leased Properties (as
13 defined in the Master Lease) are hereby
14 approved.

15 Be it resolved that the payment by
16 PNK of the; "OpCo cash payment" (as
17 defined in the Separation and

18 Distribution Agreement to be entered
19 into by Pinnacle and PNK and, solely
20 with respect to Article VIII therein,
21 GLPI) to Pinnacle, is hereby approved.

22 Be it resolved that the name change
23 of PNK Entertainment, Incorporated, to
24 Pinnacle Entertainment, Incorporated, to
25 occur subsequent to the merger of

93

1 Pinnacle with and into GMS, is hereby
2 approved.

3 Be it resolved that Pinnacle
4 Entertainment's request for approval of
5 commitment for bridge financing made
6 pursuant to the July 20th, 2015,
7 Commitment Letter from certain specified
8 institutional lenders as set forth
9 therein providing for, one, a senior
10 secured 364-day term loan bridge
11 facility in an aggregate principal
12 amount of \$900 million into a senior
13 secured revolving credit facility in an
14 aggregate principal amount of
15 200 million, both with PNK
16 Entertainment, Incorporated, as
17 borrower, is hereby approved.

18 Be it resolved that Pinnacle
19 Entertainment's request for approval of
20 financing in an aggregate principal

21 amount of up to \$1.560 billion,
22 including related pledges and guarantees
23 therewith, with PNK Entertainment,
24 Incorporated, (to be renamed Pinnacle
25 Entertainment, Incorporated) as borrower

94

1 or issuer, secured from or to be secured
2 from one or more financial institutions
3 or other sources suitable and acceptable
4 to the Board, and consisting of, one, a
5 \$400 million Senior Secured Revolving
6 Credit Facility, with an accordion
7 feature allowing for up to an additional
8 \$300 million in borrowing; two, a
9 \$185 million Senior Secured Term A Loan
10 Facility; three, a \$300 million Senior
11 Secured Term B Loan Facility; and four,
12 Senior Unsecured Notes in the principal
13 amount of \$375 million, is hereby
14 approved.

15 Be it resolved that GLPI's request
16 for approval of a New Incremental Term
17 Loan A in the principal amount of
18 \$825 million pursuant to Amendment 1
19 dated July 31st, 2015, to the Credit
20 Agreement dated October 28th, 2013, by
21 and among GLP Capital, L.P., as
22 borrower, and GM [sic] Morgan and Chase
23 Bank, N.A., as Administrative Agent, and

24 the lenders party thereto from time to
25 time, is hereby approved.

95

1 Be to resolved that GLPI's request
2 for approval of the issuance of GLP
3 Capital, L.P., and GLP Financing II,
4 Incorporated, of new unsecured senior
5 notes in the aggregate principal amount
6 of \$1.375 billion launched on
7 April 11th, 2016, is hereby approved.

8 Be it resolved that the offer and
9 sale of 28,750,000 shares of GLPI common
10 stock, (\$863 million), pursuant to an
11 offering that closed on April 6th, 2016,
12 is hereby approved.

13 Be it resolved that GLPI's request
14 for approval of a term loan bridge
15 facility in the principal amount of
16 \$1.875 billion is hereby approved.

17 Be it resolved that the approvals
18 granted hereby are subject to the
19 conditions set forth on the attached
20 Acknowledgement and Acceptance of
21 Conditions.

22 Thus done and signed in Baton Rouge,
23 Louisiana, this 18th day of April, 2016.

24 Mr. Bradford?

25 MR. BRADFORD: Yes.

96

1 THE CLERK: Mr. Stipe?
2 MR. STIPE: Yes.
3 THE CLERK: Mr. Singleton? [No
4 response.] Major Mercer?
5 MAJOR MERCER: Yes.
6 THE CLERK: Mr. Jackson?
7 MR. JACKSON: Yes.
8 THE CLERK: Mr. Gaston?
9 MR. GASTON: Yes.
10 THE CLERK: Miss Berry?
11 MS. BERRY: Yes.
12 THE CLERK: Miss Theriot?
13 MS. THERIOT: Yes.
14 THE CLERK: Chairman Jones?
15 CHAIRMAN JONES: Yes.
16 The Resolution is adopted.
17 MR. SANFILIPPO: Thank you very
18 much.

