

LGCB Board of Directors' Meeting, (Pages 1:1 to 98:24)

1:1 LOUISIANA GAMING CONTROL BOARD

2

3 BOARD OF DIRECTORS' MEETING

4

5

6

7

8 THURSDAY, JULY 19, 2018

9

10 House Committee Room 1

11 Louisiana State Capitol

12 Baton Rouge, Louisiana

13

14

15

16 TIME: 10:00 A.M.

17

18

19

20

21

22

23

24

25

2

1 APPEARANCES

2

3 RONNIE JONES

Chairman (At Large)

4 June 30, 2019

5 FRANKLIN AYRES BRADFORD

(Economic Planner)

6 Fifth Congressional District

June 30, 2019

7

8 MARK STIPE

(Attorney)

9 Seventh Congressional District

June 30, 2020

10

JAMES SINGLETON

11 (Public/Business Administration)

Second Congressional District

12 June 30, 2020

13 CLAUDE D. JACKSON

(At large)

14 Fourth Congressional District

June 30, 2018

15

16 ROBERT W. GASTON, III,

(At large)

17 Sixth Congressional District

June 30, 2021

18

19 ELTON LAGASSE

(At large)

20 First Congressional District

June 30, 2021

21

22

23

24

25

3

1 APPEARANCES CONTINUED

2

3 LANA TRAMONTE

Executive Assistant

4

5 TRUDY SMITH

Confidential Assistant

6

7 REPORTED BY:

8 SHELLEY G. PAROLA, CSR, RPR

Baton Rouge Court Reporters

9

10

11

12

13

14

15

16

17

18

19
20
21
22
23
24
25

4

1		PAGE
2	I. CALL TO ORDER	7
3	II. PUBLIC COMMENTS	8
4	III. APPROVAL OF MINUTES	8
5	IV. REVENUE REPORTS	8
6	V. CASINO GAMING ISSUES	
7	A. Consideration of Certificate of	
8	Compliance for the Alternate	
9	Riverboat Inspection of the	
10	Gaming vessel of Belle of	
11	Orleans, LLC, d/b/a Amelia	
12	Belle Casino - No. R013600020	16
13	B. Consideration of Joint Petition	
14	For Approval of Acquisition of	
15	Pinnacle Entertainment, Inc., by	
16	Penn National Gaming, Inc.	18
17	VI. RULEMAKING	
18	A. Consideration of adoption of	
19	Amendments to LAC 42:XI.2415.B	
20	(Gaming Establishments - Security)	76
21	B. Consideration of adoption of	

22 Amendments to LAC 42:III.2723
23 (Internal Controls; Slots-Jackpots) 77
24 C. Consideration of adoption of
25 Amendments to LAC 42:XI.2405.B.11

5

1 PAGE
2 (Application and License - Force
3 Majeure - Truck Stop Waivers) 77
4 D. Consideration of institution of
5 rulemaking procedures for
6 promulgation of LAC 42:III.2801 -
7 2825; amendment of LAC 42:III.2717;
8 LAC 42:III.2723; and repeal of LAC
9 42:III.4205 (Casino Computer
10 Systems) 81

11 VII. CONSIDERATION OF PROPOSED SETTLEMENTS/

12 APPEAL

13 1. In Re: Meatball Palace Corp. d/b/a
14 The Jackpot Coffeehouse - No.
15 2600204527 (proposed settlement) 85
16 2. In Re: Outpost Travel Centers, LLC,
17 d/b/a Outpost Plain Dealing - No.
18 0802515610 (proposed settlement) 88
19 In Re: Outpost Travel Centers, LLC,
20 d/b/a Outpost Minden - No.
21 6000515644 (proposed settlement) 88
22 In Re: Outpost Travel Centers, LLC,
23 d/b/a Outpost Lake Providence - No.
24 1800515763 (proposed settlement) 88

