

Control Board, Louisiana Gaming, (Pages 1:1 to 71:24)

1: 1 LOUISIANA GAMING CONTROL BOARD

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3 BOARD OF DIRECTORS' MEETING

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8 THURSDAY, NOVEMBER 15, 2018

9

10 House Committee Room 1

11 Louisiana State Capitol

12 900 North Third Street

13 Baton Rouge, Louisiana

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17 TIME: 10:00 A.M.

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1 APPEARANCES

2

3 RONNIE JONES

Chairman (At Large)

4 June 30, 2019

5 MARK STIPE

(Attorney)

6 Seventh Congressional District

June 30, 2020

7

8 JAMES SINGLETON

(Public/Business Administration)

9 Second Congressional District

June 30, 2020

10

11 JULIE BERRY

(CPA)

12 Third Congressional District

June 30, 2024

13

14 ELTON LAGASSE

(At large)

15 First Congressional District

June 30, 2021

16

17 HARRY AVANT

(At Large)

18 Fourth Congressional District

June 30, 2024

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21  
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1 APPEARANCES CONTINUED

2

3 LANA TRAMONTE

Executive Assistant

4

5 TRUDY SMITH

Confidential Assistant

6

7 REPORTED BY:

8 SHELLEY G. PAROLA, CSR, RPR

Baton Rouge Court Reporters

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1 I. CALL TO ORDER

2 CHAIRMAN JONES: Good morning, and

3 welcome to the November pre-Thanksgiving

4 Gaming Control Board meeting.

5 Miss Tramonte, would you call the

6 roll.

7 MS. TRAMONTE: Chairman Jones?

8 CHAIRMAN JONES: Here.

9 MS. TRAMONTE: Mr. Stipe?

10 MR. STIPE: Here.

11 MS. TRAMONTE: Mr. Singleton?

12 MR. SINGLETON: Here.

13 MS. TRAMONTE: Miss Berry?

14 MS. BERRY: Here.

15 MS. TRAMONTE: Mr. Patrick? [No  
16 response.]

17 Mr. Lagasse?

18 MR. LAGASSE: Yes.

19 MS. TRAMONTE: Mr. Avant?

20 MR. AVANT: Here.

21 MS. TRAMONTE: Colonel Reeves? [No  
22 response.]

23 Secretary Robinson? [No response.]

24 CHAIRMAN JONES: Very good. Thank  
25 you. We have a quorum. For those of

9

1 you -- I had a couple people ask me  
2 beforehand about Mr. Patrick. He has  
3 been sent home and is convalescing at  
4 home. We send him the best, but he's  
5 still unable to be with us.

## 6 II. PUBLIC COMMENTS

7 CHAIRMAN JONES: At this time, I'd  
8 call for any public comments on any  
9 matter before the Board today on the



10 agenda. Anyone? [No response.]

11 III. ELECTION OF VICE-CHAIR

12 CHAIRMAN JONES: Very well, with  
13 Ayres Bradford's resignation last month  
14 to enter the political arena, we've now  
15 created a vacancy for the vice-chair,  
16 and I would open up the floor for  
17 nominations.

18 MR. SINGLETON: I'll make the  
19 motion --

20 CHAIRMAN JONES: You nominate?

21 MR. SINGLETON: -- the second senior  
22 member be elected.

23 CHAIRMAN JONES: We have a  
24 nomination for Mark Stipe.

25 MS. BERRY: Second.

10

1 CHAIRMAN JONES: Any other  
2 nominations?

3 We'll close the nominations. All in  
4 favor?

5 [Collective "aye."]

6 CHAIRMAN JONES: Congratulations.

7 MR. STIPE: Never missed a meeting,  
8 Mr. Chairman.

9 CHAIRMAN JONES: I was thinking  
10 about giving you the chair this morning.

11 Congratulations.

12 IV. APPROVAL OF THE MINUTES

13 CHAIRMAN JONES: I'd ask for a  
14 motion to waive reading and approve the  
15 minutes.

16 MR. AVANT: So moved.

17 CHAIRMAN JONES: Miss Berry,  
18 Mr. Avant.

19 Any objection? [No response.]

20 Without objection, the motion carries.

21 V. REVENUE REPORTS

22 CHAIRMAN JONES: We'll now call  
23 Revenue Reports.

24 MS. JACKSON: Chairman Jones, Board  
25 Members Member, my name's Donna Jackson

11

1 with Louisiana State Police Gaming  
2 Enforcement Division.

3 The 15 operating riverboats  
4 generated Adjusted Gross Receipts of  
5 \$140,347,094 in October. This total  
6 represents a decrease of \$13.5 million  
7 or 8.8 percent from last month, and a  
8 decrease of \$5.6 million or 3.8 percent  
9 from last October. As information, last  
10 month had one additional Saturday and  
11 Sunday, while last October had one  
12 additional Sunday than this October.

13 Adjusted Gross Receipts for fiscal  
14 year 2018-2019 to date are \$622 million,  
15 a slight decrease of .2 percent from

16 fiscal year 2017-2018.

17 During October, the State collected  
18 fees totaling \$30,174,625. As of  
19 October 31st, 2018, the State collected  
20 almost \$134 million in fees for fiscal  
21 year 2018-2019.

22 Next is a summary of the  
23 October 2018 gaming activity for  
24 Harrah's New Orleans found on page  
25 three. During October, Harrah's

12

1 generated \$22,393,017 in gross gaming  
2 revenue, a decrease of \$1 million or  
3 4.4 percent from last month, and a  
4 decrease of \$2.3 million or 9.3 percent  
5 from last October. Revenues for fiscal  
6 year 2018-2019 to date are \$92 million,  
7 a decrease of 3 percent from fiscal year  
8 2017-2018.

9 During October, the State received  
10 \$5,095,890 in minimum daily payments.  
11 As of October 31st, 2018, the State  
12 collected \$20 million in fees for fiscal  
13 year 2018-2019.

14 Next I'll present the revenues for  
15 Slots at the Racetracks. During  
16 October, the four racetrack facilities  
17 combined Adjusted Gross Receipts of  
18 \$25,402,543, a decrease of \$3 million or

19 11.4 percent from last month, and a  
20 decrease from October 2017 of  
21 \$2.3 million or 8.3 percent.

22 Adjusted Gross Receipts for fiscal  
23 year 2018-2019 to date are  
24 \$113.7 million, an increase of  
25 \$3 million or 3 percent from fiscal year

13

1 2017-2018.

2 During October, the State collected  
3 \$3.8 million in fees. As of  
4 October 31st, 2018, the State has  
5 collected over \$17 million in fees for  
6 fiscal year 2018-2019. Overall in  
7 October, Riverboats, Landbased and Slots  
8 at the Racetracks combined generated  
9 \$188 million in AGR and \$39 million in  
10 state fees. These revenues represent a  
11 decrease from October 2017 of 5 percent.

12 Are there any questions before I  
13 present the Harrah's employee  
14 information?

15 CHAIRMAN JONES: Any questions,  
16 Board Members, on those figures? [No  
17 response.]

18 Please proceed.

19 MS. JACKSON: Harrah's New Orleans  
20 is required to maintain at least 2,400  
21 employees and a bi-weekly payroll of

22 \$1,750,835. This report covers pay  
23 periods in October.

24 For the first pay period, the  
25 Division verified 2,598 employees with a

14

1 payroll of \$2,222,000. For the second  
2 pay period, the Division verified 2,598  
3 with a payroll of \$2,192,000. Therefore  
4 Harrah's met the employment criteria  
5 during October.