19 VI. VIDEO GAMING ISSUES

20 A. Consideration of the following truckstop
21 applications:
22 1. Gaubert Food Marts, Inc., d/b/a Go-Bears#28
23 and Lafitte's Treasure Casino - No.
24 4900517327 (new application)

25 CHAIRMAN JONES: We'll now move to

97

1 Video Gaming Issues. First up is a new
2 application. Consideration of the
3 application of video license for Gaubert

4 Food Marts, Inc., doing business as
5 Go-Bears#28 and Laffite's Treasure
6 Casino, Number 4900517327.

7 Good morning.

8 MS. HOOD: Good morning, Chairman
9 Jones, Members of the Board, Heather
10 Hood, Assistant Attorney General,
11 present before the Board in the matter
12 of the original application of Gaubert
13 Food Marts, Inc., doing business as
14 Go-Bears#28 and Laffite's Treasure
15 Casino, applying for approval of a Type
16 5 video draw poker gaming license.

17 On April 2nd, 2014, Gaubert Food
18 Marts purchased the property, buildings
19 and improvements from USA Speedmax
20 Casino, LLC, doing business as USA
21 Speedmax Casino, the previously licensed
22 qualified truckstop facility who
23 surrendered their license on March 26th,
24 2013. Gaubert Oil Company is the
25 100 percent owner of Go-Bears Food

98

1 Marts.

2 Senior Trooper James M. Cannon
3 inspected the truckstop facility and
4 conducted suitability investigations of
5 the associated person and is present
6 this morning to report his findings to

7 the Board.

8 TROOPER CANNON: Good morning,
9 Chairman, Members of the Board.

10 CHAIRMAN JONES: Morning.

11 TROOPER CANNON: All associated
12 persons have previously submitted to
13 suitability investigation in connection
14 with other video poker licenses.

15 An on-site inspection was conducted,
16 and it was determined that the
17 establishment meets all criteria set
18 forth in video gaming law as a qualified
19 truckstop facility. The establishment
20 consists of at least five contiguous
21 acres, specifically 8.179.

22 Gaubert Food Marts, Incorporated,
23 submitted a video draw poker license
24 application within 36 months; therefore,
25 they are not subject to the rule that

99

1 they must be one mile from a school,
2 church, playground, synagogue, public
3 library or residence and buildings on
4 the National Historic Registry.

5 I found no information to preclude
6 the issuance of a Type 5 Video Draw
7 Poker Gaming License to Gaubert Food
8 Marts, Incorporated, or to preclude all
9 previously associated persons from

10 continuing to participate in the gaming
11 industry.

12 MS. HOOD: Our review of the
13 Division's file indicates that there is
14 no information found to preclude
15 approval.

16 CHAIRMAN JONES: Board, any
17 questions for the Attorney General's
18 Office or State Police? There are no
19 questions.

20 Do I have a motion to approve the
21 application and issue the license?

22 MR. JACKSON: Motion to approve.

23 CHAIRMAN JONES: Mr. Jackson, second
24 by Mr. Gaston. Any objections? Without
25 objection, the motion carries.

100

- 1 2. Galliano Truck Plaza and Casino, LLP, d/b/a
- 2 Galliano Truck Plaza and Casino -
- 3 No. 2900513574 (transfer of interest)
- 4 3. Bayou Magic Enterprises, LLC, d/b/a Cajun Magic
- 5 Truckstop Royal Flush Casino 2 - No. 5501511641
- 6 (transfer of interest)

7 CHAIRMAN JONES: I'll now refer you
8 to your agenda for transfers of
9 interest. We're going to take items,
10 reflected on the agenda, Number 2 and 3
11 for a transfer of interest.