25	In Re: Three Little Ones, LLC,	
	6	
1	PAGE	
2	d/b/a Relay Station Frierson - No.	
3	1600514830 (proposed settlement)	88
4	In Re: Three Little Ones No. 2,	
5	LLC, d/b/a Outpost Greenwood - No.	
6	0906516819 (proposed settlement)	88
7	In Re: Little Big Horn, LLC, d/b/a	
8	Relay Station Port - No. 09005515517	
9	(proposed settlement)	88
10	In Re: Pelican Gaming, Inc., d/b/a	
11	Pelican Gaming, Inc. - No. 0904600377	
12	(proposed settlement)	88
13	In Re: GFY Enterprises, LLC, d/b/a	
14	Relay Station Greenwood - No.	
15	0900515347 (proposed settlement)	88
16	3. In Re: Postivelytilton, LLC, d/b/a	
17	Triangle West - No. 2600117505	
18	(Appeal)	90
19	VIII. ADJOURNMENT	95
20		
21		
22		
23		
24		
25		

2 CHAIRMAN JONES: Good morning and
3 welcome to the July 19th meeting of the
4 Louisiana Gaming Control Board. If you
5 have a mobile device, would you put it
6 on silent alert for me, please. If you
7 need to take a call, just step outside.

8 Miss Tramonte, would you call the
9 roll.

10 THE CLERK: Chairman Jones?

11 CHAIRMAN JONES: Here.

12 THE CLERK: Mr. Bradford?

13 MR. BRADFORD: Here.

14 THE CLERK: Mr. Stipe?

15 MR. STIPE: Here.

16 THE CLERK: Mr. Singleton?

17 MR. SINGLETON: Here.

18 THE CLERK: Mr. Jackson?

19 MR. JACKSON: Here.

20 THE CLERK: Mr. Gaston?

21 MR. GASTON: Here.

22 THE CLERK: Miss Berry? [No
23 response.]

24 Mr. Patrick?

25 MR. PATRICK: Yes.

8

1 THE CLERK: Mr. Lagasse?

2 MR. LAGASSE: Yes, ma'am.

3 CHAIRMAN JONES: We have a quorum.

4 We may conduct business.

5 II. PUBLIC COMMENTS

6 CHAIRMAN JONES: Is there anyone in
7 the audience today who wishes to speak
8 to the Board on any -- opportunity for
9 public comment for any matter before the
10 Board today? This is your opportunity.
11 That's no one.

12 III. APPROVAL OF MINUTES

13 CHAIRMAN JONES: We'll move to -- do
14 I have a motion to waive reading and
15 approve the minutes?

16 MR. GASTON: So moved.

17 CHAIRMAN JONES: I heard it. Where
18 did it come from? Mr. Patrick, Mr.
19 Lagasse.

20 Any objection? [No response.]

21 Without objection, the motion
22 carries.

23 IV. REVENUE REPORTS

24 CHAIRMAN JONES: We'll now call
25 State Police for Revenue Reports. Good

9

1 morning.

2 MS. JACKSON: Good morning, Chairman
3 Jones, Board Members. My name is Donna
4 Jackson, Louisiana State Police Gaming
5 Enforcement Division.

6 The 15 operating riverboats
7 generated Adjusted Gross Receipts of

8 \$168,984,404 in June. This total
9 represents an increase of \$4 million or
10 2.5 percent from last month, an increase
11 of almost \$7.3 million or 4.5 percent
12 from last June. Baton Rouge was the
13 only market that experienced an overall
14 decrease, down over \$4 million or 15.6
15 percent from June 2017. Some of the
16 decrease may be attributed to the
17 smoking ban that went into effect
18 June 1st; however, the Baton Rouge
19 market as a whole has been down year
20 over year for a number of months, so
21 other factors also contributed to the
22 overall decrease.

23 Adjusted Gross Receipts for fiscal
24 year 2017-2018 are \$1,927,000,000, a
25 decrease of \$11.6 million or 1 percent

10

1 from fiscal year 2016-2017.

2 During June, the State collected
3 fees totaling \$36,331,647. As of June
4 30th, 2018, the State collected \$414
5 million in fees for fiscal year
6 2017-2018, a decrease of \$2.5 million or
7 1 percent from last fiscal year.

8 Next is a summary of the June 2018
9 gaming activity for Harrah's New Orleans
10 found on page three. During June,

11 Harrah's generated \$23,711,254 in gross
12 gaming revenue, a decrease of
13 \$3.2 million or 12 percent from last
14 month, but an increase of \$1.4 million
15 or 6 percent from last June. Revenues
16 for fiscal year 2017-2018 are \$288.5
17 million, up almost \$7 million or two
18 percent from fiscal year 2016-2017.

