

LOUISIANA GAMING CONTROL BOARD

Minutes of September 17, 2020

The monthly meeting of the Louisiana Gaming Control Board was convened on Thursday, September 17, 2020, 10:00 a.m., at the Louisiana State Capitol, House Committee Room 1. Present at the meeting were: Mike Noel, Chairman, Julie Berry, Claude Jackson, Elton Lagasse, Julie Lewis, Lamar Poole, Franchesca Hamilton-Acker and Paul T. West. Absent were: Harry Avant and ex-officio members Col. Kevin Reeves and Secretary Kimberly Robinson.

The meeting was called to order. It was moved by Ms. Berry to waive the reading and approve the minutes of the August 20, 2020 meeting. The motion was seconded by Mr. Poole and unanimously approved by the Board.

Donna Jackson, State Police Gaming Audit Section, provided revenue reports for the riverboats, slots at the racetracks and landbased casino. She also reported on the video poker statistics.

Wade Duty, Executive Director of the Louisiana Casino Association, presented the Board with the casino gaming COVID-19 update. Casino gaming revenue has decreased by one-third. All riverboat casinos are open with the exception of DiamondJacks Casino & Resort in Bossier City. Casino floors remain at fifty percent occupancy with seventy-five percent of the gaming positions open. Some casinos are not operating twenty-four hours a day due to decreased customer volume demand as well as staffing challenges. Restaurants are eligible for seventy-five percent capacity, but all buffets have remained closed. Hotel occupancy, customer volume and casino admissions have all decreased from the previous year. Core demographic gaming customers, those fifty-five and older, are noticeably absent. Gaming positions on the gaming floor are struggling to be adequately staffed likely due to the healthcare crisis and post Hurricane Laura. Despite casino closures, the casinos are continuing to support their employees and communities, including continued payment of healthcare benefits, virus assistance and hurricane relief funds. As Title 26 and Title 27 licensees, the casino gaming industry is now in Phase 3 of Governor Edwards' order that all bar service ends at 10:00 PM. This one change has driven revenue down approximately nineteen percent. The balance of public health issues versus economic concerns remains important, but they hope that the restrictions of the Governor's order will soon be revisited.

Stan Guidroz, President of the Louisiana Video Gaming Association, presented the Board with the video gaming COVID-19 update. In Phase 2, the video gaming industry operated at fifty percent occupancy and seventy percent device restrictions. There have no reported outbreaks of the coronavirus at any of their locations. Unless a guest can be seated at an enabled machine, they are not allowed to enter the gaming floor so there is no loitering at a property regardless of additional capacity aiding in social distancing. At the appropriate time, Mr. Guidroz suggested that, as the restrictions change, increasing the number of machines while maintaining the capacity would increase the amount of revenue for the industry. Staffing remains to be the biggest challenge. Video gaming machines at three-machine locations (bars, hotels and restaurants) have not done well. This segment has already had to shut down twice and once again in Phase 3. Their hope is that a more systematic approach to capacity restrictions and a distinction between bar types

will be reached as they move forward. The transfer to the new central system will aid in the video gaming industry recovery. Regarding Hurricane Laura, several truckstops have reopened in Calcasieu Parish, some will have to completely rebuild and device owners have reported that many three-device owners will not reopen after damages due to the hurricane have compounded the impact from the virus shutdowns.

Chairman Noel noted that post-Hurricane Laura, forty-one video gaming establishments (or approximately four hundred machines) were inactive but are slowly reopening.