6 Questions?

7 CHAIRMAN JONES: Any questions,  
8 Board Members? There are no questions.

9 MS. JACKSON: Thank you.

10 CHAIRMAN JONES: Jim. Good morning,  
11 sir.

12 MS. BOSSIER: Morning. Good  
13 morning, Chairman Jones an Board  
14 Members. My name is Jim Bossier with  
15 the Louisiana State Police Gaming  
16 Enforcement Division here to report  
17 video gaming statistics for October 2018  
18 as shown on page one of your handout.

19 Ten new video gaming licenses were  
20 issued during October: Six bars and  
21 four restaurants. Eight new  
22 applications were received by the Gaming  
23 Enforcement Division during October and  
24 are currently pending in the field:

25 Five bars, one device owner's and two  
15

1 restaurants.

2 The Gaming Enforcement Division  
3 assessed 2,350 and collected \$5,700 in  
4 fines during October, and there are  
5 currently 2,350 in outstanding fines.  
6 Please refer to page two of your  
7 handout.

8 There are presently 12,942 video  
9 gaming devices activated at 1,687  
10 locations.

11 Net device revenue for October 2018  
12 was \$48.3 million, a \$3 million, or  
13 6.7 percent, increase when compared to  
14 September 2018 and a \$2.6 million  
15 increase, or 5.8 percent, when compared  
16 to October 2017.

17 Net device revenue so far for fiscal  
18 year 2019 is \$191.1 million, a  
19 \$7.1 million, or 3.9 percent, increase  
20 when compared to fiscal year 2018. Page  
21 three of your handout shows a comparison  
22 of net device revenue.

23 Total franchise fees collected for  
24 October 2018 were \$14.4 million, a  
25 \$900,000 increase when compared to

16

1 September 2018, and a \$700,000 increase

2 when compared to October 2017.

3 Total franchise fees collected for  
4 fiscal year 2019 are \$57.2 million, a  
5 \$2.1 million increase, or 3.8 percent,  
6 when compared to fiscal year 2018. Page  
7 four of your handout shows a comparison  
8 of franchise fees.

9 Does anybody have any questions?

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

12 MR. BOSSIER: Thank you.

13 CHAIRMAN JONES: Thank you.

14 Before we go into compliance  
15 reports, I appeared on the Board's  
16 behalf before a special meeting of the  
17 judiciary committee recently to hear a  
18 presentation on the consultants report  
19 on the Harrah's proposal from last year,  
20 and in addition to that to offer  
21 information about sports betting. I had  
22 with my good friend and colleague from  
23 Mississippi, Allen Godfrey, and while  
24 neither I nor the Board take a public  
25 position on what should be passed or not

17

1 passed, I told them that collectively  
2 we're the canary in the coal mine.

3 And the last couple weeks we've seen  
4 a huge expansion -- proposed expansion

5 of tribal gaming in Oklahoma --  
6 continued expansion. We saw the  
7 approval by public referendum of four  
8 gaming properties in the state of  
9 Arkansas, and, of course, Mississippi is  
10 already underway with sports betting.

11 It's becoming increasingly  
12 competitive for Louisiana to deal with  
13 the other offerings of our neighboring  
14 jurisdictions, and we'll see where this  
15 legislative session goes. As you know,  
16 fantasy sports were pretty much  
17 overwhelmingly approved in the state. I  
18 think 17 parishes did not vote it in,  
19 but the parishes that did authorize  
20 fantasy sports betting -- fantasy sports  
21 play in those parishes constitute  
22 something like 91 percent of the state's  
23 population, and I suspect that that  
24 could influence the discussion in the  
25 coming legislative session when I

18

1 anticipate that a sports betting bill  
2 will be introduced.

3 So we'll be monitoring it for you,  
4 as you know, as I pass information along  
5 to you that I think you need to know.

6 As a board member, I'll continue to do  
7 that.



8 VI. COMPLIANCE REPORTS

9 CHAIRMAN JONES: We'll now call  
10 Compliance Reports. Good morning.

11 MR. GATHE: Good morning, Chairman  
12 Jones, Board Members. I'm Assistant  
13 Attorney General Jeremy Gathe. Today  
14 I'll present the staff reports on  
15 riverboat and racetrack casino  
16 licensees' compliance with employment  
17 and procurement conditions for the third  
18 quarter of 2018.

19 I'll begin with the riverboats. The  
20 third quarter reports are taken from  
21 figures reported by the 15 operating  
22 riverboats to the Louisiana Gaming  
23 Control Board. In the third quarter of  
24 2018, approximately 13,252 people were  
25 employed by the riverboat industry. Of

19

1 that number, 13,021 were Louisiana  
2 residents, 8,362 were minorities, and  
3 7,684 were women.

4 Six licensee achieved total  
5 compliance this quarter, and they are  
6 Sam's Town Casino, Golden Nugget,  
7 Horseshoe Casino, Boomtown New Orleans,  
8 Isle of Capri Casino St. Charles and  
9 Eldorado Resort Shreveport.

10 Next I'll address employment. Five

11 licensees did not meet their total  
12 employment goals, and they are  
13 DiamondJacks Casino & Resort which  
14 achieved 422 out of a goal of 650; Belle  
15 of Baton Rouge Casino which achieved 427  
16 out of a goal of 450; Hollywood Casino  
17 which achieved 369 out of a goal of 450;  
18 Amelia Belle which achieved 295 out of a  
19 goal of 325, and Boomtown Casino Bossier  
20 which achieved 502 out of a goal of 650.

21 All licensees either met or exceeded  
22 their goals in all the subcategories  
23 under the main category of employment  
24 with the exception of Treasure Chest  
25 which failed to meet its female

20

1 employment goal. It achieved 50.9 out  
2 of a goal of 51.86 percent.

3 Next I'll address procurement. The  
4 licensees are grouped according to three  
5 subcategories which appear in your  
6 report. Those subcategories are  
7 Louisiana, minority and female  
8 procurement. Under Louisiana  
9 procurement, two licensees did not  
10 achieve compliance with its voluntary  
11 conditions, and those licensees are  
12 Margaritaville Resort Casino which  
13 achieved 85.7 out of a goal of

14 90 percent, and L'Auberge Lake Charles  
15 which achieved 70 out of a goal of  
16 80 percent.

17 Under the subcategory of minority  
18 procurement, one licensee did not  
19 achieve compliance with its voluntary  
20 conditions, and it is L'Auberge Casino  
21 Baton Rouge, which achieved 9.9 out of a  
22 goal 10 percent.

23 For female procurement, all  
24 licensees either met or exceeded their  
25 goals.

21

1 Are there any questions regarding  
2 riverboats?

3 CHAIRMAN JONES: Just a comment,  
4 Jeremy, and thank you for that. This is  
5 the first time since I've been sitting  
6 in this too big chair that we've had  
7 only one property that did not meet a  
8 minority goal, and they're as close as  
9 they can be. They're at 9.9 percent out  
10 of 10 percent. And that is a credit to  
11 the industry. And I know I hit GMs over  
12 the head and CEOs when they show up  
13 regularly about the importance of this  
14 to the state economic development.

15 This is great. I mean, we're -- I  
16 don't ever remember having a report

17 where we only had one property that was  
18 noncompliant, and in this case just a  
19 razor thin noncompliance. So I don't  
20 know what all of you are doing, but  
21 you're doing it well. And I appreciate  
22 that, and the Board appreciates that.  
23 And you make my job a whole lot easier  
24 when you achieve these goals. You  
25 really do, and it's the right thing to

22

1 do.

2 Board Members, are there any  
3 questions?

4 MR. SINGLETON: I don't have a  
5 question.

6 CHAIRMAN JONES: Mr. Singleton.

7 MR. SINGLETON: I think they ought  
8 to just say thanks to you, because I  
9 think to me, some of these things are  
10 happening. I've been here, and this is  
11 the first time I've done that. But  
12 you're the first Chairman -- and I think  
13 you're the fourth one, I believe -- that  
14 has taken the responsibility and  
15 interest to travel around and talk to  
16 people and relate to people, and I think  
17 that's been helpful. And I think it  
18 helps the Board when people understand  
19 and they understand that we're serious

20 about what we're doing and expect them  
21 to do what they're supposed to do.