19 During June, the State received
20 \$4,931,507 in minimum daily payments.

21 As of June 30th, 2018, the State
22 collected \$63,753,100 in fees for fiscal
23 year 2017-2018.

24 Next I will present the revenues for
25 Slots at the Racetracks. During June,

11

1 the four racetrack facilities combined
2 generated Adjusted Gross Receipts of
3 \$31,763,864, an increase of \$1 million
4 or 3.5 percent from last month, and an
5 increase from June 2017 of \$2.7 million
6 or 9 percent.

7 Adjusted Gross Receipts for fiscal
8 year 2017-2018 are almost \$353 million,
9 an increase of \$8 million or 2 percent
10 from fiscal year 2016-2017.

11 During June, the State collected
12 \$4,818,578 in fees. As of June 30th,
13 2018, the State has collected \$53.5

14 million in fees for fiscal year
15 2017-2018.

16 Overall in June, Riverboats,
17 Landbased and Slots at the Racetracks
18 combined generated \$224.5 million in AGR
19 and \$46 million in state fees. These
20 revenues represent an increase from
21 June 2017 of 5.3 percent.

22 Any questions before I present the
23 Harrah's employee information?

24 CHAIRMAN JONES: Board Members, any
25 questions with respect to those

12

1 verifications? There are no questions.

2 MS. JACKSON: Harrah's New Orleans
3 is required to maintain at least 2,400
4 employees and a bi-weekly payroll of
5 \$1,750,835. This report covers pay
6 periods in June 2018. For the first pay
7 period, the Division verified 2,608
8 employees with a payroll of \$2,167,000.
9 For the second pay period, the Division
10 verified 2,613 employees with a payroll
11 of \$2,162,000. Therefore, Harrah's met
12 the employment criteria during June.

13 CHAIRMAN JONES: Board Members, any
14 questions? There are no questions.

15 Thank you.

16 Jim, good morning.

17 MR. BOSSIER: Morning. Good
18 morning, Chairman Jones and Board
19 Members. My name is Jim Bossier with
20 the Louisiana State Police Gaming
21 Enforcement Division here to report
22 video gaming statistics for June 2018 as
23 shown on page one of your handout.

24 Seven new video gaming licenses were
25 issued during June: Five bars and two

13

1 restaurants. Eight new applications
2 were received by the Gaming Enforcement
3 Division during June and are currently
4 pending in the field: Six bars and two
5 restaurants.

6 The Gaming Enforcement Division
7 assessed \$3,750 and collected \$6,361 in
8 fines during June, and there are
9 currently \$5,500 in outstanding fines.

10 Please refer to page two of your
11 handout.

12 There are presently 12,985 video
13 gaming devices activated at 1,707
14 locations.

15 Net device revenue for June 2018 was
16 \$49.2 million, a \$1.4 million, or
17 2.8 percent decrease when compared to
18 May 2018, and a \$2.2 million increase,
19 or 4.7 percent, when compared to

20 June 2017.

21 Net device revenue so far for fiscal
22 year 2018 is 58 -- excuse me, \$583.7
23 million, a \$6.8 million, or 1.2 percent,
24 increase when compared to fiscal year
25 2017. Page three of your handout shows

14

1 a comparison of net device revenue.

2 Total franchise fees collected for
3 June 2018 were \$14.7 million, a \$400,000
4 decrease when compared to May 2018, and
5 a \$600,000 increase when compared to
6 June 2017.

7 Total franchise fees collected for
8 fiscal year 2018 are \$174.9 million, a
9 \$2 million increase, or 1.1 percent,
10 when compared to fiscal year 2017. Page
11 four of your handout shows a comparison
12 of franchise fees.

13 Does anybody have any questions?

14 CHAIRMAN JONES: Board Members, any
15 questions? [No response.] There are no
16 questions.

17 MR. BOSSIER: Thank you.

18 CHAIRMAN JONES: Thank you, Jim.

19 Before we move to Casino Gaming
20 Issues, I just want to update everybody
21 since I have everybody in the same
22 place. My staff, State Police and the

23 Attorney General's Office have begun the
24 process of developing the rules as
25 required by Act 469. That was the bill

15

1 that passed that authorizes movement on
2 to land, redevelopment of properties on
3 to land under certain conditions --
4 riverboat properties and gaming
5 positions and deleting the requirement
6 that riverboats have a paddle wheel.
7 Please don't let me see any paddle
8 wheels for sale on Craigslist.

