

1: 1 LOUISIANA GAMING LOUISIANA CONTROL BOARD

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4 BOARD OF DIRECTORS' MEETING

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9 JULY 18, 2013

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11 House Committee Room 1

12 Louisiana State Capitol

13 Baton Rouge, Louisiana

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16

17 TIME: 10:00 A.M.

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22

23

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2

1 APPEARANCES

2

VELMA ROGERS

3 Vice-Chairwoman (At Large)

Third Congressional District

4 June 30, 2012

5

6 FRANKLIN AYRES BRADFORD

(Economic Planner)

7 Fifth Congressional District

June 30, 2013

8

9 ROBERT G. JONES

(MBA/CPA)

10 Seventh Congressional District

June 30, 2013

11

12 JAMES SINGLETON

(Public/Business Administration)

13 Second Congressional District

June 30, 2014

14

15 MARK STIPE

(Attorney)

16 Seventh Congressional District

June 30, 2014

17

18 DENISE NOONAN

(At Large)

19 First Congressional District

June 30, 2015

20

21 MAJOR CLAUDE MERCER

(Law Enforcement)

22 Fifth Congressional District

June 30, 2018

23

24 CLAUDE D. JACKSON

(At Large)

25 Fourth Congressional District

3

1 APPEARANCE CONTINUED

2

3 MAJOR MARK NOEL

Louisiana State Police

4 Ex-Officio Member

5 TIM BARFIELD, Secretary

Louisiana Department of Revenue

6 Ex-Officio Member

7

8 LANA TRAMONTE

Executive Assistant

9

10 TRUDY SMITH

Confidential Assistant

11

12 REPORTED BY:

SHELLEY G. PAROLA, CSR, RPR

13 Baton Rouge Court Reporters

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14	B. Consideration of petition by 15 Pinnacle Entertainment, Inc., 16 for approval of merger with	

17 Ameristar Casinos, Inc., and
18 transfer of interest in
19 Ameristar Casino Lake Charles,
20 LLC - No. R016502995, and
21 approval of the second application
22 for Shelf Approval of Debt
23 Transactions 45

24 C. Consideration of conditional
25 permits for the following:

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2 1. Beverly Ann Robbins - No.
3 PO20026415 86

4 2. Kristin Jolly Westberg
5 - No. PO20061819 86

6 D. Consideration of renewal permits
7 for the following:

8 1. Nathalie Guillory - No.
9 PO20026271 87

10 2. Kimberly Worthington - No.
11 PO20055508 87

12 3. Dennis Gentry - No.
13 PO20005131 87

14 VII. VIDEO GAMING ISSUES

15 A. Consideration of license renewals for
16 the following:

17 1. Tiger Truck Stop, Inc., d/b/a
18 Tiger Truck Stop - No. 2401501288 87

19 2. Cash Magic Lake Charles, LLC,

20 d/b/a Cash Magic Lake Charles -
21 No. 1000501777 87
22 3. Cash Magic Winners Choice, LLC,
23 d/b/a Cash Magic Winner's Choice -
24 No. 1002503597 87

25

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2 4. Chardele Enterprises, Inc., d/b/a
3 Chardele Enterprises, Inc. - No.
4 1000503988 87
5 5. Cash's Casino, Inc., d/b/a Cash's
6 Truck Plaza - No. 6100510648
7 6. Lucky Louie's Truck Stop, Inc.,
8 d/b/a Lucky Louie's Truckstop,
9 Inc., No. 6100511057 87
10 7. Opelousas 190 Truck Stop, LLC,
11 d/b/a Opelousas 190 Truck Stop
12 - No. 4900511817 87
13 8. Cash Magic Raceland, LLC, d/b/a
14 Cash Magic Raceland - No.
15 2900512137 87
16 9. St. Rose Travel Center d/b/a St.
17 Rose Travel Center - No.
18 4500512378 87
19 10. Grand Paradise, Inc., d/b/a Grand
20 Paradise, Inc., #2 - No.
21 4600512937 87
22 11. LA 1 South, LLC, d/b/a LA 1 South

23 Casino - No. 6100513017 87
24 12. Cash Magic Vinton, LLC, d/b/a Cash
25 Magic Vinton - No. 1000513267 87

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2 13. Prospect Station, Inc., d/b/a
3 Minden Truck Stop & Casino - No.
4 6000515429 87
5 14. Nino's Casino, LLC, d/b/a Nino's
6 Casino - No. 6100515593 87
7 15. Port Au Prince, LLC, d/b/a Gold
8 Rush Casino - No. 4900515526 87
9 16. Tall Timbers Truckstop & Casino,
10 LLC, d/b/a Tall Timbers Truckstop
11 & Casino - No. 4600515641 87
12 17. Rebecca Truck Plaza & Casino, LLC,
13 d/b/a Rebecca Casino - No.
14 5500515748 87
15 18. Grand's Palace Casino, LLC, d/b/a
16 Kenner Airport Casino - No.
17 2605515782 87
18 19. Alyco, LLC, d/b/a Love's Casino
19 #362 - No. 1006515785 87
20 20. Beno's, Incorporated d/b/a Beno's
21 - No. 5000303178 87
22 21. Forest Motel, Inc., d/b/a Forest
23 Motel - No. 5104304358 87
24 22. Outpost Travel Centers, LLC, d/b/a
25 Outpost Plain Dealing -

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2	No. 0802515610 87
3	23. Outpost Travel Centers, LLC,
4	d/b/a Outpost Minden - No.
5	6000515644 87
6	24. Lott Oil Company, Inc., d/b/a
7	Lott's O Luck #2 - No. 1602515760 87
8	25. Lott Oil Company, Inc., d/b/a
9	Lott's O Luck #3 - No. 4101515762 87
10	26. Outpost Travel Centers, LLC, d/b/a
11	Outpost Lake Providence - No.
12	1800515763 87
13	27. Louisiana Gaming Corp., d/b/a
14	Louisiana Gaming Corp. - No.
15	0904600087 87
16	28. Gabriel M. Daspit, Jr., d/b/a
17	Jimmie's Gaming Co. - No.
18	0904600108 87
19	29. Pelican Gaming, Inc., d/b/a
20	Pelican Gaming, Inc. - No.
21	0904600377 87
22	30. Patsy Rosbottom Cunningham d/b/a
23	Automatic Amusement Co. - No.
24	0904609737 87
25	31. Bowl South of La, Inc., d/b/a

1	PAGE
2	Bowl South of Louisiana - No.

3	5501606838	87
4	32. Detatir, Inc., d/b/a Detatir,	
5	Inc. - No. 4400608378	87
6	33. Aces Over, Inc., d/b/a Aces Over	
7	- No. 4500609847	87
8	34. Kayell Enterprises, Inc., d/b/a	
9	Kayell Enterprises, Inc., - No.	
10	0900610667	87
11	35. Lucky Star Coin Enterprises d/b/a	
12	Lucky Star Coin Enterprises - No.	
13	3601613677	87
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18	1. In Re: Katrina P. James - No.	
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1 I. CALL TO ORDER

2 VICE-CHAIR ROGERS: If everyone will
3 take their seat, we will call the
4 meeting of the Louisiana Gaming Board --
5 Control Board to order, please. Roll

6 call, Miss Tramonte, please.
7 THE CLERK: Miss Rogers?
8 VICE-CHAIR ROGERS: Here.
9 THE CLERK: Mr. Bradford?
10 MR. BRADFORD: Here.
11 THE CLERK: Mr. Jones?
12 MR. JONES: Here.
13 THE CLERK: Mr. Stipe?
14 MR. STIPE: Here.
15 THE CLERK: Mr. Singleton?
16 MR. SINGLETON: Here.
17 THE CLERK: Miss Noonan?
18 MS. NOONAN: Here.
19 THE CLERK: Major Mercer?
20 MAJOR MERCER: Here.
21 THE CLERK: Mr. Jackson?
22 MR. JACKSON: Here.
23 THE CLERK: Colonel Edmonson?
24 MAJOR NOEL: Major Noel for Colonel
25 Edmonson.

11

1 THE CLERK: Secretary Barfield?
2 SECRETARY BARFIELD: Here.
3 VICE-CHAIR ROGERS: Since we have a
4 quorum -- we have everybody present,
5 actually.
6 II. PUBLIC COMMENTS
7 VICE-CHAIR ROGERS: Are there any
8 public comments? Is there anyone in the

9 audience that would like to bring any
10 matters before this board before we
11 start the meeting? [No response.]

12 III. AUTHORIZATION FOR VICE-CHAIRMAN TO SIGN
13 NOTICES, LETTERS, AGREEMENTS, TIME AND
14 ATTENDANCE, AND DISBURSEMENTS

15 VICE-CHAIR ROGERS: We need
16 authorization from the Board for the
17 Vice-Chair to sign. We need
18 authorization from this Board --

19 MR. SINGLETON: I move approval.

20 MS. NOONAN: I'll second.

21 VICE-CHAIR ROGERS: -- to sign
22 notices, letters, agreements, time and
23 attendance, and disbursements, and we
24 have a motion.

25 Since we have the authorization, we

12

1 have to ask you to roll call -- call the
2 roll, please. We have this motion and a
3 second. This motion is to authorize the
4 Vice-Chair to sign all notices, letters,
5 agreements, time and attendance sheets,
6 and disbursements, which were received
7 by the Board Members. We have a motion,
8 and we have a second.

9 Would you call the roll, please.

10 THE CLERK: Mr. Bradford?

11 MR. BRADFORD: Yes.

12 THE CLERK: Mr. Jones?
13 MR. JONES: Here.
14 THE CLERK: Mr. Stipe?
15 MR. STIPE: Yes.
16 THE CLERK: Mr. Singleton?
17 MR. SINGLETON: Yes.
18 THE CLERK: Miss Noonan?
19 MS. NOONAN: Yes.
20 THE CLERK: Major Mercer?
21 MAJOR MERCER: Yes.
22 THE CLERK: Mr. Jackson?
23 MR. JACKSON: Yes.
24 THE CLERK: Vice-Chairman Rogers?
25 VICE-CHAIR ROGERS: Yes.

13

1 IV. APPROVAL OF THE MINUTES

2 VICE-CHAIR ROGERS: I would like to
3 have a motion, please, to waive the
4 minutes and the reading of the minutes
5 and to approve the minutes and to just
6 waive the reading. Do we have a motion?

7 MR. BRADFORD: So moved.

8 MR. JONES: Second.

9 VICE-CHAIR ROGERS: We have a
10 second. All in favor? [Collective
11 "aye."] Motion carries, all right.

12 V. REVENUE REPORTS

13 VICE-CHAIR ROGERS: We need revenue
14 reports now, please.

15 MS. JACKSON: Good morning, Miss
16 Rogers and Board Members. My name is
17 Donna Jackson with the Louisiana State
18 Police Gaming Audit Section. Following
19 is the riverboat revenue report for
20 June 2013.

21 During June, the 14 operating
22 riverboats generated Adjusted Gross
23 Receipts of \$142,379,549, a decrease
24 from May 2013 of 4.5 percent or almost
25 \$7 million, but a slight increase from

14

1 June 2012 of 2 percent or \$2.5 million.
2 Margaritaville Bossier City opened on
3 June 13th and during its 17 days of
4 operation generated \$7,896,000 while
5 entertaining 128,000 patrons. The
6 Shreveport/Bossier City market as a
7 whole was up \$4.7 million or 9 percent
8 from last June.