22 CHAIRMAN JONES: Thank you, Mr.  
23 Singleton. Well, I appreciate it. I  
24 mean, I'm just -- I'm just kind of like  
25 the coach here, and I've -- you know, I

23

1 cajoled, I've begged, I've asked, and  
2 you-guys have delivered. I mean, I  
3 genuinely -- on behalf of the Board, I  
4 genuinely appreciate the work that  
5 you've done in this area, and I know  
6 that there are going to be, you know,  
7 failures from -- from quarter to  
8 quarter, from time to time, and that's  
9 okay. But, you know, several of you  
10 have significantly improved your  
11 performance in the area. You've  
12 overcome a lot of sometimes corporate  
13 issues that you have to deal with to  
14 work around to get to those goals, and  
15 it's not gone unnoticed. And on behalf  
16 of the Board, I thank you for that.

17 Miss Berry.

18 MS. BERRY: I just want to make a  
19 small comment. In line with what the  
20 Chairman said, I'm noticing that the  
21 procurement minority percentages have  
22 gone up substantially, not just minor

23 amounts, like 10, 18, 20 percent from  
24 second quarter to third quarter. So I'd  
25 just like to agree with what the

24

1 Chairman said, and I appreciate all the  
2 hard work y'all have done. Because I've  
3 been here and heard him not only cajole  
4 and beg but fuss a little.

5 So I think y'all are doing a  
6 fantastic job, and I know it's not easy.  
7 And we've heard why it's not easy, but  
8 y'all have obviously taken it to heart  
9 and understand how much you're doing for  
10 the State of Louisiana. So thank you  
11 very much.

12 CHAIRMAN JONES: Thank you, Miss  
13 Berry.

14 Jeremy.

15 MR. GATHE: In the third quarter of  
16 2018, approximately 1,481 people were  
17 employed by the racetrack casino  
18 industry. Of that number, 1,217 were  
19 Louisiana residents, 770 were minorities  
20 and 881 were women. Two racetrack  
21 casinos achieved total compliance this  
22 quarter, and they are Evangeline Downs  
23 and Fairgrounds.

24 Delta Downs did not achieve its  
25 Louisiana employment condition. It

1 achieved 60 out of the 80 percent  
2 condition, and Louisiana Downs did not  
3 achieve its female employment condition.  
4 It achieved 54.3 out of a 60 percent  
5 condition.

6 Are there any questions regarding  
7 the racetracks?

8 CHAIRMAN JONES: Any racetrack  
9 questions, Board Members? No questions,  
10 no comments.

11 MR. GATHE: Thank you.

12 CHAIRMAN JONES: Thank you very  
13 much, Jeremy. We appreciate that.

14 VII. VIDEO GAMING ISSUES

15 A. Consideration of the transfer of interest  
16 in the following truckstops:

- 17 1. Bayou Magic Enterprises, LLC, d/b/a Cajun  
18 Magic Truckstop Royal Flush Casino 2 -  
19 No. 5501511641
- 20 2. Galliano Truck Plaza and Casino, LLP,  
21 d/b/a Galliano Truck Plaza and Casino -  
22 No. 2900513574

23 CHAIRMAN JONES: We'll now move to  
24 Video Gaming Issues, and we're going to  
25 take two at the same time, I understand.

1 Consideration of transfer of interest in  
2 the following two truckstops: Bayou

3 Magic Enterprises, LLC, doing business  
4 as Cajun Magic Truckstop Royal Flush  
5 Casino 2. That's No. 5501511641. And  
6 number two is Galliano Truck Plaza and  
7 Casino, LLP, doing business as Galliano  
8 Truck Plaza and Casino, No. 2900513574.

9 Good morning.

10 MR. PITRE: Good morning, Chairman  
11 and Board Members. I'm Assistant  
12 Attorney General Earl Pitre, Jr.,  
13 appearing before the Board in the matter  
14 of the transfer of membership interest  
15 of DCBJK, LLC, who is a member of both  
16 Bayou Magic Enterprises, LLC, and  
17 Galliano Truck Plaza and Casino, LLP.

18 On March 7th, 2018, KACO Interests,  
19 LLC, transferred 13.9752 percent of its  
20 membership interest in DCBJK, LLC, to  
21 Don McMath. The effective date of the  
22 transfer is retroactive to  
23 February 29th, 2016.

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

27

1 are owned by DCBJK, LLC, who has  
2 99 percent interest -- membership  
3 interest, and DCBJK2, LLC, who has a 1  
4 percent membership interest.

5 DCBJK, LLC, has a 100 percent



6 membership interest in DCBJK2, LLC.

7 Charles Ashy and Sheila Ashy each  
8 have a 50 percent membership interest in  
9 KACO, Interests, LLC.

10 The membership of DCBJK, LLC, after  
11 the transfer of membership interest is  
12 as follows: Don McMath with 70.0465  
13 percent, KACO Interests, LLC, with  
14 21.7392 percent, and Gina Broussard with  
15 8.2143 percent.

16 Master Trooper James Cannon  
17 conducted the updated suitability checks  
18 on the associated persons and also  
19 conducted an investigation of the  
20 transfer of membership interest. He is  
21 present today and will present the  
22 Office of State Police findings to the  
23 Board.

24 TROOPER CANNON: Good morning,  
25 Chairman, Members of the Board. I'm

28

1 Trooper James Cannon. I conducted the  
2 updated suitability checks on Don  
3 McMath, Deborah McMath, Charles Ashy,  
4 Sheila Ashy, Gina Broussard and Bruce  
5 Broussard. All of them previously met  
6 suitability under various licenses, and  
7 I found no information that would  
8 preclude them from participating in the

9 gaming industry.

10 I also conducted an investigation of  
11 the transfer of interest -- membership  
12 interest and found no information that  
13 would preclude the continued licensing  
14 of Bayou Magic Enterprises, LLC, and  
15 Galliano Truck Plaza and Casino, LLP.

16 MR. PITRE: The Office of the  
17 Attorney General has reviewed the file  
18 compiled as a result of the  
19 investigation conducted by the Office of  
20 State Police. Our review indicates that  
21 no information has been found which  
22 would preclude approval of the transfer.

23 CHAIRMAN JONES: Board Members, any  
24 questions for the Attorney General or  
25 State Police? There are no questions.

29

1 Do I have a motion to approve the  
2 transfer of interest?

3 MR. AVANT: So moved.

4 CHAIRMAN JONES: I have two hands  
5 and one vocal. Who do you want to take?  
6 Mr. Avant and second by Miss Berry.

7 Any opposition? Without opposition,  
8 the transfer of interest is approved.

9 Thank you.

## 10 VIII. CASINO GAMING ISSUES

### 11 A. Consideration of Certificate of

12 Compliance for the Alternate Riverboat  
13 Inspection of the gaming vessel of PNK  
14 (Bossier City) LLC d/b/a Boomtown Bossier  
15 City - No. R016500701

16 CHAIRMAN JONES: We will now move to  
17 Casino Gaming Issues. We'll pick up  
18 first COCs -- the three COCs. First is  
19 Consideration of Certificate of  
20 Compliance for the Alternate Riverboat  
21 Inspection of the gaming vessel of PNK  
22 Bossier City, LLC, doing business as  
23 Boomtown Bossier City. That's No.  
24 R016500701.

25 Good morning.

30

1 MS. LANDRY: Morning, Chairman Jones  
2 and Board Members. I'm Assistant  
3 Attorney General, Lisha Landry. With me  
4 is Mr. John Francic of ABSC. We're here  
5 in the matter of the issuance of the  
6 Certificate of Compliance to PNK Bossier  
7 City, LLC, doing business as Boomtown  
8 Bossier City.