Updates on the Lake Charles properties post-Hurricane Laura were next on the agenda and presentations were made by the following:

- Captain Pat Bradley of Louisiana State Police, Gaming Enforcement Division presented drone images of the extensive damages to each Lake Charles casino gaming establishment: PNK (Lake Charles), LLC d/b/a L’Auberge Lake Charles; Golden Nugget Lake Charles, LLC; St. Charles Gaming Company, LLC d/b/a Isle of Capri Hotel Lake Charles; and Boyd Racing, LLC d/b/a Delta Downs Racetrack Casino and Hotel.
- Mr. Steve Kuypers, General Manager of Boyd Racing, LLC d/b/a Delta Downs Racetrack Casino and Hotel – No. T011002086, informed the Board that after the mandatory evacuation order was made for Calcasieu Parish on August 25, 2020, the racetrack facility was closed and on Thursday, August 27, 2020, Hurricane Laura landed, causing severe, extensive damage to the property. Sections of the roof from the towers and the casino gaming floor came off during the storm causing damage to the rooms, carpets and machines. Due to the severity of the damage, Tower #1 is closed at this time. Tower #2 is housing first responders and team members. Water damaged electronic gaming devices, carpets and the electrical infrastructure of the casino gaming area. The food court is being used to feed team members and first responders. Boyd Gaming has continued full pay and benefits to all of its team members who were all found to be safe after the storm. Cash grants and financial aid were extended to those in need. A crisis fund was established so that all Boyd properties could donate in support of Delta Downs employees. Mr. Kuypers thanked Louisiana State Police and everyone involved for their assistance with their re-opening which occurred on Wednesday, September 16, 2020.
- Mr. Harold Rowland, General Manager of PNK (Lake Charles), LLC d/b/a L’Auberge Lake Charles – No. R011001707, informed the Board that on August 25, 2020, at 12:00 PM, L’Auberge Lake Charles (“L.C.”) closed the riverboat gaming facility. Following the hurricane, L’Auberge L.C. closed again due to a nearby chemical fire. The hotel remained opened and is housing first responders through October 16, 2020. There was extensive damage to the Exterior Finishing System (“EFS”) due to the storm; thousands of small missile-like impacts due to the high winds damaged the EFS and caused a great deal of wind-driven water damage in the hotel. Floors 18-21 of the hotel are closed due to extensive damage. The casino floor received very little damage. Estimation of damages range from \$75-\$100 million dollars, not including business interruption. The casino reopened on September 11, 2020, along with a few restaurants. Staffing remains an issue. While all team members were contacted and deemed to be safe, many team members do

not have electricity and cannot return to work until it has been restored. PNK committed to sixty days of pay for team members, including health benefits. A team member hurricane relief fund was established, which was seeded with \$50,000.00. They have received \$2.5 million dollars in contributions. Hot meals are being provided to team members along with free laundry service. PNK has developed a return to work incentive which puts more money into the pockets of those able to return. Mr. Rowland thanked the Board and extended his commitment to his team members and the community of Lake Charles.

Mr. West asked Mr. Rowland about the start date of the two months of pay for L'Auberge employees. Mr. Rowland stated that it began on August 29, 2020, and that they will be paid whether they are called to work or not.

Ms. Berry asked Mr. Rowland what percentage of employees he could estimate would return to work after the sixty day pay ended. He stated that over 400 employees had already returned, but others will not return until electricity is restored. As of this meeting, fifty to fifty-five percent of Lake Charles has electricity. As water is removed from the boil advisory and more power comes on-line, he projected eighty percent of their team members to return.

- Mr. Greg Hennagin, General Manager of Golden Nugget Lake Charles, LLC – No. R016502995, informed the Board that all of their team members were found to be safe after Hurricane Laura and that some were being housed at the property. High winds from the storm caused sliding glass doors to be pulled from hotel rooms and blew items from the rooms across the grounds. The rubberized roof on the hotel towers was extensively damaged causing water to pour into the hotel. The casino floor was relatively undamaged as well as the restaurants. The casino reopened on September 10, 2020, but water constraints led to air conditioning problems, IT issues and point-of-sale dilemmas so the property had to connect to the well located on the golf course to pipe in water. Seven trucks deliver water from Texas at a cost of \$50k per day to allow for drinking water, showers and opening of the restaurants. First responders are being housed through October 16, 2020. Many employees do not want to return to work until they have electricity and potable water so PNK has offered housing to employees who wish to return and work and over 200 have accepted that offer. The buffet supplies meals to first responders and team members. Owner, Tillman Fertitta, began a relief fund for the employees and seeded it with \$1 million.