9 Adjusted Gross Receipts for fiscal
10 year 2012-2013 are \$1,673,000,000, a
11 minimal increase of 1 percent or almost
12 \$19 million from fiscal year 2011-2012.

13 During June, the State collected
14 fees totaling \$30,611,603. As of
15 June 30th, 2013, the State has collected
16 \$359,613,011 in fees for fiscal year
17 2012-2013, an increase of \$4 million

18 from last fiscal year.

19 Next is a summary of the June 2013
20 gaming activity for Harrah's New Orleans
21 found on page three. During June,
22 Harrah's generated \$27,128,219 in gross
23 gaming revenue, a \$2.7 million or
24 9 percent decrease from last month, and
25 a \$1 million or 3.6 percent decrease

15

1 from June 2012. Revenues for the
2 2012-2013 fiscal year are \$336,849,077,
3 down \$1 million from last fiscal year.

4 During June, the State received
5 \$4,931,507 in minimum daily payments.
6 For the period July 1st, 2012, through
7 June 30th, 2013, the State collected
8 \$72,577,347 in fees fiscal year
9 2012-2013, a decrease of \$1 million from
10 last fiscal year.

11 Slots at the Racetracks revenues are
12 shown on page four. During June, the
13 four racetrack facilities combined
14 generated Adjusted Gross Receipts of
15 \$32,861,338, a decrease of \$2.4 million
16 or 7 percent from last month, and a \$1.9
17 million or 5 percent decrease from
18 June 2012.

19 Adjusted Gross Receipts for fiscal
20 year 2012-2013 are \$402,057,140,

21 virtually even with fiscal year
22 2011-2012.

23 During June, the State collected
24 fees totaling \$4,985,065. As of
25 June 30th, 2013, the State collected

16

1 \$60,992,068 in fees for fiscal year
2 2012-2013.

3 Overall, riverboats, land-based and
4 Slots at the Racetracks combined
5 generated \$202 million in AGR, which is
6 \$500,000 less than last June. Fiscal
7 year-to-date revenues for all three
8 venues total \$2,412,000,000, up
9 \$17 million or .7 percent from last
10 fiscal year.

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

14 VICE-CHAIR ROGERS: Any questions
15 any board members? Any questions? [No
16 response.]

17 MS. JACKSON: Harrah's New Orleans
18 is required to maintain at least 2,400
19 employees and a bi-weekly payroll of
20 \$1,750,835. This report covers the two
21 pay periods in June 2013.

22 For the first pay period the Audit
23 Section verified 2,456 employees with a

24 payroll of \$2,001,000. For the second
25 pay period, the Audit Section verified

17

1 2,459 with a payroll of \$1,974,000.

2 Therefore, Harrah's met the employment
3 criteria during June.

4 VICE-CHAIR ROGERS: Any questions?

5 MR. SINGLETON: I have one, please.

6 VICE-CHAIR ROGERS: Mr. Singleton.

7 MR. SINGLETON: When you look at the
8 employees, do you separate part-time
9 employees from full-time?

10 MS. JACKSON: I'm not the one who
11 actually does the information. Jeff
12 Traylor may be a better person to
13 answer. I just report what they give
14 me.

15 MR. SINGLETON: I just posed the
16 question. Maybe at some point you might
17 can respond.

18 VICE-CHAIR ROGERS: Is Mr. Traylor
19 here?

20 MR. TRAYLOR: Right now what we do,
21 we do -- we determine based on the
22 numbers we have what we -- we count as
23 part-time and full-time, and that's just
24 because we're looking at over a pay
25 period the number of hours people

18

1 worked. So during that pay period they
2 may work what would be the equivalent of
3 part-times hours, but they may be a
4 full-time employee. It may just be a
5 pay period where they work less than the
6 32 hours that they use or 30.

7 So we come up with a number in the
8 backup that we have showing: This is
9 the total number of employees; this is
10 how many we show as part-time; this is
11 how many we show as full-time. They
12 provide us with a similar number, but
13 they're not going to be -- we don't
14 match back to them because we're just
15 trying to determine that they have 2,400
16 that actually work during that pay
17 period or there are employees during
18 that pay period.

19 MR. SINGLETON: Isn't there
20 something, a benefit that goes to
21 full-time employees versus no benefits
22 for part-time?

23 MR. TRAYLOR: Harrah's can answer
24 better, but there are different benefits
25 based on how they're classified. And in

19

1 some cases from what we've seen, you
2 have people who are considered full-time
3 employees that get full-time benefits

4 but are working part-time hours. So it
5 kind of goes either way.

6 MR. SINGLETON: Y'all never make an
7 effort to go through and come up with an
8 actual accurate number?

9 MR. TRAYLOR: We -- we could send --
10 in order to do that we'd have to go
11 through all 2,400, 2,500 personnel
12 records, but all it's going to say is
13 what they classify them as. We're
14 looking at the number of hours they work
15 to determine that they're actually
16 keeping 2,400 employees. We did that
17 early on. That's how we came up with
18 the original number when they -- I'm
19 sure you'll remember the original
20 argument was they had 3,000 employees,
21 and once the legislation passed, we had
22 to come up with that exact number. And
23 that's how we started. That's how that
24 number was determined to begin with.

25 MR. SINGLETON: Okay. Maybe I'm

20

1 going to have to go to them. I keep
2 getting calls from people -- anonymous
3 calls saying they're not full-time
4 employees. They don't have 2,400
5 employees. And I go back to the time I,
6 I guess, authored the ordinance some

7 years ago, and we put the thing to the
8 test; and I'm just trying to figure out
9 where are we now versus where we were.

10 MR. TRAYLOR: They do not have 2,400
11 full-time employees, if that's --

12 MR. SINGLETON: Okay.

13 VICE-CHAIR ROGERS: Any other
14 questions?

15 MR. STIPE: First of all, it's an
16 agreement that they're doing this
17 pursuant to, right?

18 MR. TRAYLOR: The law.

19 MR. STIPE: I mean, it just says
20 2,400 employees. It doesn't require
21 full-time employees; and to further
22 complicate things, a lot of the
23 employees are hourly, and sometimes they
24 fall below 30 hours on a particular week
25 or a particular two weeks.

21

1 MR. TRAYLOR: Yes, sir.

2 MR. STIPE: And so what you're
3 figuring out is there's 2,400 employees
4 receiving a W2 paycheck during the
5 course of the period that you look at.

6 MR. TRAYLOR: Well, and they may not
7 necessarily receive a paycheck during
8 that period. They may have been out, or
9 maybe they worked the pay period before

10 and the pay period after. So they're
11 still employed. They just didn't work
12 during that pay period for maybe
13 personal reasons.

14 MR. STIPE: All right.

15 VICE-CHAIR ROGERS: If they're on
16 personal leave, are you still counting
17 them?

18 MR. TRAYLOR: We'd still count them
19 if -- the ones that are out on leave are
20 actually on paid leave. That's in our
21 calculation. That's included in the
22 salary number; but there are some that
23 they don't have paid leave, but they,
24 for whatever personal reason, don't work
25 that pay period.

22

1 VICE-CHAIR ROGERS: They're still
2 counted?

3 MR. TRAYLOR: Yes, ma'am.

4 VICE-CHAIR ROGERS: That might be
5 where you're coming from.

6 MR. SINGLETON: And I guess,
7 Miss Rogers, that's the question. How
8 do we get some accurate numbers? And I
9 know expenses and everybody is short on
10 money and all these kind of things, but
11 I'd like to know: How do we get an
12 accurate record?

13 MR. TRAYLOR: I mean, I think what
14 we're looking at is an accurate
15 representation, because we're not
16 reporting the number they give us. We
17 go in and look at their payroll files,
18 and we determine, based on the number of
19 people we see actually working; and then
20 we do go and look because they'll give
21 us a list of people who they consider to
22 be employees but maybe they didn't work
23 hours during that pay period, and those
24 people we go and look at. And if it's
25 an employee who has worked consistently

23

1 over the last several months and didn't
2 work this pay period, we will count
3 those. If we go in and see that they
4 haven't worked for three months, we're
5 not counting those.

6 So our number, what we report,
7 doesn't match exactly what they give us.
8 We go in and make sure from our
9 standpoint that they're meeting what's
10 required and work with them.

11 MR. SINGLETON: You looking at it
12 from the point that they have 2,400
13 employees regardless of how they work.

14 MR. TRAYLOR: Yes, sir. And we had
15 this discussion that in order to reach

16 2,400, they are having to put people --
17 they are having to move people to
18 part-time because they have to meet the
19 number that's required in their
20 agreement by the law.

21 MR. SINGLETON: Okay. Can we go
22 back and ask this? Because some of
23 these laws got changed. The city
24 council passed one, and I don't know if
25 that's one, you know, that's being

24

1 followed, or did the State come in and
2 usurp that and pass something else? Can
3 you go back and check those two for me?

4 MR. TRAYLOR: Yes, sir.

5 MR. SINGLETON: Make sure what the
6 City law says versus if there was a
7 change for the State?

8 MR. TRAYLOR: Yes, sir.

9 MR. SINGLETON: Okay.

10 VICE-CHAIR ROGERS: It seems like
11 the responsibility should be with them.
12 They have agreed to those numbers, and
13 it seems like -- Mr. Traylor, it seems
14 like the responsibility is falling on
15 your shoulders.

16 MR. TRAYLOR: Well, and historically
17 the city -- and it's been the Riverboat
18 Development Corporation has relied on

19 our information. I think -- Leonce,
20 maybe you know. I think the city's
21 agreement is a specific number, and ours
22 is -- ours has eventually become a
23 specific number, but it was based on
24 90 percent as of March 8th, 2001.

25 MR. GAUTREAU: Well, the number --

25

1 Leonce Gautreaux, Assistant Attorney
2 General. The number is set in
3 statute -- in our gaming statutes at
4 2,400 employees.

5 MR. SINGLETON: It doesn't say total
6 or part-time?

7 MR. GAUTREAU: No. It doesn't
8 identify whether it's full-time or
9 part-time. It just says 2,400
10 employees.

11 MR. SINGLETON: I just want to check
12 the city, the number what it say,
13 because I don't know how those two, when
14 they come together.

15 VICE-CHAIR ROGERS: Mr. Bradford.

16 MR. BRADFORD: Just following up on
17 what Leonce said so to make sure I
18 understand correctly, this is what I
19 think it is. First of all, it is the
20 law that they have to have 2,400
21 employees. Every other casino and

22 riverboat in the state -- this is
23 land-based we're talking about,
24 Harrah's -- but every other riverboat
25 has a voluntary staffing goal, as I

26

1 understand. This is the only casino in
2 the state that is required by law to
3 have X number of employees, and it's
4 really a handicap to them.

5 I've been told many times that they
6 could greatly improve their operation
7 and provide better jobs, more stable
8 employment if they were allowed to run
9 their own business the way they want to
10 run it, and it probably would drop down
11 a hundred or two hundred or four
12 hundred, but the jobs would be better
13 paying jobs, more stable jobs and would
14 attract -- more people would want to be
15 working there.

16 So I think there is an inequity
17 there that it's in a statute that was 20
18 years ago, which was when that law was
19 written?