9 On October 15th, 2018, ABSC began  
10 the inspection process for the approval  
11 of Boomtown Casino's Certificate of  
12 Compliance. For more on this, I know  
13 turn the presentation over to Mr.  
14 Francic.

15 MR. FRANCIC: Morning, Chairman  
16 Jones and Board Members. I'm John  
17 Francic with ABS Consulting here to  
18 report the annual certification for  
19 Boomtown Casino Bossier City.

20 The inspectors, Doug Chapman and  
21 Pete Bullard, did, on October 15th,  
22 attend the riverboat Mary Prize to  
23 conduct the annual inspection in  
24 accordance with the Alternate Inspection  
25 Program in the State of Louisiana.

31

1 The inspectors reviewed fire  
2 protection measures, equipment, egress  
3 routes, mooring system, machinery spaces  
4 and conducted a fire drill. There are a  
5 few items that were corrected by the  
6 crew before the completion of the annual  
7 exam so no deficiencies were issued.

8 The 2018 annual survey as required  
9 by the Louisiana Gaming Commission is  
10 complete and presents no safety concerns  
11 to its patrons or employees onboard the  
12 riverboat. It is the recommendation of  
13 ABSC that Boomtown Casino Bossier City  
14 be issued a Certificate of Compliance.

15 MS. LANDRY: We now present these  
16 findings to the Board and request that  
17 upon the Board's accepting of the report

18 submitted by ABSC, you will move for the  
19 issuance of Boomtown City's Certificate  
20 of Compliance.

21 CHAIRMAN JONES: Board Members, any  
22 questions for the Attorney General's  
23 Office or ABSC? There are no questions.

24 Do I have a motion to issue the  
25 Certificate of Compliance? By

32

1 Mr. Avant, Mr. Stipe.

2 Any objection? Without objection,  
3 the motion carries.

4 B. Consideration of the Certificate of Compliance  
5 for the Alternate Riverboat Inspection of the  
6 gaming vessel of Red River Entertainment of  
7 Shreveport, LLC, d/b/a Sam's Town Hotel and  
8 Casino - No. R016500097

9 CHAIRMAN JONES: Next up is  
10 Consideration of Certificate of  
11 Compliance for the Alternate Riverboat  
12 Inspection of the gaming vessel Red  
13 River Entertainment of Shreveport doing  
14 business as Sam's Town Hotel and Casino.  
15 That's No. RO16500097.

16 MS. LANDRY: Assistant Attorney  
17 General Lisha Landry and John Francic of  
18 ABSC now here in the matter of the  
19 issuance of the Certificate of  
20 Compliance to Red River Entertainment of

21 Shreveport, LLC, doing business as Sam's  
22 Town Hotel and Casino.

23 On October 18, 2018, ABSC began the  
24 inspection process for the approval of  
25 Sam's Town Casino's Certificate of

33

1 Compliance. For more on this, I now  
2 turn the presentation over to Mr.  
3 Francic.

4 MR. FRANCIC: Chairman, Board  
5 Members, John Francic with ABS  
6 Consulting here to report the annual  
7 certification for Sam's Town Casino.

8 The inspectors, Doug Chapman and  
9 Pete Bullard, did, on October 18th,  
10 attend the riverboat Shreve Star to  
11 conduct the annual inspection in  
12 accordance with the Alternate Inspection  
13 Program in the State of Louisiana.

14 The inspectors reviewed fire  
15 protection measures, egress routes,  
16 mooring system, machinery spaces and  
17 conducted a fire drill. Deficiencies  
18 found during the inspection can be found  
19 on page six of your report. A follow-up  
20 to deficient items were completed on  
21 November 1st, and all the deficiencies  
22 were satisfactory and found in good  
23 order.

24 The 2018 survey as required by the  
25 Louisiana Gaming Control Board is

34

1 complete and presents no safety concerns  
2 to its employees or patrons onboard the  
3 riverboat. It is the recommendation of  
4 ABS Consulting that Sam's Town Casino be  
5 issued a Certificate of Compliance.

6 MS. LANDRY: We now present these  
7 findings to the Board and request that  
8 upon the Board's accepting the report as  
9 submitted by ABSC, you'll move for the  
10 issuance of Sam's Town Casino's  
11 Certificate of Compliance.

12 CHAIRMAN JONES: Board Members, any  
13 questions with respect to the  
14 Certificate of Compliance for Red River  
15 Entertainment? There are no questions.

16 Do I have a motion? Miss Berry, Mr.  
17 Singleton.

18 Any objection? Without objection,  
19 the certificate is issued.

20 C. Consideration of the Certificate of Compliance  
21 for the Alternate Riverboat Inspection of the  
22 gaming vessel of Horseshoe entertainment, L.P.  
23 d/b/a Horseshoe Bossier City Casino & Hotel -  
24 No. R010800198

25 CHAIRMAN JONES: And finally up for

35

1 consideration of COC is Certificate of  
2 Compliance for the Alternate Riverboat  
3 Inspection of the gaming vessel of  
4 Horseshoe Entertainment, L.P., doing  
5 business as Horseshoe Bossier City  
6 Casino & Hotel, No. R010800198.

7 MS. LANDRY: Assistant Attorney  
8 General Lisha Landry and John Francic  
9 here now in the matter of the issuance  
10 of the Certificate of Compliance for  
11 Horseshoe Entertainment, L.P., doing  
12 business as Horseshoe Bossier City  
13 Casino & Hotel.

14 On October 16th, 2018, ABSC began  
15 the inspection process for the approval  
16 of Horseshoe Casino's Certificate of  
17 Compliance. For more on this, I now  
18 turn the presentation over to Mr.  
19 Francic.

20 MR. FRANCIC: Chairman and Board  
21 Members, John Francic with ABS  
22 Consulting here to report the annual  
23 certification for Horseshoe Casino.

24 The inspectors, Doug Chapman and  
25 Pete Bullard, did, on October 16th,

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1 attend the riverboat King of the Red to  
2 conduct the annual inspection in  
3 accordance with the Alternate Inspection



4 Program in the State of Louisiana.

5 The inspectors reviewed fire  
6 protection measures, egress routes,  
7 mooring systems, machinery space and  
8 conducted a fire drill. The  
9 deficiencies found during the inspection  
10 can be found on page six of your report.

11 A follow-up inspection was completed on  
12 November 5th and found satisfactorily  
13 repaired.

14 The 2018 annual survey as required  
15 by the Louisiana Gaming Control Board is  
16 complete and presents no safety concerns  
17 to its patrons or employees onboard the  
18 riverboat. It is the recommendation of  
19 ABS Consulting to grant -- Horseshoe  
20 Casino be issued the Certificate of  
21 Compliance.

22 MS. LANDRY: We now present these  
23 findings to the Board, and request that  
24 upon the Board's accepting the report  
25 submitted by ABSC, you move for the

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1 issuance of Horseshoe Casino's  
2 Certificate of Compliance.

3 CHAIRMAN JONES: Board Members, any  
4 questions with respect to Horseshoe?  
5 There are no questions.

6 Do I have a motion? Mr. Avant, Mr.

7 Singleton.

8 Any objection? Without objection,  
9 the COC is approved. Thank you.

10 MS. LANDRY: Thank you.

11 CHAIRMAN JONES: And I would just  
12 note for the record, as a transition  
13 point, that each one was built in 1994.  
14 Each of these vessels have been sitting  
15 in water since 1994, just making a  
16 point. Thank you.