12 MS. HOOD: Good morning again,

13 Heather Hood, Assistant Attorney
14 General, present before the Board in the
15 sale of 39.1304 percent of the
16 membership interest in DBCJK, LLC.

17 On February 29th, 2016, William
18 Beary resigned and entered into an
19 agreement to sell all of his membership
20 in DBCJK to Don McMath. He purchased
21 16.9409 percent, Gina Broussard
22 8.0143 percent and KACO Interest, LLC,
23 13.9752 percent.

24 Galliano Truck Plaza and Casino and
25 Bayou Magic Enterprises, LLC, are owned

101

1 by DBCJK and DBCJK2. DBCJK, LLC, has a
2 100 percent membership interest in
3 DBCJK2.

4 The membership interest is now as
5 follows: Don McMath has
6 56.0713 percent, KACO Interest has
7 35.7144 percent, and Gina Broussard has
8 8.0143 percent.

9 Criminal Investigator Glenn Verrett
10 conducted an investigation as to the
11 transfer of interest. He is present
12 this morning to report his findings to
13 the Board.

14 TROOPER VERRETT: Morning,
15 Mr. Chairman, Board Members. I

16 investigated the transfer of interest
17 and found no information that would
18 preclude the continuing license of
19 Galliano Truck Plaza and Casino, LLP,
20 and Bayou Magic Enterprises, LLC. Gina
21 Broussard previously met suitability
22 because she was the manager of DBCJK,
23 LLC. All other associated persons had
24 previously submitted to suitability
25 investigations.

102

1 I conducted an updated criminal
2 history check on all associated persons
3 and found no information that would
4 preclude them from continuing to
5 participate in the gaming industry.

6 MS. HOOD: The Office of the
7 Attorney General has reviewed the file
8 and found no information that would
9 preclude the approval of this sale.

10 CHAIRMAN JONES: Any questions for
11 the Attorney General's Office and State
12 Police, Board? There are no questions.

13 Do I have a motion to approve the
14 transfer of interest?

15 MS. BERRY: I move.

16 CHAIRMAN JONES: By Miss Berry and
17 by Miss Theriot. Any objection to the
18 transfer of interest in Items Number 2

19 and 3? Without objection, the transfers
20 are approved.

21 4. Big Top Travel Center & Casino, LLC, d/b/a Big
22 Top Travel Center & Casino - No. 330512939
23 (transfer of interest)

24 5. Coushatta Truck Stop, LLC, d/b/a Coushatta
25 Truck Stop - No. 4101511094 (transfer of
103

1 interest)

2 6. Houma-Coteau Holdings, LLC, d/b/a Houma-Coteau
3 Travel Plaza - No. 5500511261 (transfer of
4 interest)

5 7. I-220 Travel Plaza, LLC, d/b/a Goldmine Casino
6 - No. 0801512159 (transfer of interest)

7 8. Minden Truck Center, LLC, d/b/a Waverly
8 Truckstop - No. 3300510619 (transfer of
9 interest)

10 9. Nitro Gaming d/b/a Mansfield Travel Plaza &
11 Casino - No. 1600513773 (transfer of interest)

12 10. Opelousas 190 Truck Stop & Casino, LLC, d/b/a
13 Opelousas Truck Stop - No. 4900511817
14 (transfer of interest)

15 11. QuickDraw Travel Plaza & Casino, LLC, d/b/a
16 QuickDraw Travel Center & Casino - No.
17 60005150659 (transfer of interest)

18 12. St. Francisville Investments d/b/a Southern
19 Belle Truckstop & Casino - No. 6300512233
20 (transfer of interest)

21 CHAIRMAN JONES: We'll now consider

22 number -- items on the agenda Number 4
23 through 12 in globo, also transfers of
24 interest.