20 MR. SINGLETON: I'll stay out of
21 that because I was a part of that
22 statute. It might be something from
23 where we are today to where we are --

24 MR. BRADFORD: Yeah. It may be

25 something we might want to revisit

27

1 through the legislature, obviously, or
2 through the New Orleans City Council. I
3 don't know where that law is.

4 VICE-CHAIR ROGERS: Okay.
5 Mr. Singleton? Any other questions?
6 Thank you, Mr. Traylor.

7 MR. BOSSIER: Good morning,
8 Mrs. Rogers and Board Members. My name
9 is Jim Bossier with the Louisiana State
10 Police Gaming Audit Section. I'm
11 reporting video gaming information for
12 June 2013 as shown on page one of
13 your handout.

14 During June 2013, one new video
15 gaming license was issued, a truckstop.
16 One hundred eighty one video gaming
17 licenses were issues during fiscal year
18 2013.

19 Seven new applications were received
20 by the Gaming Enforcement Division
21 during June and are currently pending in
22 the field: Four bars and three
23 restaurants. The Gaming Enforcement
24 Division assessed \$0 and collected
25 \$9,350 in penalties in June, and there

28

1 are currently \$1,750 in outstanding

2 fines. Please refer to page two of your
3 handout. There are presently 14,108
4 video gaming devices activated at 2,044
5 locations.

6 Net device revenue for June 2013 was
7 \$47,168,820, a \$5.7 million increase or
8 10.8 percent when compared to net device
9 revenue for May 2013, and a \$2.2 million
10 decrease or 4.5 percent when compared to
11 June 2012.

12 Net device revenue for fiscal year
13 2013 was \$609,934,966, a \$2.9 million
14 increase or one half of one percent when
15 compared to net device revenue for
16 fiscal year 2012. Page three of your
17 handout shows a comparison of net device
18 revenue.

19 Total franchise fees collected for
20 June 2013 were \$14,057,539, a
21 \$1.7 million decrease when compared to
22 May 2013, and a \$680,000 decrease when
23 compared to June 2012.

24 Total franchise fees collected for
25 fiscal year 2013 were \$182,051,479, a

29

1 \$967,000 or one half of one percent
2 increase when compared to last year's
3 franchise fees.

4 Page four of your handout shows a

5 comparison of franchise fees. Does
6 anybody have any questions?

7 VICE-CHAIR ROGERS: Any questions?

8 Thanks.

9 VI. CASINO GAMING ISSUES

10 A. Consideration of riverboat staffing

11 proposal for Eldorado Casino Shreveport
12 Joint Venture d/b/a Eldorado Resort Casino
13 Shreveport - No. R013600005

14 VICE-CHAIR ROGERS: The next issue
15 are our Casino Gaming Issues, and it's
16 Consideration of the riverboat staffing
17 proposal for Eldorado Casino Shreveport
18 Joint Venture d/b/a Eldorado Resort
19 Casino Shreveport, No. R013600005.
20 Mr. Michael Tyler from the Attorney
21 General's Office will make a
22 presentation.

23 MR. TYLER: Good morning, Board
24 Members. Assistant Attorney General,
25 Michael Tyler, appearing in the matter

30

1 of the consideration for the staffing
2 proposal submitted by Eldorado Casino.

3 Today I'm joined by Walt Hanson of
4 the American Bureau of Shipping
5 Consultants. We come before you to
6 present the proposal that was submitted
7 by Eldorado Casino. ABS has reviewed

8 this proposal, and for more on this
9 review, I now turn this over to Walt
10 Hanson.

11 MR. HANSON: Good morning, Madam
12 Vice-Chair and Board Members. I'm Walt
13 Hanson representing the American Bureau
14 of Shipping Consulting. We received the
15 initial letter request from Eldorado
16 Casino Shreveport Joint Venture on 6
17 November, 2012. We had a visit to the
18 casino on 9 and 10 January of 2013,
19 where we started the formal review.
20 Over a series of months, February,
21 April, May and June, we received
22 correspondence back and forth to provide
23 the data necessary to complete our
24 review, and through these interchanges
25 with casino management a letter dated

31

1 the 1st of July, 2013, represented their
2 final manning variance request.

3 The Hollywood Dreams, which is the
4 river -- permanently moored riverboat in
5 a coffer cell up in Shreveport, they
6 desire to have assigned 17 job positions
7 to the riverboat staff. This would be
8 two workers that do not work shifts.
9 That would be a captain in charge and an
10 engineer in charge, and fifteen shift

11 personnel, a captain of the watch,
12 engineer of the watch, a riverboat
13 technician and then twelve security, two
14 security officers being at each of the
15 entrance ramps and two security officers
16 roving on each of the three decks.

17 Our review concludes that the
18 designated riverboat staff provides an
19 accurate organization to maintain
20 reliability of the safety equipment
21 associated with the permanently moored
22 riverboat and its offer cell and the
23 performance of routine and emergency
24 vehicles to safeguard the public and
25 employees aboard. We reached that

32

1 through looking at the temporal and
2 geographic hazards that are in and
3 around Hollywood Dreams, and the
4 engineered administrative controls that
5 they have in place, and the organization
6 by which emergency situations are
7 addressed.

8 Ultimately, we find that with this
9 coffer cell, Eldorado is -- it is
10 probably more unique up there because
11 it's the most high and dry of the
12 riverboats. The only unique thing that
13 may be different in their submission

14 versus others is in many other cases
15 we've had an assistant captain of the
16 watch who relieves the captain of the
17 watch during the shift.

18 In this case, they're having a
19 riverboat technician who is equally
20 trained as what we've seen as assistant
21 captain of the watch. What happens is
22 when he's finished, as a dinner relief
23 he goes back, as riverboat technicians
24 would be, and is working on engineering
25 in support of engineer of the watch.

33

1 VICE-CHAIR ROGERS: Are there any
2 questions? Mr. Stipe.

3 MR. STIPE: Just one. I'm looking
4 at the Table A, and now there is a
5 captain in charge or a captain of the
6 watch. Is that who's charged with this
7 now?

8 MR. HANSON: As traditionally for
9 the legacy boats, we have a captain in
10 charge, who basically serves as the
11 senior manager of sorts during the
12 workday, and he could be there at
13 anytime. He's just on call, as well.
14 And the engineer in charge basically
15 reports through the captain in charge.

16 MR. STIPE: Okay. And I'm looking

17 at the job title for the description for
18 this captain of the watch. I mean,
19 right now who has these duties that are
20 laid out for the captain of the watch?

21 MR. HANSON: Okay. Captain of the
22 watch traditionally, if we look back at
23 what the former would be, is like the
24 mate or is as in the unlicensed mate
25 here as defined, the person that

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1 basically is able to immediately respond
2 to a situation if an alarm happens up in
3 the pilothouse when the captain is not
4 there. Also, that person traditionally
5 is a person who is on the scene taking
6 care of the immediate emergency;
7 whereas, the captain in charge would be,
8 then, up -- or the captain of the watch,
9 depending upon who is onboard, is up in
10 the pilothouse over all kind of running
11 the show making sure the proper calls
12 are made and any other reinforcements
13 are called in.

14 MR. STIPE: And you're comfortable
15 that the duties and responsibilities for
16 each of these job titles are set out to
17 capture all the relevant risks that
18 they've got?

19 MR. HANSON: Right. Because what we

20 do is -- how the attachments are
21 presented, we go look at what the
22 conditions are, and then we look at the
23 risks. We have them -- we achieve an
24 agreement between the casino and ABS
25 Consulting that this is representative

35

1 now. Okay? And then we ask for what
2 they have for their strategies,
3 emergency action plans, preparedness
4 plans, whatever they may call it, to
5 understand how they are responding. And
6 then we take a look at what they have
7 had in the past as far as their job
8 positions, and what duties they have for
9 routinely being prepared and in
10 emergency response; and then we look to
11 see what they're now creating to see if
12 all those needs are still met.

13 Then when we know that they have
14 been met, the issue then is there's
15 certain competencies necessary for them
16 to be met, and we look -- for some we
17 have credentialing. They have chosen to
18 either have an active person remain with
19 an active credential or an inactive, and
20 we know that to get those they've had to
21 have certain training. But for those
22 others who aren't credentialed or have a

23 document, we talk about a qualification
24 program. So we have a system in place
25 where it's a check and balance per

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1 practical knowledge, procedural
2 knowledge and knowledge of the system so
3 they can carry out these things.

4 So we've created a system of systems
5 that allows us to go and take it from
6 where they are all the way through to
7 how they're going to execute, and as a
8 consequence is part of the inspection
9 process, which used to be going up and
10 just check to go see if they got certain
11 things in place and if they're still
12 working. And when we do the drills,
13 you'll see, can you do the drills
14 effectively. We can look back and say,
15 well, this is a person that you said
16 you're going to have; this is what the
17 position calls for. Show me that they
18 have the training in place and
19 everything else.

20 Because as you go down here, there
21 can be many reasons why a drill may not
22 go well or a maintenance may not occur.
23 What we want to do is try to keep the
24 system effective. It may not be just an
25 individual. It maybe a systematic

1 problem. We want to correct those.

2 VICE-CHAIR ROGERS: Okay. Going
3 back to Mr. Stipe's original question:
4 Are there parameters identified for
5 these individuals?

6 MR. HANSON: The Coast Guard has
7 certain requirements of experience
8 aboard vessels and --

9 CHAIRMAN MORGAN: No. I'm talking
10 on the ship itself.

11 MR. HANSON: Right. I'm talking
12 about this --

13 VICE-CHAIR ROGERS: Identified
14 parameters or not really?

15 MR. HANSON: There are no parameters
16 for where you live now with your
17 permanently moored riverboats, okay,
18 because the Coast Guard handed this off
19 to you and said these things no longer
20 transport people, so they aren't
21 passenger vessels. They're basically a
22 facility that floats, and just keep it
23 out of our navigable waterways; and you
24 can do whatever you want with it. The
25 parameters that were brought over when

1 you had these crews onboard and the
2 licenses or the documents they each had

3 specify different knowledge that they
4 require to have experience, because when
5 they were out sailing, they had to do
6 things on their own, okay?

7 And as we looked at those, many of
8 the things when they're tied up is not
9 as important as being out underway,
10 okay, where everything is functioning.
11 So, for instance, like the captain in
12 charge when we -- the master when we
13 first looked at them, about 20 percent
14 of all the training and knowledge that
15 they would normally need to do their job
16 is the only thing they need -- there's
17 only 20 percent that's important in
18 port, and we looked at that and said,
19 you know, do we really need to have a
20 full-fledged master to run the ship in
21 port? And we said, not really. Most
22 ships when they tie up, they have a mate
23 that takes care of the minimum stuff
24 that's required.

25 So that's one of the reasons why

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1 we're here looking at manning variances.

2 CHAIRMAN MORGAN: Any other
3 questions?

4 MS. NOONAN: I have a question.

5 VICE-CHAIR ROGERS: Miss Noonan.

6 MS. NOONAN: I want to make sure I
7 understand this. You have -- you go to
8 each facility that will request a
9 manning variance from you, and you look
10 at what they had previously as to what
11 they want to have now. You don't take
12 just a general job description and place
13 it on each facility; you go to each
14 facility, look at what they had
15 previously, see what worked for them and
16 then help them; or they come to you, and
17 you-guys work together to get these
18 things done; is that correct?