17 D. Consideration of Joint Petition for approval of  
18 Acquisition of Bossier Casino Venture, Inc., by  
19 Penn National Gaming, Inc., VICI Properties,  
20 Inc., and Bossier Casino Venture, Inc. - No.  
21 R011000841

22 CHAIRMAN JONES: Next up is  
23 Consideration of the Joint Petition for  
24 approval of Acquisition of Bossier  
25 Casino Venture, Inc., by Penn National

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1 Gaming, Inc., Penn, VICI Properties,  
2 Inc., and Bossier Casino Venture, Inc.,  
3 No. RO11000841. I understand that Penn  
4 and VICI will take the table first, and  
5 we'll hear a presentation. And then  
6 we'll hear from the state  
7 representatives, and then we'll bring  
8 these representatives back for any  
9 questions.

10 Good morning, gentlemen.

11 MS. LANDRY: Good morning, Mr.

12 Chairman.

13 MR. WEST: Board Members, Paul West,

14 local regulatory counsel for Penn

15 National Gaming. With me are two faces

16 who will be coming more and more

17 familiar to each of you. Tim Wilmott is

18 the CEO of Penn National Gaming, and

19 John Payne is the President and COO of

20 VICI Properties. They will give a very

21 short presentation; and as the Chairman

22 said, the regulators will give a

23 presentation, and we'll be available for

24 any questions that the Board may have.

25 MR. WILMOTT: Thank you, Paul.

39

1 Good morning, Mr. Chairman, Board

2 Members and staff. I'm very excited to

3 be back here in Baton Rouge to present

4 just a brief overview of what we're

5 asking you to consider for approval

6 today.

7 Back in June, in partnership with

8 VICI as a landlord, we announced our

9 intent to purchase the Margarita [sic]

10 Resort Casino in Bossier City for a

11 total of about \$376 million. Penn

12 National would be acquiring the

13 operating assets for \$115 million, and  
14 VICI would be acquiring the real estate  
15 for approximately \$261 million; and we'd  
16 be entering into a lease with VICI as  
17 our landlord paying approximately \$23  
18 million annually in rent for an initial  
19 term of 15 years with an option for four  
20 five-year additions beyond that.

21 The property, as you know, opened up  
22 in June of 2013. It's a terrific resort  
23 property that we're excited to have the  
24 opportunity to acquire. It has 30,000  
25 square feet of casino which -- 1,200

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1 slot machines, 50 table games, almost  
2 400 rooms which are in terrific  
3 condition and an event center with  
4 seating for approximately a thousand  
5 people.

6 We've been in conversation with the  
7 City of Bossier as well about future  
8 development opportunities. We still  
9 have a lot to learn about this, but  
10 we're excited about the long-term  
11 potential of this property in  
12 partnership with the city. There's some  
13 exciting things in its future.

14 On page three, it's just a brief  
15 overview of Penn National. We are now

16 almost exactly 30 days post the Pinnacle  
17 transaction, so if you can imagine, the  
18 team is right in the mix of the  
19 integration of putting those two  
20 companies together, and we are now the  
21 largest regional gaming operator in the  
22 United States operating 40 properties in  
23 18 different jurisdictions, and you can  
24 see the scope and scale of our new  
25 company.

41

1 And I just wanted to -- if you  
2 didn't see the announcement yesterday,  
3 we announced our intent, again in  
4 partnership with VICI, to get our 41st  
5 property in the 19th different  
6 jurisdiction. We are hopefully going to  
7 get to the finish line sometime in  
8 mid-2019 and purchase the Greektown  
9 Casino in Detroit, Michigan, from JACK  
10 Entertainment.

11 So that's a little bit about Penn  
12 National. I'll turn it over to my  
13 partner here, John Payne, to give an  
14 overview of VICI Properties.

15 MR. PAYNE: Thank you, Tim. It's  
16 great to be here this morning. It's  
17 nice to be back in front of you-all.

18 VICI is a brand-new real estate

19 investment trust that was formed just 13  
20 months ago. We did a public offering in  
21 February. Our company is based in New  
22 York City. I happen to continue to be  
23 based in New Orleans, so it's always  
24 nice to be back here.

25 We currently, as Tim said, announced

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1 acquisition yesterday, so on your  
2 document it says we're 22 properties in  
3 12 jurisdictions. We actually own the  
4 real estate of 23 properties now -- or  
5 have announced that we're going to  
6 acquire our 23rd property.

7 We love real estate in Louisiana.  
8 We have two assets that we own the real  
9 estate of, and obviously we're in front  
10 of you today about owning the real for  
11 Margaritaville.

12 We have a very experienced  
13 leadership team led by a gentleman named  
14 Ed Pitoniak. Ed is -- specializes in  
15 REITs. I am the president of the  
16 company, and before I started with the  
17 company a year ago, I spent 23 years  
18 with Caesars having been the General  
19 Manager of Harrah's Lake Charles and  
20 Harrah's New Orleans for quite a period  
21 of time. We're an independent REIT and

22 an independent company with a very  
23 strong board of directors, and we plan  
24 to continue to grow not only in the  
25 gaming space but in the hospitality

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1 space buying real estate over the coming  
2 years.

3 The final slide is just slide five  
4 that shows a few pictures of the asset,  
5 which I know you-all know very well.

6 MR. WILMOTT: The only thing I'll  
7 conclude with is just we are working  
8 with the FTC to get their approval, and  
9 it's the last thing we'll need before we  
10 could close this transaction pending  
11 your approval today. We fully expect  
12 that sometime in mid-December we'll  
13 receive FTC approval, and then finally  
14 we do not -- Penn National Gaming does  
15 not have any plans to change any of the  
16 local management at Margaritaville.  
17 We're very pleased and excited about  
18 having Barry and his team join the Penn  
19 National family. Thank you.

20 CHAIRMAN JONES: Very good.

21 Board Members, if we will just  
22 reserve our questions, we will bring you  
23 back to the table after the other  
24 presentations.

25 Thank you, gentlemen.

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1 We'll hear from the State Police and  
2 the Attorney General's Office. Good  
3 morning.

4 MS. MOORE: Good morning. Chairman  
5 Jones, Members of the Board, I'm  
6 Assistant Attorney General Charmaine  
7 Moore.

8 On June 20th, 2018, Penn National  
9 Gaming, Inc., Bossier Casino Venture,  
10 Inc., and VICI Properties, Inc., filed a  
11 joint petition for approval of Penn's  
12 proposed acquisition of the licensee,  
13 Bossier Casino Venture, Inc., doing  
14 business as Margarita [sic] Resort  
15 Casino and VICI's acquisition of the  
16 real property assets owned or leased by  
17 the licensee.

18 The Agreement and Plan of Merger  
19 entered into by Penn, VICI and Bossier  
20 Casino Venture (Holdco), the parent  
21 company of the licensee, provides for  
22 VICI to acquire Holdco through the  
23 merger of a VICI subsidiary with and  
24 into Holdco. The merger will result in  
25 VICI acquiring ownership of the

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1 licensee, Holdco, and an intermediate



2 company, BCV (Intermediate), Inc. The  
3 licensee and BCV Intermediate would then  
4 be converted from corporations to LLCs.

5 The licensee will transfer its real  
6 estate holdings to Holdco. Once Holdco  
7 has acquired the real estate assets from  
8 the licensee, it will transfer its  
9 ownership interest in BCV Intermediate  
10 and the licensee to a Penn subsidiary,  
11 Penn Tenant II, LLC. Holdco will then  
12 lease the real estate assets to Penn  
13 Tenant II, which will sublease them to  
14 the licensee. Holdco will convert from  
15 a corporation to an LLC and change its  
16 name to Margaritaville Propco, LLC. The  
17 current casino management contract with  
18 Silver Slipper Gaming will be  
19 terminated.

20 The total purchase price for the  
21 acquisition of both the operating  
22 entities and the real estate Penn and  
23 VICI is 376 million. Penn is paying 115  
24 million for Margaritaville, and VICI is  
25 paying 261 million for the real estate.