25 Good morning, gentlemen.

104

1 MR. PITRE: Chairman Jones, Board
2 Members, I'm Assistant Attorney General
3 Earl Pitre, Jr., appearing before the
4 Board in the matter of the transfers for
5 Items VI Numbers 4 through 12.

6 All of these truckstop licensees
7 were previous owned by Earl Rosbottom.
8 In June of 2009, Mr. Rosbottom filed for
9 bankruptcy. In 2010, Gerald Schiff was
10 appointed trustee and given control and
11 authority over the bankruptcy estate.
12 The plan of reorganization confirmed in
13 2013 provided for the ownership of the
14 residual assets to go to
15 Mr. Rosbottom's former spouse, Leslie
16 Fox, once the creditors were paid.

17 In 2015, the trustee formed
18 Louisiana Truckstop and Gaming, LLC,
19 into which he transferred the equity
20 interest of the licensees. Miss Fox was
21 named the sole member of the company,
22 but her voting rights were placed in a
23 voting trust under the control of the
24 trustee. The trust agreement was to

25 terminate upon the earlier or 15 years

105

1 or full repayment of all the debts under
2 the bankruptcy plan.

3 In January of this year, the trustee
4 was able to obtain sufficient loan
5 proceeds to satisfy all of the
6 bankruptcy estate's outstanding
7 obligations.

8 The voting trust agreement has now
9 been terminated, and Mr. Schiff no
10 longer has any control over the
11 truckstops. All ownership income profit
12 and other rights and benefits, including
13 the control thereof, are vested solely
14 in Miss Fox. In accordance with the
15 operating agreement, also, the truck --
16 the Louisiana Truckstop & Gaming, LLC,
17 Kim Thayer was designated as the
18 successor's manager for the LLC giving
19 her the sole power and authority to act
20 on behalf of the company.

21 Trooper Vincent Lenguyen conducted
22 the investigation of the transfers of
23 membership interest and the suitability
24 investigations of the relevant persons
25 associated with the transfers. He is

106

1 here and will present his findings to

2 the Board.

3 TROOPER LENGUYEN: Good morning,
4 Chairman and Board Members. My name is
5 Trooper Vincent Lenguyen with the
6 Louisiana State Police Gaming
7 Enforcement Division.

8 I conducted the investigation of the
9 transfer of membership and ownership and
10 found no information that would preclude
11 the continued licensing of the
12 above-referenced licensees.

13 Leslie Fox and Kim Thayer have
14 previously submitted to suitability
15 investigations under existing licenses,
16 and I found no information in the
17 updated suitability investigation that
18 would preclude them from continuing to
19 participate in the gaming industry.

20 MR. PITRE: The Office of the
21 Attorney General has reviewed the file
22 compiled as a result of the
23 investigation conducted by the Office of
24 State Police. Our review indicates that
25 no information has been found which

107

1 would preclude the transfers.

2 CHAIRMAN JONES: Board Members, any
3 questions for the Attorney General's
4 Office or State Police? There being no

5 questions, do we have a motion to
6 approve Items Number 4 through 12 on the
7 agenda?

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

9 MR. JACKSON: Second.

10 CHAIRMAN JONES: By Mr. Gaston,
11 second by Mr. Jackson. Any objection?

12 No objection. Thank you, gentlemen.

13 VII. CONSIDERATION OF PROPOSED SETTLEMENT/APPEALS

14 1. In Re: Rodney Thomas - No. PO40004239
15 (proposed settlement)

16 CHAIRMAN JONES: We have
17 Consideration of Proposed Settlements
18 and Appeals. First up is a settlement.
19 It is in regard to Rodney Thomas, No.
20 PO40004239.