Chairman Noel noted that Golden Nugget Lake Charles and L'Auberge were required to undergo inspection and ensure the workings of life-saving systems such as fire suppression as well as any and all other measures required to open a casino. Mr. Hennagin stated that ABS Group completed an inspection of Golden Nugget prior to their reopening.

- Mr. Jeff Favre, General Manager of St. Charles Gaming, LLC d/b/a Isle of Capri Casino Hotel Lake Charles – No. R011700174, began his presentation with the illustration of the boat against the I-10 bridge post-hurricane. Due to the captain and the crew, the damage to the boat was minimal and all crew was unharmed. The Tower hotel suffered a 60%-70% loss of the interior, 100% roof replacement and the exterior

is pending assessment report. The Inn Hotel was a 90% loss of the interior, 100% roof replacement and the exterior is pending assessment report. The pavilion and event center suffered approximately 90% loss of the interior, 100% roof replacement and the exterior is pending assessment report. The Grand Palais riverboat incurred an extensive array of damages, although none critical. Overall damage to property extended to landscaping and cosmetics. Mechanical damage was extensive to both hotels, the pavilion and event center and the architectural finishes in each, which expands the scope of demolition. All public spaces will need remediation. Conversion to utility power is currently ongoing. Regarding reopening, the boat is not the issue; everything on land has extensive damage and repair issues. There is no way to give an exact reopening date. A distribution drive was conducted for active and furloughed team members on September 8, 2020. Caesar's Entertainment will be making charitable donations within the community. All employees received a \$200 stipend to assist with the costs related to the hurricane. All active employees have remained on payroll and health benefits until further notice. Caesar's Cares Assistance offers financial assistance to team members in need.

Chairman Noel commented on his visit to see the damages to the Lake Charles casino gaming properties post-Hurricane Laura and the immense devastation to the Lake Charles community.

Ms. Berry asked Mr. Favre if there would be a chance for a complete rebuild of the Isle of Capri Casino Hotel. Mr. Favre stated that a full scope report from the insurance company would be available by the end of the day and he felt if it were not a total rebuild it would be close to that.

Mr. West asked Mr. Favre if he knew where most of his team members were living after the storm. Mr. Favre stated that they surveyed the team members who participated in the distribution drive and determined that many have not returned and are living in Texas and Shreveport, LA.

Mr. Lagasse complimented Mr. Favre, all of the Lake Charles general managers and their corporations for what they are providing for their employees.

The Board considered the following Transfers of Interest in globo:

1. Breaux Bridge Gaming, LLC d/b/a Cajun Fire Casino – No. 5000517426
2. 24/7 Xpress Associates, LLC d/b/a Sulphur Truckstop & Casino – No. 1000517329
3. Riverbend Truckstops and Palace Casinos, Inc. d/b/a Terrebonne Truckstop & Casino – No. 5500515516

After presentation by Charlie Picou, AAG and Louisiana State Police Investigator William Landry, it was moved by Mr. Lagasse to approve the transfers of interest. That motion was seconded by Mr. Poole and unanimously approved by the Board.

The Board then considered the Transfers of Interest for the following in globo:

1. Tall Timbers Truckstop & Casino, LLC d/b/a Tall Timbers Truckstop & Casino – No. 4600515641
2. Tall Timbers Truckstop & Casino, LLC d/b/a Eunice Truckstop & Casino – No. 4900515948

After presentation by Charlie Picou, AAG and Louisiana State Police Investigator William Landry, it was moved by Ms. Berry to approve the transfers of interest. That motion was seconded by Ms. Hamilton-Acker and unanimously approved by the Board.

There being no further business, it was moved by Mr. Jackson to adjourn. That motion was seconded by Mr. Poole and unanimously by the Board.

The meeting was adjourned.