19 MR. HANSON: That's correct. They
20 submit a package following a format that
21 you receive. We have a process. We ask
22 them -- this is why we have a project
23 done a certain way. So they make their
24 best effort given that they're really
25 not into this. We go out there, and we

40

1 ask challenging questions because
2 ultimately many people, when they look
3 at risk, they put themselves in boxes.
4 As you have seen as different casinos
5 that come forward, they have different
6 ways of solving their issues.

7 Most notably up here in the Bossier
8 City/Shreveport area a number of the

9 vessels having engaged city fire
10 department which has marine assets very
11 close by, and the fire department is
12 actually using their work boats in
13 response to a person in the water. And
14 they tapped that novel arrangement to
15 allow them -- first of all, they'll
16 maintain the boat, but then the firemen,
17 who are more into operating -- they do
18 the operations; and the response times
19 are very similar, and they also have a
20 backup system where the sheriff comes up
21 and can -- are further down river.

22 So they thought a little broader
23 than what we've seen in the past. So I
24 think they're really walking away with a
25 higher level of public safety even

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1 though what you traditionally have seen
2 as far as mariners onboard, they are
3 looking at the broader capabilities to
4 respond, looking at what the properties
5 can bring to the table, what the
6 community responders can bring to the
7 table, as well as what their key people
8 are that are going to be on their
9 Certificate of Compliance.

10 MS. NOONAN: And you-guys seem to be
11 very comfortable with a lot of that with

12 them working together, and you said you
13 seem to have more public safety concern
14 because really, just like you said,
15 they're switching from more of a
16 maritime to more land -- it's almost
17 like a land-based. I mean, they have to
18 treat it as almost -- because they don't
19 move.

20 MR. HANSON: Well, and that's the
21 benefit that you have with permanently
22 moored. First of all, we wouldn't be in
23 this situation if they were getting
24 underway, because they would still have
25 to -- the big reason why we're opening

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1 this door is you have the fire
2 departments that can come onboard and
3 take over when the crew is beyond
4 fighting an incipient fire, a fire in
5 its initial stages.

6 So what you're losing in the
7 changing out of the mariners are these
8 people have been independently trained
9 to do the fire hoses and everything, and
10 now what we've done is -- especially up
11 in Bossier City/Shreveport, there was
12 once an agreement in place when the
13 casinos were first arriving that said,
14 by the way, you're bringing them in

15 basically high density areas where
16 people are going to be that in the case
17 of fire, we want you to take
18 responsibility for it; and the
19 riverboats because of the marine crew
20 onboard were designed to do that.

21 So when you were moving into a
22 manning variance, you had to go revisit
23 that with the municipal fire departments
24 to go and say, are you willing to treat
25 this like any other high-rise and

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1 everything else, and by then and a lot
2 of funding, which are created from
3 casinos, probably got there, and they
4 built up. And they added substations
5 and the like and said, and they said,
6 yes, we're prepared to do that. And
7 that's the reason why we requested from
8 each of the fire departments to say,
9 yes, we have this agreement now, and we
10 also encourage the casinos to have the
11 fire departments work with them on their
12 training. So the fire department knew
13 what their capabilities are, and they
14 also knew how the fire department would
15 respond.

16 So you have a much better
17 arrangement because many of the casinos

18 in the past, the riverboats were left
19 unto their own. The fire departments
20 knew how to come out to the property and
21 address the hotels, but they didn't know
22 anything about that boat. Now they're
23 all very knowledgeable of the boat, and
24 they have drawings in place.

25 MS. NOONAN: And then you said that

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1 they -- it coincides with inspection of
2 the facility, you revisit the employees
3 and what their job descriptions and
4 specifications are, correct?

5 MR. HANSON: The package that we
6 have submitted to the Board we've asked
7 each of the casinos to retain a copy of
8 those, which is the emergency action
9 plans and the like, and ultimately we're
10 doing an audit, so to speak. This is
11 what you're supposed to have. We want
12 to verify that's what you do have.

13 MS. NOONAN: Thank you.

14 VICE-CHAIR ROGERS: Any other
15 questions? I think the word "staffing"
16 is -- and, of course, staffing is
17 people, and people are concerned. I
18 think that's why we're a little bit
19 questioning you today, but thank you.
20 Any other questions? If there are no

21 questions, then do we have a motion to
22 accept ABSC's recommendation for the
23 riverboat staffing for the Eldorado
24 Resort Casino Shreveport riverboat
25 gaming vessel which will be incorporated

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1 in the Certificate of Compliance? Do we
2 have a motion?

3 MAJOR MERCER: I'll move we approve
4 it.

5 VICE-CHAIR ROGERS: Second?

6 MS. NOONAN: I'll second.

7 VICE-CHAIR ROGERS: Second. Roll
8 call, please, Miss Tramonte.

9 THE CLERK: Mr. Bradford?

10 MR. BRADFORD: Yes.

11 THE CLERK: Mr. Jones?

12 MR. JONES: Yes.

13 THE CLERK: Mr. Stipe?

14 MR. STIPE: Yes.

15 THE CLERK: Mr. Singleton?

16 MR. SINGLETON: Yes.

17 THE CLERK: Miss Noonan?

18 MS. NOONAN: Yes.

19 THE CLERK: Major Mercer?

20 MAJOR MERCER: Yes.

21 THE CLERK: Mr. Jackson?

22 MR. JACKSON: Yes.

23 THE CLERK: Vice-Chairwoman Rogers?

24 VICE-CHAIR ROGERS: Yes.

25 B. Consideration of petitions by Pinnacle

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1 Entertainment, Inc., for approval of merger
2 with Ameristar Casinos, Inc., and transfer of
3 interest in Ameristar Casino Lake Charles, LLC
4 - No. RO16502995, and approval of the second
5 application for Shelf Approval of Debt
6 Transactions

7 VICE-CHAIR ROGERS: Next item is the
8 Consideration of petitions for Pinnacle
9 Entertainment, Inc., for approval of
10 merger with Ameristar Casinos, Inc., and
11 transfer of interest in Ameristar Casino
12 Lake Charles, LLC, No. RO16502995, and
13 approval of the second application for
14 Shelf Approval of Debt Transactions.
15 Mr. Leonce Gautreaux will make a
16 presentation.

17 MR. GAUTREAU: Good morning, Board
18 Members, Leonce Gautreux, Assistant
19 Attorney General. This matter -- as you
20 may recall in December of last year,
21 Pinnacle Entertainment and Ameristar
22 Casinos entered into a plan of merger
23 whereby Pinnacle would be acquiring all
24 of Ameristar assets.

25 On December 28th they filed a

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1 petition with this board for approval of
2 the merger and the transfer of interest
3 in the Louisiana asset, which is
4 Ameristar Lake Charles, LLC. That's the
5 project currently being constructed in
6 Lake Charles right next to the L'Auberge
7 Casino in Lake Charles. They have --
8 Pinnacle has requested that they be
9 placed on this agenda today because they
10 are trying to finalize all of their
11 financing and getting the transactions
12 closed with -- the first week of August.

13 One of the issues still outstanding
14 to be completed is the Federal Trade
15 Commission. As you know, the Federal
16 Trade Commission filed an administrative
17 complaint alleging that the merger
18 violated the Federal Trade Commission
19 Act and the Clayton Act as
20 anti-competitive behavior. They have
21 been negotiating a settlement with the
22 FTC, decided not to fight the complaint
23 but negotiate a settlement, which would
24 require them to divest the Ameristar
25 Lake Charles property to a third party

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1 acquirer, and the FTC is also requiring
2 them to hold it separate; meaning, they
3 hold the property and own the property,

4 but it has to be maintained
5 independently by somebody who's usually
6 known as a hold separate manager.

7 They are still obligated to maintain
8 the assets at a competitive advantage,
9 but they will -- it will be operated
10 independently until the third party
11 acquirer can be purchased and gain all
12 the necessary approvals, including the
13 approval of this Board.

14 The problem is that those
15 negotiations and the orders themselves
16 are confidential, nonpublic information,
17 so there's not a lot of information we
18 can get out of it and present to you
19 until they become final, which I think
20 they'll tell you they anticipate next
21 week sometime.

22 So since they requested that it be
23 set on this agenda, we wanted to give
24 the Board the opportunity to either hear
25 the presentation and decide whether they

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1 want to approve it at this time or maybe
2 continue it until the FTC order is
3 final. That would be the Board's
4 option.

5 VICE-CHAIR ROGERS: Thank you.

6 MR. SANFILIPPO: Thank you very

7 much, Mrs. Rogers and Members of the
8 Board. Thank you for allowing us to be
9 here. We'd like to start by thanking
10 Leonce, thanking the Major, Lana, Trudy.
11 This has been a situation that -- we're
12 going to take you through a
13 presentation, but because of a number of
14 factors that have caused both from a --
15 from a Board standpoint and also because
16 of the FTC situation, we very much
17 appreciate. I want to thank you for
18 helping us get here today and get the
19 opportunity to explain to you why we are
20 requesting your approval for us to move
21 forward with the Ameristar transaction.

22 We have put together a presentation.
23 I think y'all have it in front of you.
24 Let me go through that. I'm Anthony
25 Sanfilippo. I'm the CEO of the company,

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1 and with me to my left is Carlos
2 Ruisanchez and also the Chief Financial
3 Officer, and to my right is Jack
4 Godfrey, who is our general counsel; and
5 we'll be able to answer, we would hope,
6 any questions that you would have in
7 regards to where we are with this
8 transaction. And we'll explain more
9 about what it means to have a monitor in

10 place, our commitment to finish the
11 project that's being developed next to
12 us, our commitment to work closely with
13 the company that will become the new
14 owner and to continue to have that
15 property in Lake Charles a destination
16 resort.

17 We have the opportunity, we believe,
18 with the new owners next to us to really
19 create a destination resort that will
20 include, really, double everything that
21 we have currently. We have a page in
22 here on our property, and for the most
23 part, the property that's being built
24 right next to us will double in size
25 that whole complex.

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1 So I'm going to take you through and
2 we're going to talk about why this is
3 important for Pinnacle Entertainment to
4 do. We're going to talk about our
5 company in Louisiana. Louisiana is very
6 important to us, and you'll see that as
7 we go through this presentation; and
8 then we'll talk about just the
9 transaction process and overview.

10 When we entered into an agreement
11 with Ameristar this past December, we
12 did it for the reasons you see on slide

13 four or page four in front of you. It
14 really creates a much stronger company
15 for us. You're going to see from maps
16 that we show you that it enhances our
17 geographic and financial
18 diversification. It will give us more
19 scale and distribution, which is
20 important in not only this business but
21 any businesses. It will lower our risk
22 as cash flow is diversified throughout
23 our portfolio, and that matters when
24 you've got economies that in different
25 parts of the country may have softness

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1 in them; and it will be a credit to our
2 company immediately following the
3 closing. This is, we believe, not only
4 good for the state. We believe it's
5 good for our team members, and it will
6 be good for our shareholders, too.