9 We sent a notice to all properties
10 on how they go about doing that so the
11 process has been established. There's
12 no rulemaking required for removal of
13 paddle wheels, but there is a process
14 required.

15 So I just wanted to get some
16 comfort. I know the industry wants to
17 be able to move quickly on taking
18 advantage of the opportunities that this
19 bill presented, and I thank particularly
20 my staff and the Attorney General's
21 Office for working real hard to get that
22 process underway. We have a meeting
23 next week, and I'm very satisfied with
24 the progress of that. So thanks to all
25 involved.

1 V. CASINO GAMING ISSUES

2 A. Consideration of Certificate of Compliance
3 for the Alternate Riverboat Inspection of
4 the gaming vessel of Belle of Orleans,
5 LLC d/b/a Amelia Belle Casino - No.
6 R013600020

7 CHAIRMAN JONES: First up on the
8 agenda under Casino Gaming Issues is
9 Consideration of Certificate of
10 Compliance for the Alternate Riverboat
11 Inspection of the gaming vessel Belle of
12 Orleans, LLC, doing business as Amelia
13 Belle Casino. That's No. R013600020.

14 Good morning.

15 MS. LANDRY: Good morning, Chairman
16 Jones and Board Members. I'm Assistant
17 Attorney General Lisha Landry. With me
18 is Mr. John Francic of ABSC. We're here
19 in the matter of the issuance of the
20 Certificate of Compliance to Belle of
21 Orleans, LLC, doing business as Amelia
22 Belle Casino.

23 On May 17th, 2018, ABSC began the
24 inspection process for the approval of
25 Amelia Belle Casino's Certificate of

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

3 Francic.

4 MR. FRANCIC: Good morning,
5 Chairman, Board Members, John Francic
6 with ABS Consulting here to report the
7 annual inspection for Amelia Belle
8 Casino. The inspectors, Doug Chapman
9 and Keith Nelson, did, on May 17th,
10 attend the Belle of Orleans to conduct
11 the annual inspection in accordance with
12 the Alternate -- Alternative Inspection
13 Program.

14 The inspection reviewed the fire
15 protection measures, life-saving
16 equipment, egress routes, mooring system
17 and conducted a fire drill. A few items
18 were noted during the inspection but all
19 were corrected before the inspection
20 team departed the facility.

21 The 2018 annual survey as required
22 by the Louisiana Gaming Control Board is
23 complete and presents no safety concerns
24 to its patrons or employees aboard the
25 riverboat. It is the recommendation of

18

1 ABSC that Amelia Belle be issued a
2 Certificate of Compliance.

3 MS. LANDRY: We now present these
4 findings to the Board and request that
5 upon the Board's accepting the report

6 submitted by ABSC, you will move for the
7 issuance of Amelia Belle Casino's
8 Certificate of Compliance.

9 CHAIRMAN JONES: Board Members, do
10 you have any questions for our maritime
11 consultant, Attorney General's Office or
12 representatives from Boyd?

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

14 CHAIRMAN JONES: We have a motion to
15 issue the Certificate of Compliance by
16 Dr. Gaston. Mr. Patrick.

17 Any objection? Without objection,
18 the Certificate should be issued. Thank
19 you.

20 MS. LANDRY: Thank you.

21 B. Consideration of Joint Petition for Approval of
22 Acquisition of Pinnacle Entertainment, Inc., by
23 Penn National Gaming, Inc.

24 CHAIRMAN JONES: Next up on the
25 agenda is Consideration of Joint

19

1 Petition for Approval of Acquisition of
2 Pinnacle Entertainment, Inc., by Penn
3 National Gaming, Incorporated, and
4 because there's a lot of moving parts
5 associated with this presentation, our
6 sequencing this morning will be as
7 follows. We're going to ask Penn to
8 make a presentation. That will be

9 followed by the Attorney General and
10 State Police presenting their findings
11 to the Board. We'll have the
12 opportunity at that time to question
13 State Police and Attorney General
14 representatives. Then we'll ask Penn to
15 come back and further discuss and be
16 questioned by Board Members.

17 So before we get started, I would
18 ask that anyone from Penn who
19 anticipates providing information or any
20 representatives of Penn to come forward
21 and be sworn before we begin.