21 MS. BOGRAN: Good morning, Chairman
22 Jones, Board Members, I'm Olga Bogan,
23 Assistant Attorney General in the Gaming
24 Division, representing the Office of
25 State Police in the matter of Rodney

108

1 Thomas, Permit Number. PO40004239.

2 This settlement arose from
3 Mr. Thomas' failure to timely notify the
4 Division of an arrest as required by
5 gaming law. Mr. Thomas has stipulated
6 to his failure to timely report, and
7 this settlement provides for a civil

8 penalty of \$250, which is consistent
9 with the penalty schedule for this type
10 of violation.

11 The settlement before you has been
12 signed by the hearing officer and is
13 here before you for final approval.

14 CHAIRMAN JONES: Any questions? No
15 questions.

16 Do we have a motion to approve the
17 settlement? By Mr. Bradford, second by
18 Mr. Mercer.

19 Any objections? Without objection,
20 the motion carries. The settlement's
21 approved.

22 MS. BOGRAN: Thank you.

23 2. In Re: H & D Armour, Inc., d/b/a Mule's
24 Restaurant and Bar - No. 3601615268 (appeal)

25 MR. BRADFORD: The next matter is --

109

1 CHAIRMAN JONES: H & D Armour, Inc.,
2 doing business as Mule's Restaurant and
3 Bar. Is somebody here representing
4 Mule's?

5 MS. BOGRAN: Chairman Jones, Board
6 Members, I'm Olga Bogran, Assistant
7 Attorney General in the Gaming Division,
8 representing the Office of State Police
9 in the matter of H & D Armour, Inc.,
10 doing business as Mule's Restaurant and

11 Bar, license No. 3601605268. Miss Diana
12 Armour, the owner of the licensee,
13 requested this appeal.

14 In February of 2015, the Division
15 sent out an advisory notice reminding
16 licensees that the annual form and fees
17 are due no later than July 1st of every
18 year. This licensee submitted its
19 annual form and fees on November 4,
20 2015, five months beyond the due date.

21 On November 16th, the Gaming Control
22 Board issued a Notice of Recommendation
23 of Administrative Action to this
24 licensee, and as a result an
25 administrative hearing was held on

110

1 January 12th, 2016, to address the
2 violation arising from the late
3 submission of the annual forms and fees.

4 On February 12th, 2016, the hearing
5 officer issued a decision levying a
6 civil penalty of \$750 for failure to
7 timely submit the required forms and
8 fees, and the civil penalty is
9 commensurate and established and
10 consistent with years of prior rulings
11 for similar cases.

12 In a letter dated February 25, 2016,
13 Mrs. Armour advised that her husband had

14 passed away on January 26th, 2016, and
15 she was requesting relief from the
16 payment of the penalty.

17 An appeal before this Board is not
18 the proper form for consideration of
19 that fact. The Division asks that the
20 hearing officer's decision be affirmed,
21 or in the alternative that this matter
22 be remanded to the hearing officer for
23 proper introduction of facts that arose
24 subsequent to the administrative
25 hearing.

111

1 CHAIRMAN JONES: Any questions from
2 the Attorney General's Office? No
3 questions.

4 Do we have a motion? What's your
5 pleasure? To affirm, Mr. Bradford?

6 MR. BRADFORD: Yeah, we want to
7 remand this.

8 CHAIRMAN JONES: Remand? A motion
9 to remand.

10 MR. JACKSON: Second.

11 CHAIRMAN MORGAN: We have a second
12 by Mr. Jackson.

13 Any objection? Without objection,
14 the matter -- the motion is approved,
15 and the matter is remanded.

16 MS. BOGRAN: Thank you.

17 3. In Re: Sh'Garyka D. Sutton - No. PO40063301

18 (appeal)

19 CHAIRMAN JONES: Next up is in
20 regard to -- I'm not gonna try the first
21 name. It's Miss Sutton. Anyone
22 representing Miss Sutton, No.
23 PO40063301? No one appears to be here.

24 Good morning.

25 MR. LEWIS: Good morning, Chairman

112

1 Jones, Members of the Board, I'm
2 Assistant Attorney General Kanick Lewis,
3 Jr., representing the Office of State
4 Police.