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1 Some of the real property assets  
2 utilized by Margaritaville are owned,  
3 and some are leased. VICI will acquire  
4 the ownership of the real property and

5 riverboat vessel owned by the licensee  
6 and the leasehold interest of the  
7 licensee on real property that it leases  
8 from the City of Bossier City.

9 The lease of real property assets  
10 from the City of Bossier City to the  
11 licensee was made pursuant to a lease  
12 with option to purchase entered into on  
13 January 9th, 2012. That lease provides  
14 for an initial term of 3 years and 19  
15 renewal options of 5 years each.

16 On July 3rd, 2014, the lease was  
17 renewed for 5 years beginning January of  
18 2015 and ending December 2020.

19 The current monthly rental is  
20 \$20,500, and the purchase price for the  
21 exercise of the option is currently set  
22 at \$2,767,000.

23 Once VICI and its subsidiaries have  
24 acquired the licensee's real estate  
25 assets, it will lease those assets back

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1 to Penn. The lessor under the lease  
2 will be Margaritaville Propco, LLC,  
3 formerly Holdco, and the lessee will be  
4 Penn Tenant II, LLC, which will sublease  
5 the property directly to the licensee.  
6 The lease will be subject to all terms  
7 and conditions of the ground lease with

8 the City of Bossier City.

9 The lease is for an initial term of  
10 15 years and provides for 4 renewal  
11 terms of 5 years each. It is a single  
12 indivisible triple net lease where the  
13 licensee is responsible for all taxes,  
14 insurance and maintenance of the  
15 property. The lessee must spend at  
16 least 1 percent of its annual average  
17 net revenues on capital improvements.  
18 The lessor has both the right of consent  
19 and a first right of refusal to front  
20 projects with an estimated cost in  
21 excess of \$5 million.

22 The rent under that lease is a  
23 combination of base rent and percentage  
24 rent. The total rent for the first year  
25 of the lease will be \$23.2 million. The

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1 rent under the sublease is the same as  
2 the rent under the lease.

3 Penn intends to fund its acquisition  
4 of Margaritaville as an all cash  
5 transaction in part by borrowing under  
6 its current revolver of \$700 million.  
7 VICI intends to fund its purchase of  
8 Margaritaville's real property assets  
9 with cash on hand or by drawing from its  
10 existing credit facilities.

11 Penn's \$700 million revolver is with  
12 a consortium of lenders of which Bank of  
13 America is the administrative agent.  
14 The credit facility of which the  
15 revolver is a part was entered into on  
16 January 19th, 2017. It has not been  
17 previously approved by the Board, so  
18 approval is needed at this time.

19 The Board's approval of the proposed  
20 transactions will be subject to the same  
21 conditions placed on VICI's acquisition  
22 of certain Caesars real property in  
23 2017. Penn and VICI have acknowledged  
24 and accepted those conditions, and a  
25 written Acknowledgment and Acceptance of

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1 conditions was prepared for execution by  
2 the parties.

3 Our office has reviewed the Petition  
4 for Approval of the Agreement and Plan  
5 of Merger and the ancillary documents  
6 relative to the proposed transactions.  
7 Upon consideration of the applicable  
8 statutes and rules and review of the  
9 documents, our office finds no legal  
10 impediment to approval of the transfers  
11 of Bossier Casino Venture (Holdco),  
12 Inc., to VICI and BCV Intermediate, LLC,  
13 and licensee to Penn, as well as Penn's

14 \$700 million revolver.

15 A proposed Resolution has been  
16 submitted herewith for the Board's  
17 consideration.

18 CHAIRMAN JONES: Thank you.

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

23 On June 20th, 2018, a Joint Petition  
24 for Approval of Acquisition of Bossier  
25 Casino Venture, Inc., by Penn National

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1 Gaming, Inc., and VICI Properties, Inc.,  
2 was submitted to the Board. This  
3 transaction will allow Penn Tenant II to  
4 purchase the membership interest of  
5 Intermediate, BCV's direct parent, for  
6 approximately \$115 million and allow  
7 VICI to acquire the land and real estate  
8 assets, excluding gaming operation  
9 assets, relating to BCV for  
10 approximately \$261 million and  
11 subsequently lease those assets to Penn  
12 Tenant II. Post closing Penn will be  
13 the ultimate parent of BCV, and Penn  
14 Tenant II will run BCV's gaming  
15 operations.

16 Through two wholly owned

17 subsidiaries, VICI's Properties, LP, and  
18 River Properties I, LLC, VICI will be  
19 the ultimate parent of Holdco. Holdco  
20 will serve as the landlord of BCV's real  
21 property under a lease with Penn Tenant  
22 II and subsequently a sublease agreement  
23 between Penn Tenant II and BCV.

24 A sources and uses schedule is shown  
25 on page ten of our report. Penn is

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1 requesting approval to draw on its  
2 existing \$700 million revolver under its  
3 current credit facility to partially  
4 fund the acquisition of BCV. Penn also  
5 plans to use cash on hand as funding.  
6 Penn stated, based on its current level  
7 of operations, it believes that cash  
8 generated from operations, cash on hand  
9 and amounts available under their senior  
10 credit facility will be adequate to meet  
11 their financial obligations, debt  
12 service requirements, capital  
13 expenditures and working capital needs  
14 for the foreseeable future.

15 Penn provided the pro forma  
16 financial statements found on pages 24  
17 and 25 of our report. Its pro forma  
18 free cash flow schedule projects  
19 sufficient free cash flows to service

20 its debt.

21 No financial issues came to our  
22 attention to preclude the Board's  
23 approval of this transaction.

24 Senior Trooper Jeremy Landry will  
25 now present his findings.

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1 TROOPER LANDRY: Good morning,  
2 Chairman Jones and Members of the Board.  
3 I'm Senior Trooper Jeremy Landry with  
4 Louisiana State Police Gaming  
5 Enforcement Division.

6 The Division conducted an  
7 investigation in regards to the change  
8 of ownership of Bossier City -- Bossier  
9 Casino Venture, Incorporated, doing  
10 business as Margaritaville Bossier City  
11 by Penn Tenant II and Riverview  
12 Properties I. This investigation  
13 include the company, their officers,  
14 directors and persons with a 5 percent  
15 more ownership interest in the  
16 companies. This investigation consisted  
17 of inquiries through federal, state and  
18 local law enforcement agencies,  
19 computerized criminal history databases,  
20 financial and civil institutions and  
21 gaming regulatory agencies.

22 At the conclusion of this

23 investigation, I discovered no  
24 information which would preclude the  
25 Board from granting a finding of

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1 suitability for Penn Tenant II, LLC,  
2 Riverview Properties I, LLC, its  
3 subsidiaries or any of its officers,  
4 directors or board members.

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

7 CHAIRMAN JONES: Did you have  
8 anything to add, Miss Moore, before we  
9 go to questions?

10 MS. MOORE: No.

11 CHAIRMAN JONES: Board Members, any  
12 questions for the Attorney General's  
13 Office or State Police with respect to  
14 the investigation? Anything, Miss  
15 Berry? You're deep into the numbers.

16 MS. BERRY: Yeah, I'm looking at  
17 numbers. It looks like they --

18 CHAIRMAN JONES: Thank all of you.  
19 I'd ask Penn and VICI to come back to  
20 the table, please.

21 Did you have anything to add before  
22 we go to questions?

23 MR. WILMOTT: No, sir.

24 CHAIRMAN JONES: Okay, Mr. Stipe.

25 MR. STIPE: It's operated as



1 Margaritaville now and will continue to  
2 be operated as Margaritaville.

3 MR. WILMOTT: That is correct. We  
4 have about a forty-year licensing  
5 agreement with the group, and we're very  
6 pleased with the brand. And we're even  
7 looking at taking it -- opportunities to  
8 take that Margaritaville brand maybe  
9 elsewhere in our portfolio.