7 We're combining complementary asset
8 portfolios. You're going to see from a
9 map that I show that we have very
10 similar assets that Ameristar does, and
11 the property that is being built in Lake
12 Charles adjacent to us is going to be a
13 high quality property on the same
14 quality level as our L'Auberge property
15 that's there right now; but throughout

16 our -- the portfolio of properties that
17 we're going to be acquiring from
18 Ameristar, the quality of those
19 properties are the same quality that we
20 have. So it really makes for a
21 complementary fit.

22 The other thing is the cultures of
23 the company -- our two companies are
24 very similar. So the process since last
25 December has been a good process.

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1 Carlos and myself have gone to every
2 Ameristar property at least twice, spent
3 time with the management team there.
4 The main group that will be impacted
5 will be the corporate employees.
6 There's two corporate offices based in
7 Las Vegas. Those will be combined. A
8 number of those individuals who have key
9 positions with Ameristar will stay with
10 us. An individual who is with us today,
11 her name's Michelle Shriver, she's on
12 the front row. She will be one of our
13 Executive Vice-Presidents over
14 operations, and, you know, based upon
15 her licensing approval, we'll have the
16 two Boomtown properties reporting to
17 her; and she'll be spending time here in
18 Louisiana. And we just think it's a

19 very natural fit to have these two
20 companies come together.

21 I'll say it, you know, once and sort
22 of leave it: We wish we did not have to
23 diversify the Lake Charles property. We
24 fought hard with the FTC to be able to
25 keep that property. We believe that

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1 from our side it didn't impede a
2 competitive environment. We weren't
3 successful in that. We spent a lot of
4 time in Washington, DC, trying to prove
5 to them the competitive market is much
6 larger than Lake Charles. That it's the
7 Coushatta Tribe, that people from
8 Houston, Beaumont have an opportunity to
9 go to a number of different gaming
10 establishments, that there's the Isle of
11 Capri, that there's Delta Downs. We
12 just weren't successful.

13 And other than agreeing to diversify
14 that property, we also have to do the
15 same thing with a property in St. Louis.
16 It would have been a very protractive
17 process to try to litigate with them,
18 and so we came to an agreement with them
19 for us to sell that property. And
20 that's the process we're in right now.

21 I'll also mention now that we have

22 been in very active negotiations with a
23 purchaser that we have introduced to the
24 state. We did have a meeting, with
25 those people that I thanked, to

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1 introduce this new party, who we hope
2 we're able to announce before too long.
3 And members of the state, we do believe
4 that they're very well qualified. They
5 operate casinos today in multiple
6 jurisdictions. They're a very large
7 company, and that we think that they
8 will be very beneficial to the State of
9 Louisiana, that they will be a good
10 licensee for the State of Louisiana.

11 So that process over the last four
12 to five weeks has been very active, and
13 we believe they'll be very complementary
14 neighbors to us and good competitors.
15 We think that they'll compete well in
16 Lake Charles area.

17 Let me take you a couple of our
18 slides. Slide five just shows you our
19 distribution. Post the merger of the
20 two companies, we'll be in -- we'll have
21 sixteen properties in nine states. It
22 really helps us spread out our
23 operations, and where that is
24 beneficial, our property here in Baton

25 Rouge that we opened last September, as

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1 well as our property in Lake Charles,
2 are both looked at regional destinations
3 and destination resorts. This will
4 allow us to have more properties, more
5 jurisdictions to pull from as we invite
6 our better guests into this area.

7 So where this will be positive for
8 the state, it allows us to welcome more
9 people from other jurisdictions here,
10 and we believe that guests like to visit
11 different locations, that they like to
12 come and visit Lake Charles, that they
13 like to come to New Orleans, that that's
14 one of America's greatest cities. And
15 as you know, we're building a hotel
16 right now. We're spending \$20 million
17 building a 150-room hotel in New Orleans
18 so we'll be able to house our guests
19 there.

20 So this will benefit the state by us
21 having access to -- basically double the
22 size of our database throughout the
23 United States. We plan on merging both
24 of our loyalty card programs, so
25 beginning next year we'll have one

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1 loyalty card that covers all of the

2 properties that will be part of our
3 portfolio. The only impact that we see
4 from a personnel standpoint will be in
5 Las Vegas where we're merging the two
6 corporate offices. We don't see -- this
7 doesn't really affect Louisiana because
8 of -- we won't be operating an Ameristar
9 property in Louisiana, but the only
10 impact we see is that we won't need two
11 chief financial officers, et cetera. We
12 won't need two board of directors, so we
13 see a consolidation of our corporate
14 offices that are in Las Vegas, but from
15 a property level we'll have the general
16 managers and all personnel continue
17 forward.

18 Page six just helps illustrate the
19 point on revenue diversification. Today
20 you can see that Louisiana is 55 percent
21 of our revenues company wide. Post this
22 acquisition we'll have 32 percent of our
23 revenues come from Louisiana, and that's
24 significant. Obviously, it's one-third
25 of our company's revenues come from

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1 Louisiana, and it makes Louisiana
2 continue to be very, very important to
3 us.

4 I wanted to take a second and just

5 highlight our properties here in
6 Louisiana. Page eight, hopefully you're
7 all familiar with these two properties,
8 the L'Auberge Lake Charles property that
9 opened in 2005 and then our L'Auberge
10 Baton Rouge property that just recently
11 opened. It's about 11 months old, and
12 we couldn't be more proud of that
13 facility; and we believe that there's
14 continued opportunity at really both of
15 these properties to continue to grow
16 these properties.

17 In New Orleans we're on the West
18 Bank with our Boomtown property which
19 opened up in 1994, and then in Bossier
20 City we have the Boomtown property that
21 opened up in 1996. So we're well
22 represented throughout the U.S. or
23 throughout the state and with this
24 acquisition throughout the United
25 States.

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1 Just to highlight on page ten some
2 of the amenities we have, in Lake
3 Charles, we have over 1,600 electronic
4 gaming machines and 75 table games. We
5 have a 26-story hotel with close to a
6 thousand rooms and suites, ten dining
7 outlets, 26,000 square feet of meeting

8 space, a golf course, a large swimming
9 pool area, retail store, spa and
10 fitness; and the number of our team
11 members there is just a little more than
12 2,300 team members at that property.

13 I will tell you while I didn't bring
14 the components of the Ameristar property
15 that is being built next to us, it is
16 very similar, and we already have an
17 agreement that has been reached with
18 Ameristar that will carry forward to the
19 new owner that we will have one
20 clubhouse, one tennis center, that we
21 will jointly share that. So that when
22 guests come to Lake Charles, they will
23 be coming to a resort destination. They
24 want to come and have two golf courses
25 to play, so when they come, they'll have

60

1 a brand-new clubhouse that's there.

2 We're going to have a banquet space
3 that's there along with a tennis center.

4 We will jointly operate that facility,
5 and guests will be able to play one or
6 two golf courses when they come there.

7 So we think that's a real plus and part
8 of what we're doing to work together
9 with who will be the new buyer.

10 We're going to also put in a tram

11 system that will connect the two
12 properties, and we've taken the approach
13 first with Ameristar; and we're
14 following that through with who we
15 believe the new buyer will be that we're
16 going to allow guests to enjoy the whole
17 facility. That we're going to work in a
18 cooperative manner to let guests go from
19 one facility to the other facility and
20 enjoy one central golf and tennis
21 center.

22 So that is -- we're really focused
23 on in the event at some point Texas
24 legalizes gaming, that this will be a
25 very powerful, integrated resort with a

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1 combined amenities that they can enjoy
2 at both places. We will have healthy
3 competition at both places, but we
4 wanted to have this 500-acre complex set
5 up in a way that will be appealing for
6 people that will be coming in from the
7 markets today which are primarily
8 Houston and Beaumont.

9 We're very proud of this property.
10 We've invested heavily in this property.
11 You're going to see that in a later
12 slide. Recently to keep the property
13 very, very fresh, if you'd spent time at

14 the property, you'd see that we have
15 continued to make renovations to this
16 property. We're completing a complete
17 renovation of the guest rooms and suites
18 that are there, and we are -- this a
19 property that we really believe competes
20 between east and west coast as one of
21 the premier resort destinations in the
22 United States.

23 Our property here that we opened up,
24 hopefully you've all seen it. We've
25 invested \$368 million. It's on 575

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1 acres. As Baton Rouge grows, we think
2 we have the opportunity to grow this
3 property. Our General Manager, Mickey
4 Parenton, is here with us today. He's
5 done a terrific job with this property
6 and really becoming a part of the Baton
7 Rouge community. We have over 1,400
8 electronic games and 56 table games,
9 four dining outlets that we're very
10 proud of. We have a pool on top of the
11 facility. If you've ever gone by,
12 you'll see that there's four palm trees
13 on the top of the facility, and that's
14 where our pool area is. We have a
15 fitness center there, and we have almost
16 1,200 team members that are part of that

17 property.

18 We do believe over time, and we've
19 been very encouraged by the growth in
20 Baton Rouge, that we have the ability to
21 continue to expand this property. And
22 then the two properties that our company
23 actually purchased from Casino Magic
24 many years are the one on the West Bank
25 in New Orleans and then our property in

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1 Bossier City. We're proud of both of
2 these properties. They really are
3 focused on locals in these markets.
4 They're less a destination; although,
5 because New Orleans is so -- is such a
6 destination city, when there's things
7 like the Super Bowl or -- I know the NBA
8 is going to have the All-Star Game there
9 next year. When those things happen,
10 we're able to bring in guests because
11 they just want to come to New Orleans,
12 and it will be helpful for us to be able
13 to have a 150-room hotel. That hotel is
14 coming out of the ground right now, and
15 that hotel will be up and open, we
16 believe, by next June. That's the
17 planned opening date of that hotel is
18 next June.

19 Slide 13 does show you a rendering

20 of the hotel on the bottom right-hand
21 corner, and what we've done is shown you
22 the additional capital that we have
23 placed into Louisiana over these past
24 three years. That's through whether
25 it's room renovations or whether it's

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1 through our project in Baton Rouge. We
2 have continued to invest heavily in our
3 properties here in Louisiana.

4 I mentioned the hotel renovation,
5 over \$20 million already spent. We used
6 a local contractor for that. We try to
7 use as many as Louisiana based
8 businesses as we can, and they did --
9 and they're doing a great job. We're
10 still in that project right now. In New
11 Orleans, the \$20 million hotel, Lemoine
12 is doing that who is out of Lafayette.
13 So we also have a local contractor
14 that's doing that or a general
15 contractor from the state that's doing
16 that project. They're doing it with
17 Stewart Slack out of Bossier City.

18 So we really do focus on -- we know
19 there's qualified people to do the work
20 here in the state, and that's always our
21 first choice is to have folks that are
22 based here in the state to do the work

23 for us.

24 The transaction financing and the
25 overview, just let me take you through

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1 that fairly quickly. This is a deal;
2 we're going to be paying \$26.50 for
3 every holder of an Ameristar share. The
4 total consideration is \$2.8 billion. We
5 have committed debt financing, so our
6 financing is lined up. Carlos and I
7 were -- just launched the bank financing
8 deal earlier this week, and we'll be
9 finalizing the bonds two weeks from
10 yesterday, actually.

11 So we are -- we're lining up, you
12 know -- and you'll see on the next
13 slide, slide 16, we have -- we're at the
14 goal line right now. So we have lined
15 up everything that we need to do. We've
16 already had approvals from Nevada, Iowa,
17 Mississippi, Indiana, and today we're in
18 front of you. Next week we're front of
19 Missouri. We have been working with the
20 FTC in getting a final consent order.
21 We have got a draft that we have -- that
22 Leonce has taken a look at of the
23 consent order, and here's how it works.