22 COURT REPORTER: Okay, raise your
23 right hand, please. Do you solemnly
24 swear the testimony you will give in the
25 cause now in hearing with be the truth,

20

1 the whole truth and nothing but the
2 truth, so help you God?

3 [Collective "I do."]

4 CHAIRMAN JONES: Thank you very
5 much. Good morning.

6 MR. WEST: Good morning, Chairman.

7 CHAIRMAN JONES: Welcome back to
8 Louisiana.

9 MS. SMITH: Chairman, she needs to
10 get their names.

11 CHAIRMAN JONES: There are two at

12 the table that need to identify
13 themselves.

14 MR. WEST: My name is Paul West
15 along with Michael West. We represent
16 Penn National Gaming as their local
17 Louisiana regulatory counsel. As
18 Chairman Jones said, we would like an
19 opportunity to give a short
20 presentation, after which we understand
21 the A.G. and State Police will give
22 their presentations, and then obviously
23 we will all be available for questions
24 as we go.

25 Sitting to my right is Tim Wilmott,

21

1 CEO of Penn National Gaming, to his
2 right BJ Fair, the CFO of Penn National
3 Gaming, and then to his right, Carl
4 Sottosanti, who is the general counsel.
5 The other two members that were sworn in
6 is Jay Snowden, who's the Chief
7 Operating Officer, and Frank Donaghue,
8 who is head of compliance with Penn
9 National.

10 CHAIRMAN JONES: Very good.

11 MR. WEST: And also with us is a
12 team from Pinnacle, who I think you'll
13 hear from before the day's out.

14 So at this point, we'd like to turn

15 it over to Tim and the team here and let
16 them walk you through. Everybody should
17 have a flip chart. We spared you the
18 PowerPoint -- a flip chart in front of
19 you to go through a short presentation,
20 and as I said, the A.G. and State Police
21 will follow us.

22 CHAIRMAN JONES: Thank you, Paul.

23 MR. WILMOTT: Good morning, Mr.
24 Chairman, Board Members and Board Staff,
25 again, I'm Tim Wilmott, the Chief

22

1 Executive Officer of Penn National
2 Gaming. I have a very brief overview of
3 the transaction and a bit about our
4 strategic rationale about why we think
5 combining Penn National Gaming with
6 Pinnacle Entertainment makes so much
7 sense.

8 Going back to before Christmas last
9 year, we announced our intent to
10 purchase Pinnacle Entertainment for \$20
11 cash consideration plus .42 of Penn
12 shares. When you look at the
13 transaction in total, it's approximately
14 \$2.8 billion. We are going to be
15 divesting four properties and selling
16 real estate to our landlord, Gaming &
17 Leisure Properties, Inc. So when you

18 net out the proceeds from those two
19 transactions, it nets out to, about,
20 \$1.9 million for the 12 properties that
21 will remain with Penn National.

22 We elected -- when we negotiated
23 this transaction in 2017, it was
24 actually a four party transaction,
25 because we knew we had some issues in

23

1 certain markets that we needed to have a
2 partner that could purchase assets that
3 we needed to divest which are four.
4 There are two in Missouri, one in St.
5 Charles outside of St. Louis, and also
6 in Kansas City, the Ameristar
7 properties, that due to economic
8 concentration reasons, when you combine
9 Penn and Pinnacle, we knew we would have
10 issues with the FTC in the State of
11 Missouri getting approval. So that's
12 why those two properties were part of
13 the divestiture plan.

14 We also recognized in Indiana that
15 we, combining the two companies, had
16 three riverboat casino licenses, and the
17 State of Indiana only allows us to have
18 two. That's why Belterra was included
19 in that package.

20 And in the State of Ohio, when we

21 combined the two companies, there are
22 seven racetracks in the State of Ohio
23 that have video lottery terminals.
24 You're only allowed to own two
25 racetracks, so that's why Belterra Park

24

1 was included in that package. And we
2 negotiated a sale to Boyd that
3 represents about \$565 million of
4 proceeds that will help us finance the
5 transaction.

6 We also had to get approvals,
7 because we're amending the leases from
8 our landlord, Gaming and Leisure
9 Properties, Inc., and we have agreed to
10 sell the real estate of our
11 Massachusetts casino at Plainridge Park
12 and also the real estate at Belterra
13 Park, and do some fine-tuning of our
14 lease payments and receive about
15 \$315 million of proceeds for those real
16 estate sales, again to help us finance
17 the transaction.