5 As this is Miss Sutton's appeal and
6 she's not present, we request that you
7 affirm the hearing officer's decision.

8 CHAIRMAN JONES: Any questions?

9 Miss Theriot, and the second was
10 Miss Berry.

11 Any objections? No objections. The
12 motion carries. Thank you.

13 4. In Re: Mallet Enterprises, Inc., d/b/a Encore

14 Nite Club - No. 3601116921 (appeal)

15 CHAIRMAN JONES: Finally up in
16 regard to Mallet Enterprises, Inc.,
17 doing business as Encore Nite Club, No.
18 3601116921.

19 Good morning.

20 MR. ELLIS: Good morning, Board
21 Members, I'm Bob Ellis on behalf of
22 Mallet Enterprises.

23 CHAIRMAN JONES: Thank you. As you
24 know, we can't introduce any new
25 evidence --

113

1 MR. ELLIS: Yes, sir.

2 CHAIRMAN JONES: -- but tell us why
3 you believe your client's matter should
4 be remanded.

5 MR. ELLIS: Mr. Chairman, when I
6 first started practicing law, I had a
7 great mentor, and he told me some really
8 good advice. One, always be a zealous
9 advocate, but remember when you go
10 before the -- the level of equity, which
11 would be the tribunal, go with clean
12 hands which -- always be honest.

13 So in keeping in line with that
14 wisdom, my client fully admits that they
15 failed to timely file their annual
16 report and pay the fee; however, within
17 days of retaining me to figure out what
18 had happened -- and we talked to
19 Mr. Lewis -- they filed the report.
20 They paid their fees. They've taken
21 steps that this won't happen again.
22 It's completely their fault, but they

23 let their manager manage it as opposed
24 owners taking responsibility.

25 I've explained to them the

114

1 severeness of this; but I think
2 revocation of the license is more
3 severe, and I ask that it be remanded so
4 we can submit the evidence and proceed
5 from there.

6 CHAIRMAN JONES: Thank you,
7 Mr. Ellis.

8 MR. LEWIS: Assistant Attorney
9 General Kanick Lewis, Jr., representing
10 the Office of State Police in this
11 matter, and at issue is whether the
12 hearing officer's decision revoking
13 their Type 1 video draw poker license
14 should be affirmed.

15 The Division recommended the
16 revocation based on the licensee's
17 failure to timely submit the annual
18 affidavit, annual fee and supporting
19 documents. Now, Louisiana gaming law
20 clearly states the requirements for the
21 licensing are that the appropriate
22 annual fee be paid and supporting
23 documents and forms shall be submitted
24 by all licensees, regardless of the
25 expiration date of the license, which is

1 on or before -- should be on or before
2 July 1st of each year. Failure to
3 submit the annual fee and supporting
4 documents on or before August 31st may
5 be cause for suspension or revocation of
6 the license. And in lieu of revocation
7 or suspension, the Board may levee a
8 fine not to exceed \$10,000.

9 Now, on February 2nd, 2015, the
10 Division mailed a Video Gaming Advisory
11 Notice informing that the deadline for
12 the annual fee and forms is July 1st,
13 2015. An offer of compliance conference
14 was made, and a licensee advised they
15 would not attend. The licensee had not
16 submitted the required information by
17 October 29th, and a recommendation of
18 revocation was issued. In the notice,
19 it explained the licensee's right to
20 request an administrative hearing, and
21 set forth the consequences for failing
22 to do so. The licensee requested a
23 hearing, and neither the licensee nor a
24 legal representative attended the
25 hearing; and the annual affidavit

1 required supporting documents and fee
2 had not been submitted by the time of

3 the hearing.