24 We commit and we're finalizing right
25 now a monitor who would act as a CEO

1 over both this project, the Ameristar
2 project, as well as the property that
3 we're selling in St. Louis called
4 Lumiere Place. So he acts
5 independently. He reports to the CEO.
6 We continue to fund fully this project,
7 but his job is to make sure that we
8 fulfill the commitment of this project.
9 And until there is an approved buyer by
10 you, that this project will continue to
11 be funded and built as promised and
12 committed to you through the conditions
13 that you all approved back when it was
14 approved.

15 So we're obligated to fully fund it,
16 and his role -- and there will also be a
17 manager there that reports to the
18 monitor, and their role is to make sure
19 that we don't do anything that would be
20 considered impeding in the successful
21 completion of that project.

22 Now, they'll be a buyer that gets
23 involved, as soon as that company signs
24 an agreement, who will be working
25 closely, as they get approved by you, to

1 make sure that that project continues
2 and that it gets built so they can

3 effectively compete with the whole
4 market, and that's the process that
5 we're going through right now.

6 We expect the FTC to finalize and
7 submit to the FTC commissioners the
8 final consent degree within the next
9 week or so, and they have been working
10 in a very cooperative manner with us.
11 They have been working in a timely
12 manner with us. We believe we've
13 secured the two manager and the monitor.
14 They've been interviewed by the FTC, so
15 this process would be that you would
16 approve. Missouri would be our final
17 approval, and then based on a final
18 approval by the FTC, it would allow us
19 to close the transaction in early
20 August.

21 A number of reasons for us to do
22 that: The cost of the borrowing of the
23 money. You know, we are committed to a
24 lot of money to close this deal. There
25 is a social cost. There are almost

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1 8,000 team members that are part of
2 Ameristar. They're waiting for this to
3 happen, and while we have met with them,
4 we really can't start to integrate our
5 two companies until we close this

6 transaction.

7 We believe we've done everything
8 that needs to get done to make this move
9 forward. We are fully committed to
10 making sure that the project in Lake
11 Charles is -- that we hand it over to a
12 buyer in very, very good shape. We're
13 fully committed that that project will
14 continue to be funded; we have to fund
15 it. And that we believe, if we're able
16 to reach an agreement with the company
17 that we're talking with, that the
18 licensee that comes in is going to be a
19 very good licensee for the state, and,
20 again, we early on brought that company
21 to meet with Leonce and a number of
22 others so that they could see firsthand.

23 So we respectfully ask for your
24 approval so that we can move forward to
25 close this transaction in early August.

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1 I'm happy to answer any questions you
2 may have.

3 VICE-CHAIR ROGERS: Any board
4 members any questions? Mr. Stipe.

5 MR. STIPE: First of all, I was
6 surprised at the FTC's kind of
7 definition of the market and so forth,
8 and I guess I'm reminded that there were

9 two people who graduated from LSU Law
10 School on this panel at the same time.

11 One of them did well, Mr. Barfield; the
12 other one was me.

13 So I'm reminded that I don't know
14 FTC law too well, I suppose, and I guess
15 I can feel for you in terms of having to
16 corral all these approvals. And I think
17 I understand the merger transaction, and
18 I think I understand the shelf
19 transaction. But I must share with you
20 that at the same time, I'm concerned
21 about approving something when you have
22 a tentative agreement with the FTC
23 that's not finalized, and while I
24 appreciate you making documents
25 available to our staff, we've not even

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1 had the opportunity -- or they've not
2 even had the opportunity to have all
3 those documents available. And that's
4 just a concern. You can speak to it if
5 you want.

6 I guess one thing I would share with
7 you is I think this Board's demonstrated
8 that it's very flexible in terms of
9 having special meetings for the
10 Margaritaville project. I know we had a
11 special meeting when State Police was

12 working to finalize it, but I'm just --
13 me, personally, I'm just very concerned
14 about if a third party asks me what I
15 reviewed, I'm not even sure if I can
16 tell them what I've reviewed in
17 connection with this, so you can
18 certainly speak to that.

19 MR. GODFREY: Yeah. Let me address
20 that. It's a fair question. As we've
21 told all regulating around the country
22 that we've gotten approvals from, two
23 remaining, each approval is as important
24 as every other approval. So we need all
25 the approvals in order to close,

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1 including the consent decree by the FTC.
2 The consent decree really consists of
3 two documents: The Decision and Order,
4 which we've provided to staff, and
5 what's called the Hold Separate
6 Agreement that Anthony spoke to and
7 Leonce spoke to.

8 The salient points of those
9 documents really are known, which is
10 divestiture requirements, and the hold
11 separate requirements that we've been
12 through. So there's nothing that's
13 going to be surprising coming out of
14 those documents.

15 The dilemma we find ourselves in is
16 if we don't have all the gaming
17 regulatory approvals, there's a chance
18 the FTC slows down, so it's a bit of a
19 chicken and egg, and so that's why we've
20 been obtaining regulatory approvals,
21 first in Nevada, then Iowa, then in
22 Mississippi and then in Indiana; and
23 we're scheduled for the Missouri Gaming
24 Commission presentation next week.

25 So we do understand we need a

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1 consent decree to close, but we believe
2 that you have the outline of what will
3 be required of us, which is the
4 divestiture, the hold separate with the
5 continuation of the construction of the
6 project, entering into an agreement with
7 the third party who will submit for
8 licensing for you and then finish the
9 project and deliver a very competitive
10 project as Anthony has outlined. So
11 that's why it's important we get these
12 approvals.

13 Carlos and Anthony have -- as I
14 said, they have been in New York this
15 week launching the bank financing and
16 plan to launch the bond deal at the end
17 of the month. There are significant

18 fees when you close the financing into
19 escrow. So for any delay on the
20 closing, we're going to -- we're going
21 to incur significant costs, and, of
22 course, that money is much better spent
23 improving the company than paying the
24 bankers for interest.

25 So I understand your question, but

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1 we think that in this particular case
2 given the fact that you know we're going
3 to need the consent decree and what the
4 main points of them are, you should feel
5 comfortable that you understand how the
6 transaction will unfold.

7 The bottom line is that ultimately
8 we're not going to own and operate the
9 Lake Charles project. We're going to
10 continue to fund it, ensure that it
11 proceeds and then enter into an
12 agreement with the buyer, who you will
13 to approve, and, frankly, the FTC is
14 going to have to be comfortable with
15 that contract, as well. They need an
16 approvable buyer, and the group that
17 we're talking to, if we get through with
18 them, will be an approvable buyer that
19 will be a credit to the State of
20 Louisiana.

21 So that's why it's very important
22 that we get your approval today, and I
23 think Louisiana has one advantage over
24 some of the other states in that I think
25 it was in 2006 you went through a

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1 similar situation with Penn and Argosy.
2 So I don't want to speak for Leonce, but
3 I think that the structure is going to
4 be very similar to what you saw before,
5 the difference being that this is a
6 project under construction as opposed to
7 an operating property.

8 VICE-CHAIR ROGERS: Mr. Jones.

9 MR. JONES: The question is for
10 Leonce. Is there a way we can approve
11 it pending the FTC clearance?

12 MR. GAUTREAU: We did add to the
13 resolution a provision of -- and I'll
14 read it to you. The transfer shall be
15 subject to all license conditions
16 currently in effect on Ameristar Lake
17 Charles, LLC, and the acceptance of the
18 settlement of the administrative
19 complaint and placement of the consent
20 agreement on the public record by the
21 Federal Trade Commission.

22 So, yes, it would be subject to them
23 obtaining that -- I don't want to say

24 approval but that approval of the
25 consent and hold separate order by the

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1 commissioners.

2 MR. JONES: If they made a material
3 change in what their staff is
4 recommending, I wonder how that would
5 affect an approval.

6 MR. GAUTREAU: If the commissioners
7 themselves made a material change?

8 MR. JONES: Yeah. I mean, they
9 probably won't. They're long enough in
10 the project -- in the process.

11 MR. GODFREY: Yeah. Are you talking
12 about the FTC commissioners?

13 MR. JONES: Yeah.

14 MR. GODFREY: We have agreement in
15 principle with the staff, and so when
16 the documents are finally negotiated, we
17 will present those to the commissioners.
18 We don't see a scenario where the
19 commissioners are not going to follow
20 through with the agreement in principle
21 as to the assets to be divested, which
22 in this case is the Lake Charles project
23 and the Ameriplace and St. Louis.

24 So really what we're down to now is
25 the technical drafting of the documents,

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1 and once the staff becomes comfortable
2 with those and presents them to the
3 commission, we see no reason why the
4 commission would not accept them and
5 place them on for public comment.

6 Let me just say that the wording
7 that Leonce read reflects the technical
8 aspects of the FTC process. We can
9 close -- we put it on for public
10 comment, but we can close when they do
11 that. We don't have to wait for the
12 public comment period to expire. So we
13 don't anticipate any material changes to
14 the agreement in principle with the
15 staff.

16 MR. JONES: Okay. Another question:
17 The potential buyer that you're working
18 with is not currently licensed in
19 Louisiana?

20 MR. GODFREY: They are not, but they
21 are licensed in other jurisdictions; and
22 we believe that they will be -- you'll
23 be able to review them quickly.

24 MR. JONES: I have no other
25 questions.

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1 VICE-CHAIR ROGERS: Any other
2 questions? Mr. Bradford.

3 MR. BRADFORD: You keep referencing

4 a buyer, but is there more than one
5 suitor that you're --

6 MR. SANFILIPPO: There have been a
7 number of people interested. We had one
8 buyer who was very aggressive when the
9 FTC came out and we came out with that
10 we agreed in principle with disposing of
11 it. We believe that the buyer will
12 really be a terrific licensee for the
13 state, and we want to find someone who
14 can come in, be approved by you, be a
15 healthy competitor next to us. That's a
16 good outcome for us, so we focused in on
17 this individual, this company because
18 they were -- we believe met the
19 qualifications to be able to
20 successfully complete the agreement.
21 But there have been other expressions of
22 interest from other companies.

23 MR. BRADFORD: Is there a timeline
24 that you've committed to to selling this
25 property?

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1 MR. SANFILIPPO: We have committed
2 to a six-month period --

3 MR. BRADFORD: Six months.

4 MR. SANFILIPPO: -- to have it done,
5 so, again, we will continue to build it.

6 So it won't -- it won't be -- it won't

7 stop getting developed. It will
8 continue to be built.

9 MR. GODFREY: And we anticipate that
10 there will be a little lagniappe on the
11 end in the event that there's a
12 licensing delay, but, yes, that's
13 correct.

14 MR. BRADFORD: Madam Chairman, if
15 there's no other questions, I have a
16 motion.

17 VICE-CHAIR ROGERS: Well, let me
18 just read all the options first. This
19 Board has really three options. We can
20 defer the matter until FTC orders a
21 final. We can continue the matter until
22 the August board meeting, or we can act
23 on the petition today. Do we have a
24 motion? Mr. Bradford.