18 Penn and GLPI plans to amend the
19 master lease to remove -- the Pinnacle
20 master lease to remove the four divested
21 properties that are going to Boyd, and
22 we're also going to add into the
23 Pinnacle master lease our Massachusetts

24 asset and do some rent adjustments to
25 that lease. And then separately Boyd

25

1 and Gaming & Leisure Properties will --
2 will enter into their own master lease
3 agreement between those two parties.

4 If you turn to page four in the
5 document in front of you, we clearly
6 believe this transaction for the two
7 companies is transformational. We're
8 going to be the largest regional gaming
9 operator in the United States. You'll
10 see a map on the next page that shows
11 we'll have 39 properties in 18 different
12 jurisdictions. It's certainly -- one of
13 the benefits of this is to increase the
14 diversification of our earnings.

15 I can remember -- I joined Penn
16 National in 2008. At that time, we had
17 15 properties, and the largest property
18 that serves the Washington D.C. market
19 in eastern West Virginia, represented
20 about 25 percent of the company's
21 overall earnings. Now, as we look at
22 putting these companies together, the
23 top three earning properties, as we --
24 as we look at the combined company, will
25 represent less than 20 percent of the

26

1 overall company's earnings. So we'll
2 have much greater diversification and
3 strength as we operate over all these
4 different jurisdictions.

5 Clearly we're very excited about the
6 quality of the assets and the quality of
7 the people that are part of Pinnacle
8 Entertainment, and we think combined
9 with what we have at Penn National will
10 clearly be a true leader in the U.S.
11 casino industry.

12 And it certainly gives us access to
13 grow in a number of different ways.
14 Organically -- I should mention as we
15 pull the companies together and with the
16 financing, given the fact that we used
17 Penn equity in this transaction, when we
18 close, our leverage level, which
19 includes the rent payments to our
20 landlord, will be under six times and
21 will be generating about \$1.7 billion
22 annually, we anticipate, in EBITDAR and
23 about \$700 million annually in EBIDTA.
24 So we'll have a lot of free cash flow to
25 deliver very quickly and also to invest

27

1 in growth and invest in our businesses
2 organically. We'll have a very
3 comfortable balance sheet to continue

4 this growth story.

5 I mentioned the map on page five
6 that talks about where Penn is currently
7 located and the Pinnacle properties that
8 will be part of the combination of our
9 two companies. You can see the fact
10 that we'll have over 8,000 hotel rooms.
11 We'll have a footprint that covers
12 almost -- not every but almost every
13 commercial gaming jurisdiction in our
14 country with over 50,000 slot machines.
15 We'll be, I think, either the second or
16 third largest purchaser of slot machines
17 in the United States, with over 30,000
18 team members putting the two companies
19 together.

20 I mentioned before from a financing
21 standpoint, we're going to be issuing
22 debt financing, term loan financing
23 about \$1.25 billion. We'll receive
24 newly issued shares that have been
25 approved by both shareholders back in

28

1 March, and when we combine the companies
2 initially, the Pinnacle shareholders
3 will actually own about 22 percent of
4 the combined company when we -- when we
5 reach closure, obviously dependent upon
6 all the regulatory approvals we're

7 seeking.

8 The proceeds from the divested
9 operations to Boyd Gaming will yield
10 about \$565 million. The sale of the
11 real estate to Gaming & Leisure
12 Properties is approximately
13 \$315 million, and then we'll use cash
14 and our balance sheet to complete the
15 financing and the transaction. We have
16 received, subject to regulatory
17 approval, amendments to our credit
18 facilities to allow us to increase the
19 capacity of the secured debt.

20 The last page I have are the
21 benefits to Louisiana, and clearly, as I
22 mentioned, the combined company will
23 represent a stronger company today than
24 either Penn or Pinnacle. We'll have
25 revenues of about \$5 billion annually.

29

1 I mentioned the leverage levels being
2 very, very comfortable to continue to
3 grow and reinvest in our existing
4 businesses.

5 And I do believe one of the big
6 winners of putting these companies
7 together will be our customers. We are
8 going to continue to promote as much
9 cross-market visitation as we can to our

10 very best players. We are very excited
11 about the opportunities to bring our
12 customers from Chicagoland or St. Louis
13 or Kansas City or Las Vegas here to see
14 a Saints game or to see an LSU football
15 game, and conversely, eventually when
16 the Saints play out in Las Vegas, we
17 want to welcome all the Louisiana
18 customers we can to our facilities in
19 that market to see the Saints play the
20 Raiders in a short couple years.