10 MR. STIPE: All right, and so any  
11 disputes concerning the intellectual  
12 property, licensing, all those things  
13 have been resolved?

14 MR. WILMOTT: That is correct.

15 MR. STIPE: These employees are --  
16 is there -- are they going to have the  
17 same employer, the same W2 employer, the  
18 same benefits, group plans? How are we  
19 transitioning them into your other  
20 facility?

21 MR. WILMOTT: Well, we're going to  
22 -- upon closing the deal, we'll work  
23 with the team in Margaritaville, and  
24 we're in the process of doing this right  
25 now between Penn and Pinnacle. We each

1 are operating, in fact, separate benefit  
2 programs in 2019 with the intent that

3 we're going to have a common benefit  
4 program for all of our employees in  
5 2020, and I would hope that we'd include  
6 Margaritaville in that transition as  
7 well.

8 MR. STIPE: All right, that's all I  
9 have.

10 CHAIRMAN JONES: Very good. Without  
11 putting you too much on the spot, have  
12 you had discussions with the general  
13 manager there and the executive team  
14 about taking potential advantage of some  
15 of the opportunities that we offer by  
16 the changes to the riverboat gaming law?

17 MR. WILMOTT: Yes, we have, and we  
18 think there's some possibilities there.  
19 And as I mentioned before, Chairman,  
20 we've also have dialogue with the  
21 leaders of Bossier City about their  
22 plans for a potential amphitheater and  
23 potential expansion on our end as well.  
24 So we're excited about those  
25 opportunities, and once we hopefully get

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1 all the necessary approvals, we're going  
2 to engage very quickly to take a look at  
3 the options we have there for further  
4 development.

5 CHAIRMAN JONES: Margaritaville has

6 been, you know, a rock in a tough place  
7 up there. They've performed really  
8 well. I wasn't here when the original  
9 proposal was approved. I know there was  
10 concern about, you know, cannibalization  
11 of the market, but I haven't seen that  
12 that's occurred. It's just been outside  
13 forces more than anything else that  
14 have -- that have really challenged  
15 northwest Louisiana. And I think the  
16 next five years will be really important  
17 for that area as we see where the market  
18 goes.

19 So we appreciate Penn and VICI  
20 investing in this property, and I  
21 personally want to say -- you know, both  
22 of you-guys, Tim and John, I know you  
23 have lots of responsibilities and places  
24 to be, and, you know, Penn's been real  
25 busy buying up properties all over, so I

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1 know you've been flying around. But --  
2 and there's never a requirement that a  
3 CEO appear before this board, but I take  
4 note when it happens. And I appreciate  
5 that because you send a message by your  
6 presence here and participating in the  
7 discussion and the presentation. It  
8 says something about your commitment to

9 this state, and I appreciate that for  
10 both of you.

11 MR. WILMOTT: Thank you.

12 MR. PAYNE: Thank you.

13 CHAIRMAN JONES: Very good. I don't  
14 think there are any other questions, and  
15 if there are no other questions, is  
16 there a motion -- I have to read the  
17 Resolution. Do I have a motion?

18 MR. STIPE: I'll move the approval.

19 CHAIRMAN JONES: Mr. Stipe and  
20 second by Mr. Singleton.

21 Miss Tramonte.

22 MS. TRAMONTE: On the 15th day of  
23 November 2018, the Louisiana Gaming  
24 Control Board did, in a duly noticed  
25 public meeting, consider the Joint

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1 Petition of Penn National Gaming,  
2 Incorporated, (Penn), VICI Properties,  
3 Incorporated, (VICI), and licensee for  
4 approval of the transfer of ownership of  
5 Bossier Casino Venture (Holdco),  
6 Incorporated, the indirect parent  
7 company of licensee, to VICI, the  
8 transfer and sale of BCV Intermediate,  
9 Incorporated, the direct parent of the  
10 licensee, from VICI to Penn, the  
11 transfer and leaseback of licensee's

12 real estate assets and certain financing  
13 entered into by Penn to be used for  
14 funding the transactions. And upon  
15 motion duly made and second, the Board  
16 adopted this Resolution:

17 Whereas on June 18th, 2018, Penn,  
18 VICI, Bossier Casino Venture Holdco,  
19 Incorporated, Penn Tenant II, LLC,  
20 Riverview Merger Sub, Incorporated, and  
21 Silver Slipper Gaming, LLC, did enter  
22 into an Agreement and Plan of Merger  
23 providing for the acquisition of  
24 licensee by Penn and the transfer and  
25 leaseback of licensee's real estate

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1 assets used in the operation of its  
2 casino to VICI, and the leaseback of  
3 those properties to licensee.

4 And whereas, many of the  
5 transactions provided for in the  
6 Agreement and Plan of Merger and the  
7 related agreements entered into in  
8 conjunction therewith require Board  
9 approval including, without limitation,  
10 a portion of the financing of the  
11 transaction.

12 Be it Resolved the transfer of  
13 Bossier Casino Venture Holdco,  
14 Incorporated, BCV Intermediate,

15 Incorporated, and Bossier Casino  
16 Venture, Incorporated, doing business as  
17 Margaritaville Resort Casino, to VICI  
18 Properties, Incorporated, by merger of  
19 Riverview Merger Sub, Incorporated, with  
20 and into Bossier Casino Holdco,  
21 Incorporated, with Bossier Casino  
22 Venture Holdco, Incorporated, as the  
23 surviving entity is hereby approved.

24 Be it Resolved that the conversions  
25 of BCV Intermediate, Incorporated, and

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1 the licensee, Bossier Casino Venture,  
2 Incorporated, from corporations to  
3 limited liability companies are hereby  
4 approved.

5 Be it Resolved that the sale and  
6 assignment of the ownership and  
7 leasehold interest in the leased  
8 properties as defined in the lease to be  
9 entered into by Bossier Casino Venture  
10 Holdco, Incorporated, and Penn Tenant  
11 II, LLC, from licensee to BCV  
12 Intermediate, LLC, and from BCV  
13 Intermediate, LLC, to Bossier Casino  
14 Venture Holdco, Incorporated, is hereby  
15 approved.

16 Be it Resolved that the transfer and  
17 sale of BCV Intermediate, Incorporated,

18 parent company of licensee, to Penn  
19 Tenant II, LLC, subsidiary of Penn  
20 National Gaming, Incorporated, is hereby  
21 approved.

22 Be it Resolved that the transfer and  
23 contribution of Riverview Properties I,  
24 LLC, by VICI to VICI Properties, LP, is  
25 hereby approved.

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1 Be it Resolved that the execution of  
2 aforementioned lease by and between  
3 Bossier Casino Holdco, Incorporated, as  
4 lessor and Penn Tenant II, LLC, as  
5 lessee is hereby approved.

6 Be it Resolved that execution of a  
7 sublease of the aforementioned leased  
8 property by Penn Tenant II, LLC, to  
9 licensee, is hereby approved.

10 Be it Resolved that the conversion  
11 of Bossier Casino Venture Holdco,  
12 Incorporated, from a corporation to a  
13 limited liability company to be  
14 thereafter known as Margaritaville  
15 Propco, LLC, is hereby approved.

16 Be it Resolved that Penn's request  
17 for approval of a \$700 million revolver  
18 with Bank of America pursuant to an  
19 existing credit agreement dated  
20 January 19th, 2017, is hereby approved.

21 Be it Resolved that the approvals  
22 granted hereby are subject to the  
23 conditions set forth on the attached  
24 Acknowledgment and Acceptance of  
25 conditions.

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1 Thus done and signed in Baton Rouge,  
2 Louisiana, this 15th day of November,  
3 2018.