25 MR. BRADFORD: It appears to me that

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1 Pinnacle has met all the requirements of
2 the FTC, and it also appears to me that
3 they have their money in place; and the
4 only thing they're asking of us today is
5 to approve their purchase of Ameristar,
6 and I make a motion that that be
7 approved.

8 MAJOR MERCER: I'll second.

9 VICE-CHAIR ROGERS: Who is the

10 second?

11 COURT REPORTER: Mr. Mercer.

12 VICE-CHAIR ROGERS: Mr. Mercer

13 seconds. Roll call, please. No. Okay.

14 Read the resolution, please.

15 THE CLERK: On the 18th day of July,
16 2013, the Louisiana Gaming Control Board
17 did, in a duly noticed public meeting,
18 consider the issue of petition for
19 merger of -- approval of merger
20 transaction and transfer of interest,
21 and upon motion duly made and second,
22 the Board adopted this resolution.

23 Be it resolved that the following be
24 and are hereby approved: The transfer
25 of 100 percent of the ownership interest

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1 in Ameristar Casinos, Incorporated, to
2 Pinnacle Entertainment, Incorporated, to
3 be effectuated through the merger of PNK
4 Holdings, Inc., with and into Ameristar
5 Casinos, Inc., and subsequent merger of
6 Ameristar Casinos, Inc., with and into
7 Pinnacle Entertainment, Inc. The
8 transfer shall be subject to all license
9 conditions currently in effect on
10 Ameristar Lake Charles, LLC, and the
11 acceptance of the settlement of the
12 administrative complaint and placement

13 of a consent agreement on the public
14 record by the Federal Trade Commission.

15 Two, the debt transactions for the
16 financing of the merger are as follows:

17 A, Senior secured credit facility
18 consisting of a \$1 billion revolver and
19 a \$1.6 billion term loan; B, up to
20 \$800 million in senior unsecured notes;
21 C, structural flexibility to move up to
22 \$500 million between the senior secured
23 credit facility and the senior unsecured
24 notes; D, assumption and guarantee of
25 Ameristar Casino, Inc.'s, existing

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1 7.5 percent senior unsecured notes due
2 2021; and E, up to \$315 million in
3 senior unsecured bridge loans in the
4 event that the senior unsecured notes
5 referenced in B above are not issued and
6 sold on or prior to the closing of the
7 merger.

8 Thus done and signed in Baton Rouge,
9 Louisiana, this 18th day of July, 2013.

10 VICE-CHAIR ROGERS: Roll call,
11 please.

12 THE CLERK: Mr. Bradford?

13 MR. BRADFORD: Yes.

14 THE CLERK: Mr. Jones?

15 MR. JONES: Yes.

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

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1 THE CLERK: Vice-Chairman Rogers?
2 VICE-CHAIR ROGERS: Yes. Motion
3 carries.
4 MR. GODFREY: Thank you very much.
5 MR. SANFILIPPO: Thank you, very
6 much. Appreciate it. Thank you.
7 VICE-CHAIR ROGERS: Leonce, now
8 we're going to consider the application
9 for the shelf approval of the debt
10 transactions. Mr. Gautreaux, please.
11 MR. GAUTREAU: Yes. They also
12 presented a petition to approve a shelf
13 application. If you remember, a couple
14 years ago the Board adopted a rule which
15 would allow casinos that meet certain
16 qualifications to apply for what we're
17 calling a shelf for their debt
18 transactions, so that they don't have to

19 come back to the Board for approval of
20 each time they change or amend a credit
21 facility or enter into a debt
22 transaction.

23 Pinnacle already has an existing
24 shelf application but has to amend this
25 one to include all the financing and

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1 everything they're doing with Ameristar,
2 so they've asked that the shelf
3 application be issued up to \$7 billion.

4 VICE-CHAIR ROGERS: Any questions?

5 No questions. A motion?

6 MR. BRADFORD: I move for approval.

7 MS. NOONAN: I'll second.

8 VICE-CHAIR ROGERS: Second by

9 Miss Noonan. Read the resolution,
10 please.

11 THE CLERK: On the 18th day of July,
12 2013, the Louisiana Gaming Control Board
13 did, in a duly noticed public meeting,
14 consider the second application for
15 shelf approval of debt transaction filed
16 by Pinnacle Entertainment, Inc., and
17 upon motion duly made and second the
18 Board adopted this resolution.

19 Be it resolved that Pinnacle
20 Entertainment, Incorporated's, second
21 application for shelf approval of debt

22 transactions be and is hereby approved
23 subject to the following terms and
24 conditions. One, Pinnacle Entertainment
25 Incorporated, its subsidiaries and

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1 affiliates are granted approval pursuant
2 to LAC 42:III.2525 to enter into debt
3 transactions as defined in LAC
4 42:III.2522 not to exceed a cumulative
5 total outstanding at any time of \$7
6 billion.

7 Two, within ten days after
8 consummation of a debt transaction,
9 including amendments and modification of
10 existing debt transactions, Pinnacle
11 Entertainment, Incorporated, shall
12 provide a term sheet or executive
13 summary of debt transactions and an
14 executed copy of the documents
15 evidencing the debt transactions to the
16 Louisiana State Police Gaming
17 Enforcement Division Audit Section
18 Corporate Securities Unit.

19 Three, the shelf approval may be
20 rescinded by the Chairman of the Board
21 upon issuance of a written notice of
22 rescission setting forth the reasons
23 therefore. The rescission shall remain
24 in effect until lifted by the Board upon

25 such terms that are satisfactory to the

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1 Board. This shelf approval shall expire
2 on July 18th, 2016. This shelf approval
3 supercedes and replaces the
4 January 20th, 2011, shelf approval.

5 It is hereby further resolved that
6 the Chairman of the Louisiana Gaming
7 Control Board be delegated the authority
8 to issue a written rescission of the
9 shelf approval in accordance with
10 LAC 42:III.2525(e) and as provided here
11 and above.

12 Thus done and signed in Baton Rouge,
13 Louisiana, this 18th day of July, 2013.

14 VICE-CHAIR ROGERS: Roll call,
15 please.

16 THE CLERK: Mr. Bradford?

17 MR. BRADFORD: Yes.

18 THE CLERK: Mr. Jones?

19 MR. JONES: Yes.

20 THE CLERK: Mr. Stipe?

21 MR. STIPE: Yes.

22 THE CLERK: Mr. Singleton?

23 MR. SINGLETON: Yes.

24 THE CLERK: Miss Noonan?

25 MS. NOONAN: Yes.

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1 THE CLERK: Major Mercer?

2 MAJOR MERCER: Yes.
3 THE CLERK: Mr. Jackson?
4 MR. JACKSON: Yes.
5 THE CLERK: Vice-Chairman Rogers?
6 VICE-CHAIR ROGERS: Yes.
7 MR. GODFREY: Thank you very much.
8 MR. SANFILIPPO: Thank you.

9 C. Consideration of conditional permits for the
10 following:

- 11 1. Beverly Ann Robbins - No. PO20026415
- 12 2. Kristin Jolly Westberg - No. PO20061819

13 VICE-CHAIR ROGERS: The next item on
14 the agenda is to consider conditional
15 permits for the following: Beverly Ann
16 Robbins, No. PO20026415, Kristin Jolly
17 Westberg, PO20061819. Do we have a
18 motion to issue these conditional
19 permits?

20 MR. JONES: So moved.

21 MR. JACKSON: Second.

22 VICE-CHAIR ROGERS: All in favor?
23 [Collective "aye."] Any opposed? [No
24 response.] Motion carries.

25 D. Consideration of renewal permits for the

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1 following:

- 2 1. Nathalie Guillory - No. PO20026271
- 3 2. Kimberly Worthington - No. PO20055508
- 4 3. Dennis Gentry - No. PO20005131

5 VICE-CHAIR ROGERS: Next is
6 consideration of renewal permits for the
7 following: Nathalie Guillory - No.
8 PO20026271, Kimberly Worthington, No.
9 PO20055508, Dennis Gentry, PO20005131.
10 Do we have a motion to renew the permits
11 for these?

12 MR. SINGLETON: Move approval.

13 VICE-CHAIR ROGERS: Do we have a
14 second?

15 MS. NOONAN: I'll second.

16 VICE-CHAIR ROGERS: Miss Noonan
17 seconds. Motion carries.

18 VII. VIDEO GAMING ISSUES

19 A. Consideration of license renewals for the
20 following: (INDEX ITEMS 1-36)

21 VICE-CHAIR ROGERS: The next issue
22 we have the consideration of license
23 renewals for the following; and you have
24 that list, and I will not read it,
25 Mr. Stipe.

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1 MR. STIPE: But you could if you
2 wanted to. Do I have a motion?

3 MR. JONES: Move.

4 VICE-CHAIR ROGERS: Mr. Jones.

5 MR. JACKSON: Second.

6 VICE-CHAIR ROGERS: Second, Mr.

7 Jackson. All in favor? [Collective

8 "aye."] Any opposition? [No response.]

9 Motion carries.

10 VIII. APPEAL FROM HEARING OFFICER'S DECISION

11 1. In Re: Katrina P. James - No. PO40017209

12 VICE-CHAIR ROGERS: Next is the

13 appeal from the hearing officer's

14 decision for Katrina James, No.

15 PO40017209.

16 MS. SCOTT: Good morning, Vice-Chair

17 Rogers and Board Members. Ashley Scott

18 with the Attorney General's Office on

19 behalf of State Police Gaming Division.

20 MS. JAMES: Hi, my name is Katrina

21 James.

22 MS. SCOTT: Madam Rogers, since this

23 is Miss James' appeal, I said she should

24 proceed first.

25 MS. JAMES: Actually, my husband and

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1 I always worked in the gaming industry

2 both together a total of, like, maybe 40

3 years. I've never been through this

4 issue before. I was told that -- I was

5 sent something out on September in

6 reference to my gaming.

7 I resigned from Harrah's Casino on

8 July 1st of 2012, and I did go through

9 the transferring of having my license

10 redone so they didn't expire. I was

11 sent something from the IRS stating that
12 we owed something. My CPA, in turn,
13 wrote to them because we had a
14 continuance for our -- to have our taxes
15 done, and we were also told that we
16 didn't pay the fines.

17 So with that being said, I spoke to
18 Mr. Rackers (phonetic), and I asked, you
19 know, what was the issue because every
20 time I went to IRS, they were telling us
21 something different. The last time I
22 went to them they told us that we just
23 didn't -- hadn't filed our 2010 taxes,
24 so I brought it down with me, and I
25 asked was I cleared, was everything

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1 done.

2 They told me that they didn't do
3 clearances, that she will make sure that
4 Mr. Rackers was aware of it. I sent the
5 necessary paperwork.

6 I did file for an appeal. On that
7 day I was not in town, and I asked if I
8 could get a continuance; and they told
9 me that they -- at that time, they
10 couldn't do a continuance. And I told
11 them -- I said I wouldn't be here to
12 make it, you know, in time -- you know,
13 in time for that because I had to be out

14 of town, but I can send all the
15 necessary paperwork that I had.

16 I was told that I had a clearance.
17 I wasn't aware that I needed to send
18 anything else necessary beyond that
19 point. I have everything here stating
20 that my 2010 taxes were paid, that the
21 copy was submitted to the IRS. I'm not
22 sure if it was done in a timely manner.
23 Miss Ashley did tell me that I was sent
24 the letter out in September. I don't
25 personally remember receiving that

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1 letter. The other letters that I did
2 get, I did respond to them, and I
3 thought that I took care of everything
4 that needed to be taken care of.