4 Hearing Officer Reynolds issued and
5 mailed the decision to the licensee on
6 February 16th, 2016, which informed of
7 the revocation, and subsequently
8 Attorney Ellis requested an appeal of
9 the decision. At no time between
10 February 15th, 2015, and March 4th,
11 2016, did the licensee submit the annual
12 affidavit, annual fee and required
13 documents. By the time of this decision
14 and eight month after the deadline the
15 licensee had still not come into
16 compliance.

17 The decision of the hearing officer
18 revoking the Type 1 video draw poker
19 gaming license should be affirmed. The
20 licensee was informed of the deadline
21 and the requirement to submit the
22 necessary documents and fee, and eight
23 months later the licensee had still not
24 submitted the information. Before the
25 Recommendation of Revocation was issued,

117

1 the licensee was offered to attend a
2 compliance conference, and instead of
3 taking advantage of this opportunity to
4 attend and discuss the issues, the
5 licensee indicated they would not. The

6 licensee then requested an
7 administrative hearing, which it also
8 failed to attend. On the date of the
9 administrative hearing and prior to the
10 issuance of a decision by the hearing
11 officer, the licensee failed to resolve
12 the issues, which were the basis for the
13 issuance of the notice, and remained out
14 of compliance.

15 Further, on the date the appeal was
16 requested, the licensee continued to
17 remain out of compliance; therefore, the
18 revocation was properly implemented.

19 The hearing officer acted within his
20 authority giving proper notice in
21 revoking the Type 1 video draw poker
22 license issued to the licensee, and
23 additionally, the licensee remained
24 noncompliant even after the revocation
25 of its license.

118

1 In conclusion, the licensee was
2 given multiple opportunities to avail
3 itself of the administrative process,
4 which is available to all licensees, and
5 it failed to do so. Therefore, the
6 licensee is ineligible to operate video
7 draw poker gaming devices, and we
8 respectfully request that this honorable

9 board affirm the decision of the hearing
10 officer or in the alternative remand.

11 Thank you.

12 CHAIRMAN JONES: Board, do we have
13 any questions for the appellants'
14 representative or the Attorney General?
15 What's your pleasure?

16 MR. BRADFORD: I move to remand.

17 MR. JACKSON: Second.

18 CHAIRMAN JONES: We have a motion to
19 remand, and we've got a second. Was
20 that Miss Berry or Miss Theriot?

21 THE CLERK: Mr. Jackson.

22 CHAIRMAN JONES: Any objections on
23 the motion to remand? Without
24 objection, the motion carries. The
25 matter is remanded.

119

1 MR. ELLIS: Thank you, Chairman.

2 Thank you, Board Members.

3 VIII. ADJOURNMENT

4 CHAIRMAN JONES: And finally we come
5 to the end of our journey today. Do I
6 have a motion to adjourn? By
7 Miss Berry, second by Mr. Gaston.

8 Any objection? Without objection,
9 the motion carries, and I'll see
10 everyone next month. Thank you.

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120

1 REPORTER'S PAGE

2

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)."

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23

24 SHELLEY PAROLA

Certified Court Reporter #96001

25 Registered Professional Reporter

121

1 STATE OF LOUISIANA

2 PARISH OF EAST BATON ROUGE

3 I, Shelley G. Parola, Certified Court

4 Reporter and Registered Professional Reporter, do

5 hereby certify that the foregoing is a true and

6 correct transcript of the proceedings on April 18,

7 2016, as taken by me in Stenographic machine

8 shorthand, complemented with magnetic tape

9 recording, and thereafter reduced to transcript,

10 to the best of my ability and understanding, using

11 Computer-Aided Transcription.

12 I further certify that I am not an

13 attorney or counsel for any of the parties, that I

14 am neither related to nor employed by any attorney

15 or counsel connected with this action, and that I

16 have no financial interest in the outcome of this

17 action.

18 Baton Rouge, Louisiana, this 23rd day of

19 May, 2016.

20

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22

SHELLEY G. PAROLA, CCR, RPR

CERTIFICATE NO. 96001

23

24