4 Mr. Stipe?

5 MR. STIPE: Yes.

6 MS. TRAMONTE: Mr. Singleton?

7 MR. SINGLETON: Yes.

8 MS. TRAMONTE: Miss Berry?

9 MS. BERRY: Yes.

10 MS. TRAMONTE: Mr. Lagasse?

11 MR. LAGASSE: Yes.

12 MS. TRAMONTE: Mr. Avant?

13 MR. AVANT: Yes.

14 MS. TRAMONTE: Chairman Jones?

15 CHAIRMAN JONES: Yes.

16 And the motion carries, and you have  
17 the Board's blessing.

18 MR. WILMOTT: Thank you very much,  
19 appreciate your support.

20 IX. RULEMAKING

21 A. Consideration of final adoption for the  
22 following (1-9)

23 CHAIRMAN JONES: That finishes up



24 Casino Issues. We now move to  
25 Rulemaking. Consideration of final

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1 adoption of amendments and promulgation  
2 of agenda items on your official agenda,  
3 Roman Numeral 9, Part A, numbers 1  
4 through 8.

5 Good morning, Miss Himel.

6 MS. HIMEL: Good morning. Assistant  
7 Attorney General Dawn Himel here in the  
8 matter of the rule adoption for item  
9 numbers IX. A 1 through 9.

10 At its meeting on July 19th, 2018,  
11 the Board voted to institute  
12 promulgation procedures for these rules.

13 Following the votes, the Attorney  
14 General's Office caused notice of  
15 intents to be published in the Louisiana  
16 Register that directed all individuals  
17 with questions or concerns to contact  
18 Earl Pitre at the Attorney General's  
19 Office. He reported that no comments  
20 were received.

21 As part of the promulgation process,  
22 reports were submitted to the oversight  
23 committees. The first reports detailed  
24 the substance of the proposed rules, and  
25 the second reports informed the

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1 committees that no comments were  
2 received.

3 Following the delivery of the second  
4 reports to the committees, they were  
5 given 30 days in which to call hearings  
6 to satisfy any concerns that they might  
7 have had. As no hearings were called,  
8 the default action of the committees  
9 following the lapse of the 30 days is to  
10 approve the proposed rules.

11 If the Board has no questions, a  
12 motion to adopt the rules is needed.

13 CHAIRMAN JONES: Mr. Stipe.

14 MR. STIPE: Just so I'm clear on the  
15 administration of this, as long as the  
16 vessel exists, there will need to be a  
17 Certificate of Compliance as long as the  
18 vessel is somewhere on the physical  
19 planet.

20 MS. HIMEL: Well, the law actually  
21 requires that there be an inspection for  
22 the entire riverboat, so the facility is  
23 included into that, is my understanding.

24 MR. STIPE: And that's why I kind of  
25 want to break it apart. The vessel, as

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1 a vessel sitting out in the water, as  
2 long as it's there, it's going to need  
3 the Certificate of Compliance.

4 MS. HIMEL: Yes.

5 MR. STIPE: At some point, if there  
6 is a facility, which is the gaming  
7 operations, within a thousand feet of  
8 the vessel, that area will need a  
9 Certificate of Compliance.

10 MS. HIMEL: Yes, so they will also  
11 need the same requirement under the law  
12 that the vessel currently gets.

13 MR. STIPE: And that would be fire  
14 codes, building codes --

15 MS. HIMEL: Yes.

16 MR. STIPE: Whatever is applicable  
17 to the facility that's next to the  
18 vessel.

19 MS. HIMEL: Correct. They'll also  
20 have concerns as far as any other  
21 building would be considered in the City  
22 of Baton Rouge or wherever they are.

23 MR. STIPE: Okay.

24 CHAIRMAN JONES: Board Members, any  
25 other questions with respect to these?

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1 There are no other questions.

2 Do I have a motion for adoption of  
3 the amendments and promulgation?

4 Miss Berry, Mr. Singleton.

5 Any objection? Without objection,  
6 the motion carries.

- 7 B. Consideration of institution of rulemaking  
8 procedures for the following:  
9 1. Amendment to LAC 42:III.2115.B (Tax Clearances  
10 Required of an Applicant for a Gaming Employee  
11 Permit)  
12 2. Amendment to LAC 42:III.2325.H (Compliance,  
13 Inspections, and Investigations)

14 CHAIRMAN JONES: Next up's,  
15 Consideration of Institution of  
16 rulemaking procedures for agenda items  
17 Roman Numeral Nine, Part B. That's  
18 numbers 1 through 3 that's on the  
19 agenda.

20 MS. HIMEL: Yes. Assistant Attorney  
21 General Dawn Himel first presenting the  
22 matters of Items IX. B, 1 and 2 that  
23 amend 2115.B and 2325.H.

24 The proposed rule changes maintain  
25 enforcement action against applicants

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1 for a gaming employee permit for failure  
2 to provide tax clearances. What the  
3 change does, though, is require -- is  
4 provide for enforcement action if they  
5 fail to provide only a state tax  
6 clearance. It will remove the  
7 requirement for providing a tax  
8 clearance from the Internal Revenue  
9 Service.

10 If the Board has no questions, a  
11 motion to institute these rulemaking  
12 procedures is needed.

13 CHAIRMAN JONES: Board Members, any  
14 questions on the three [sic] proposed?

15 We have a motion and a second by Mr.  
16 Avant.

17 Without objection, the motion  
18 carries.

19 3. Amendment to LAC 42:III.3305.G (Surveillance  
20 and Division Requirements)

21 MS. HIMEL: And now with regards to  
22 Item Number IX. B. 3 amending 3305.G.  
23 This proposed rule changes the citation  
24 within Subsection G of 3305 to state,  
25 Section 2825, in order to create

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1 uniformity with the new chapter of Part  
2 III which is Title 42 Administrative  
3 Code Chapter 28, Casino Computer  
4 Systems. It's a simple citation change.  
5 If the Board has no questions, a motion  
6 to institute a rulemaking procedure is  
7 needed.

8 CHAIRMAN JONES: Do I have a motion?  
9 Any questions?

10 I have a motion by Mr. Stipe, Mr.  
11 Singleton.

12 Any objection? [No response.]

13 Without objection, the motion carries.

14 MS. HIMEL: Thank you.

15 CHAIRMAN JONES: And I want to thank

16 the Attorney General's Office, in

17 particular, and my staff and State

18 Police for -- I set a goal that I was

19 hoping wasn't unrealistic with respect

20 to the riverboat changes and to try and

21 get that done by the end of the year,

22 and you made it by a month. We still

23 have some tinkering to do with that over

24 the next few months, but you got the

25 lion's share of the work done. And I

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1 really appreciate that. Thank y'all

2 very much.

3 IX. ADJOURNMENT

4 CHAIRMAN JONES: There being no

5 other business, I'll ask for a motion to

6 adjourn. Okay, Mr. Lagasse and

7 Miss Berry.

8 Without objection, we stand

9 adjourned.

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1 REPORTER'S PAGE

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3 I, SHELLEY PAROLA, Certified Shorthand

4 Reporter, in and for the State of Louisiana, the

5 officer before whom this sworn testimony was

6 taken, do hereby state:

7 That due to the spontaneous discourse of this

8 proceeding, where necessary, dashes (--) have been

9 used to indicate pauses, changes in thought,

10 and/or talkovers; that same is the proper method

11 for a Court Reporter's transcription of a

12 proceeding, and that dashes (--) do not indicate

13 that words or phrases have been left out of this

14 transcript;

15 That any words and/or names which could not

16 be verified through reference materials have been

17 denoted with the word "(phonetic)."

18

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24           SHELLEY PAROLA

                  Certified Court Reporter #96001

25           Registered Professional Reporter

                  71

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 November

7 15, 2018, 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 26th day of

19 December, 2018.

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SHELLEY G. PAROLA, CCR, RPR

CERTIFICATE NO. 96001

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