21 And most importantly, we don't
22 anticipate any significant personnel
23 changes at the four properties here in
24 Louisiana as we bring the two companies
25 together. Thank you.

30

1 CHAIRMAN JONES: That concludes the
2 remarks. We'll come back with
3 questions. Thank you very much.

4 I now call the Attorney General's
5 Office and State Police to the table.
6 Good morning.

7 MS. MOORE: Good morning.

8 CHAIRMAN JONES: Thank you for
9 coming.

10 MS. MOORE: You're welcome.

11 CHAIRMAN JONES: We appreciate you
12 being here to walk us through this

13 somewhat complex transaction.

14 MS. MOORE: Well, I think I'm going
15 to repeat a lot of what Mr. Wilmott
16 said.

17 CHAIRMAN JONES: That's okay.

18 MS. MOORE: Good morning, Chairman
19 Jones, Members of the Board. I'm
20 Charmaine Moore, Assistant Attorney
21 General.

22 On January 19th, 2018, Penn National
23 Gaming, Inc., and Pinnacle
24 Entertainment, Inc., filed a joint
25 petition for approval of Penn's proposed

31

1 acquisition of Pinnacle. Pinnacle is
2 the current owner and operator of four
3 Louisiana riverboat licensees, PNK Lake
4 Charles, LLC, doing business as
5 L'Auberge Lake Charles, PNK Baton Rouge
6 Partnership doing business as L'Auberge
7 Casino & Hotel Baton Rouge, PNK Bossier
8 City, LLC, doing business as Boomtown
9 Bossier City, Louisiana-1 Gaming and
10 Louisiana Partnership in Commendam doing
11 business as Boomtown New Orleans.

12 Penn and Pinnacle have entered into
13 an agreement and plan of merger that
14 provides for Penn to form a merger
15 subsidiary which will be merged with and

16 into Pinnacle, with Pinnacle surviving
17 as a wholly owned subsidiary of Penn.
18 The purchase price for Pinnacle is
19 \$2.8 billion in stock and cash. Once
20 the merger is completed, current Penn
21 shareholders will retain 78 percent of
22 Penn shares, and Pinnacle shareholders
23 will receive 22 percent of Penn shares.
24 Penn intends to fund its acquisition of
25 Pinnacle with new debt financing,

32

1 balance sheet cash of Penn and Pinnacle,
2 proceeds of the Boyd and GLPI sales, and
3 the issuance of Penn stock to Pinnacle
4 shareholders.

5 Ancillary agreements to the
6 agreement and plan of merger involve
7 Boyd Gaming Corporation and Gaming &
8 Leisure Properties, Inc. They provide
9 for the sale of four Pinnacle casino
10 operating entities to Boyd. The
11 Pinnacle operating company subject to
12 the Pinnacle master lease to be acquired
13 by Boyd include two landbased casinos in
14 Missouri and one riverboat casino in
15 Indiana. The real property for those
16 three casinos is currently leased to
17 Pinnacle by GLPI to the master lease
18 entered into in 2016. The real property

19 for the fourth casino to be acquired by
20 Boyd, a racetrack in Ohio, is still
21 owned by Pinnacle. The Pinnacle master
22 lease will be amended to allow for the
23 divestiture and sale of three Pinnacle
24 operating entities to Boyd and to remove
25 the real properties for those three

33

1 casinos from the lease.

2 After acquiring the real property
3 for the Ohio racetrack from Pinnacle,
4 GLPI will enter into a master lease with
5 Boyd to provide for the lease of the
6 real estate utilized by the four
7 entities acquired by Boyd from Pinnacle.
8 The Pinnacle master lease will also be
9 amended to add a Penn property in
10 Massachusetts to the Pinnacle master
11 lease. The real lease will -- the real
12 estate will be transferred to GLPI which
13 will then lease the property back to
14 Penn under the existing Pinnacle master
15 lease. There is one Pinnacle property
16 in Pennsylvania that is leased by
17 Pinnacle from GLPI under a stand-alone
18 lease. That lease will continue in its
19 present form, and Penn will guarantee
20 the lease and assume Pinnacle's
21 obligations thereunder.