5 MS. SCOTT: Board Members, as you
6 all well know, Louisiana Gaming Law
7 requires that permittees, such as Miss
8 James, remain current in the filing of
9 her taxes, and when the Division
10 received notification from the IRS that
11 Miss James was, in fact, delinquent in
12 the filing or payment of her IRS taxes,
13 they sent a notification to Miss James,
14 which was received by Miss James. Proof
15 of the receipt of the mailing by Miss
16 James was entered into the record at the

17 hearing office.

18 That notification regarding her tax
19 delinquency also notified Miss James
20 that she had 30 days to resolve the tax
21 problems, and it informed her that if
22 she did not resolve the tax problems
23 within 30 days, that she would be
24 subject to -- her permit would be
25 subject to suspension and the imposition

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1 of civil penalty.

2 Now, Miss James, unfortunately, did
3 not resolve her tax problems within 30
4 days or 60 days or even 90 days. It was
5 approximately 230 days later when the
6 Division received a tax clearance for
7 Miss James on IRS taxes.

8 Because of the evidence introduced
9 into the record regarding Miss James'
10 failure to timely resolve her tax
11 problems, the hearing officer was
12 required by Louisiana Gaming Law to
13 impose a civil penalty, and the civil
14 penalty that was imposed was \$250, and
15 that was specifically applied for by the
16 penalty schedule in the gaming law.

17 There's nothing in the record, Board
18 Members, to warrant a reversal, and on
19 behalf of the Division, I respectfully

20 urge you to affirm the hearing officer's
21 decision.

22 VICE-CHAIR ROGERS: Any questions?

23 MR. STIPE: Miss James, I mean, you
24 were given notice of the hearing that
25 they had?

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1 MS. JAMES: The hearing that I was
2 assigned was for -- in May. I'm not
3 sure exactly what date it was, but it
4 was in May. And I, at that turn, told
5 them that I would not be able to make it
6 in for that hearing because I was out of
7 town. I had two family members that was
8 internally ill, and I was not going to
9 be able to make it for that.

10 Now, I have paperwork here stating,
11 you know, that we were going back and
12 forth with the IRS, and every time we
13 went down to the IRS building, they were
14 telling us different things. My husband
15 and I asked to -- which was done through
16 our CPA because that's who do our taxes
17 on an annual basis, and we have never
18 had any issues with our taxes. We, in
19 turn, asked for them to give us an
20 extension on the taxes, and they did so.
21 And it was supposed to be -- they gave
22 us up to October on this letter --

23 October the 15th, and we did everything
24 we was supposed to do. We paid them.
25 They wind up sending us the money back.

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1 We questioned why were they sending us
2 the money back if they say it was what
3 we owed.

4 They tried to, in turn, have us pay
5 penalties and taxes on that money, and
6 we were arguing about it. So in the end
7 when they asked -- when they came to an
8 agreement, which was at that deadline,
9 we paid them what it was that they came
10 to an agreement of, and that was it.

11 I'm not sure -- I apologize. I'm
12 not sure -- like, she told me I had a
13 letter that came out on September the
14 9th. I don't quite remember a letter
15 from September the 9th; but everything
16 else I did respond to it, and I thought
17 I did it in a timely manner. And I
18 thought that it was taken care of when I
19 was told by Mr. Rackers and another
20 local state policeman that worked, I
21 guess, for Harrah's when they phoned me.
22 I thought it was taken care of because
23 they told me I had the clearance.

24 You know, like I said, everybody
25 wasn't telling us exactly what it was

1 that they needed. Like, when I went to
2 the IRS, the last time they told me, I
3 don't even have a copy of your 2010
4 taxes. Then I have a receipt here for
5 \$198 and \$160 that they told my husband
6 when he went. Every time we went it was
7 something different. You know, it was
8 like nobody was on the same page. I
9 thought that I was doing the right thing
10 by contacting Mr. Rackers after I went
11 to the IRS building for the third time,
12 maybe, and I told him -- I said, she
13 told me all she needed was a copy of my
14 2010 taxes. I have it here where she
15 stamped it. She told me that she would,
16 in turn, call him and speak with him and
17 let him know that I was there, and that
18 it was taken care of. Because it's
19 quite an embarrassment. I've never had
20 to go through this issue before.

21 I've been working in this casino
22 industry myself since 1995, and we file
23 our taxes like we are supposed to every
24 year. I'm not hiding from anything.

25 MR. STIPE: There was a statement in

1 the case and finding of facts that were
2 generated by the hearing officer. Do

3 you have any objection to any particular
4 thing that is wrong with what he found?

5 MS. JAMES: Actually, the fine.
6 That's the only thing, the fine. I
7 mean, everything else I tried my best to
8 make sure that it was taken care of.

9 MR. STIPE: And you ended up, I
10 think from what I took from you, what
11 you're telling me is you actually did
12 have to pay a fine or a penalty to kind
13 of resolve whatever it was.

14 MS. JAMES: With the IRS. I think
15 they waived some of the fees, and we
16 sent them out a balance of three
17 thousand and some change, yes.

18 MR. STIPE: The point is there was
19 something that you needed to clear up
20 with the IRS.

21 MS. JAMES: Right, and they put it
22 on hold for a total of 60 days, and they
23 gave us an extension to October the
24 15th.

25 MR. STIPE: Okay.

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1 MS. JAMES: And we paid it before
2 that time.

3 MR. STIPE: And as I read the
4 hearing officer's ruling that we've been
5 asked to uphold, if you'll pay a fine of

6 \$250 as a result of that delinquency and
7 that problem with the IRS, then the
8 whole thing will be resolved from our
9 standpoint.

10 MS. JAMES: Actually, I thought I
11 paid everything that it was that I
12 needed to pay in.

13 MR. STIPE: I understand.

14 MS. JAMES: Right.

15 MR. STIPE: What's at issue is the
16 \$250 penalty.

17 MS. JAMES: The \$250 penalty which
18 is to the Board for not paying them in a
19 timely manner, which I understand, but
20 that was something that we were
21 questioning. I do understand that.
22 That was something that we were
23 questioning, in turn, because we had
24 asked for an extension.

25 MR. STIPE: Got it.

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1 MS. SCOTT: If I may, Mr. Stipe,
2 just point out that a lot of the
3 information, a lot of documentation Miss
4 James is talking about this morning is
5 not part of the record from the hearing
6 office. The exhibits that were
7 introduced into the record at the
8 hearing office, specifically Exhibit

9 Number 4, shows that Miss James did, in
10 fact, receive the Division's 30-day
11 letter. After the 30-day letter was
12 received, the Division customarily does
13 a follow-up check to see if the
14 permittee has resolved the tax problems.
15 That was done in February of this year,
16 and at that point she was delinquent.
17 That was even, I guess, 90 days later.

18 VICE-CHAIR ROGERS: Now, you're
19 saying if she pays the \$250, she gets
20 her license?

21 MS. JAMES: I don't even work for
22 the casino industry anymore. I'm
23 resigned. I don't work there anymore.

24 VICE-CHAIR ROGERS: Well, why would
25 you want a license?

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1 MS. JAMES: I'm sorry. I was
2 currently for Harrah's, and before I
3 resigned it was time for me to renew my
4 license. At that time if I didn't renew
5 my license, then I wouldn't have had a
6 job because I had to renew my license at
7 that time. They go by -- in
8 alphabetical order. It was time for me
9 to go renew my paperwork to have my
10 license done, and I did resign on
11 July 1st. And I made it well aware to

12 them when I went and, you know, did my
13 paperwork for my licenses. But at the
14 time, I was still working so I needed to
15 have my license current.

16 MS. SCOTT: Madam Rogers, Hearing
17 Officer Reynolds' order indicates that
18 she has 30 days in issuance of the
19 decision to pay her \$250 penalty, and in
20 the event that she does not pay it
21 within the 30 days, her license is
22 suspended until the civil penalty is
23 paid.

24 VICE-CHAIR ROGERS: Any other
25 question?

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1 MR. JONES: And if at a later date
2 she wants to get back in the industry,
3 she has to pay the \$250?

4 VICE-CHAIR ROGERS: Within 30 days.

5 MS. SCOTT: Right.

6 VICE-CHAIR ROGERS: She can't pay it
7 any other time. It's within 30 days.

8 MS. SCOTT: Correct.

9 VICE-CHAIR ROGERS: So that really
10 gives her a choice.

11 MS. SCOTT: Absolutely.

12 VICE-CHAIR ROGERS: Any other
13 questions? Do we have a motion?

14 MR. STIPE: I'll move we affirm the

15 hearing officer's ruling.
16 MS. NOONAN: I'll second.
17 VICE-CHAIR ROGERS: All in favor?
18 We need a roll call vote.
19 THE CLERK: Mr. Bradford?
20 MR. BRADFORD: Yes.
21 THE CLERK: Mr. Jones?
22 MR. JONES: Yes.
23 THE CLERK: Mr. Stipe?
24 MR. STIPE: Yes.
25 THE CLERK: Mr. Singleton?

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1 MR. SINGLETON: Yes.
2 THE CLERK: Miss Noonan?
3 MS. NOONAN: Yes.
4 THE CLERK: Major Mercer?
5 MAJOR MERCER: Yes.
6 THE CLERK: Mr. Jackson?
7 MR. JACKSON: Yes.
8 THE CLERK: Vice-Chairman Rogers?
9 VICE-CHAIR ROGERS: Yes.
10 MS. SCOTT: Thank you.
11 MS. JAMES: Thank you.

12 IX. ADJOURNMENT

13 VICE-CHAIR ROGERS: Do we have a
14 motion to adjourn?
15 MS. NOONAN: I make a motion to
16 adjourn.
17 VICE-CHAIR ROGERS: Miss Noonan

18 moves to adjourn, second Mr. Jackson.

19 This meeting is adjourned.

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1 REPORTER'S PAGE

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3 I, SHELLEY PAROLA, Certified Shorthand

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

5 officer before whom this sworn testimony was

6 taken, do hereby state:

7 That due to the spontaneous discourse of this

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

9 used to indicate pauses, changes in thought,

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

11 for a Court Reporter's transcription of a

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

13 that words or phrases have been left out of this

14 transcript;

15 That any words and/or names which could not

16 be verified through reference materials have been

17 denoted with the word "(phonetic)."

18

19

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24 SHELLEY PAROLA

 Certified Court Reporter #96001

25 Registered Professional Reporter

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1 STATE OF LOUISIANA

2 PARISH OF EAST BATON ROUGE

3 I, Shelley G. Parola, Certified Court
4 Reporter and Registered Professional Reporter, do
5 hereby certify that the foregoing is a true and
6 correct transcript of the proceedings given under
7 oath in the preceding matter on July 18, 2013, as
8 taken by me in Stenographic machine shorthand,
9 complemented with magnetic tape recording, and
10 thereafter reduced to transcript, to the best of
11 my ability and understanding, using Computer-Aided
12 Transcription.

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

19 Baton Rouge, Louisiana, this 12th day of
20 August, 2013.

21

22

23

SHELLEY G. PAROLA, CCR, RPR

CERTIFICATE NO. 96001

24