22 The closing for Penn's acquisition
23 of Pinnacle is not conditioned on the
24 closing of the Boyd or the GLPI purchase
25 agreements.

34

1 Each of the four Pinnacle riverboat
2 licensees is subject to certain
3 conditions imposed by the Board or its
4 predecessor as consolidated and updated
5 by the Board at the licensee's last
6 renewal. Because Penn will need to
7 agree to the Statement of Conditions for
8 each of the four properties it will be
9 acquiring, we reviewed the conditions
10 once again and determined that the
11 conditions for the two L'Auberge
12 licensees needed additional updating.
13 Because of the changes made to the
14 Statements of Conditions and the fact
15 that Pinnacle will continue to exist and
16 be an intermediate parent company of the
17 licensees post merger, we are asking
18 that both Penn and Pinnacle execute a
19 new Statement of Conditions for each of
20 the four licensees.

21 Penn, Pinnacle and the Louisiana
22 licensees will also execute
23 indemnification and hold harmless
24 agreement for each of the four Pinnacle

25 licensees as required by Condition 2 of

35

1 the Statement of Conditions. In
2 addition, Penn will execute an
3 acknowledgment acceptance of the
4 conditions to the Board's approval of
5 the transfer and leaseback of Pinnacle
6 property to and from GLPI in April of
7 2016.

8 As this transaction represents the
9 transfer of an indirect ownership
10 interest in four riverboat gaming
11 licensees, it and the related financing
12 require the prior approval of the Board.

13 Upon consideration of the applicable
14 statutes and rules and our review of the
15 transaction documents, our office finds
16 no legal impediment to the approval of
17 the transfer of Pinnacle to Penn. The
18 following items have been identified for
19 Board approval: The transfer of
20 100 percent of the stock of Pinnacle to
21 Penn; the transfer of 22 percent of
22 stock of Penn to Pinnacle shareholders;
23 the assumption and guarantee of the
24 Pinnacle master lease with GLPI by Penn,
25 and the debt financing to be incurred by

36

1 Penn in the aggregate principal amount

2 of \$1.98 billion.

3 A proposed Resolution has been
4 submitted for your consideration.

5 MS. WARE: Good morning, Chairman
6 Jones and Members of the Board. My name
7 is Trnessia Ware, Louisiana State Police
8 Gaming Audit.

9 Through the consummation of the
10 merger agreement, Pinnacle will become
11 the direct, wholly owned subsidiary of
12 Penn. The implementation of the merger
13 agreement and transfers of interest will
14 allow Penn to become the ultimate parent
15 of 12 of Pinnacle's existing 16
16 properties, including the four Louisiana
17 licensees currently held by Pinnacle.
18 Pinnacle shareholders will receive \$20
19 per share, plus .42 shares of Penn's
20 common stock in merger consideration.
21 This is subject to adjustment based on
22 the timing of the merger closing, and a
23 price per share of Penn's common stock
24 at closing.

25 Although Penn has obtained

37

1 \$1.98 billion in financing commitments
2 shown on page two of our report, Penn
3 will only use a portion of the amounts
4 committed, or \$1.25 billion, to

5 partially finance the merger. Penn will
6 also use free cash flows, \$575 million
7 from divested Pinnacle properties to
8 Boyd, \$315 million from sale leasebacks
9 of certain real estate assessed to GLPI,
10 and newly issued Penn shares.

11 At the closing of the transaction,
12 Penn expects to borrow the full amount
13 of incremental term loan A facility and
14 approximately \$820 million from the --
15 incremental term loan B Facility
16 resulting in secure debt borrowings of
17 approximately \$125 billion. Penn does
18 not anticipate borrowing under the
19 bridge facility or issue senior
20 unsecured notes at or prior to closing
21 but would have the ability to do so if
22 necessary.

23 As shown on the Sources and Uses
24 Schedule on page 21, Penn will also
25 repay Pinnacle's outstanding debt of

38

1 approximately \$800 million. To address
2 possible concerns with the FTC regarding
3 Penn's acquisition of Pinnacle
4 properties, Penn plans -- included
5 divesting four non-Louisiana Pinnacle
6 properties shown on page three of our
7 report. As a result, Penn entered into

8 a purchase agreement with Boyd Gaming
9 where Boyd would acquire the properties
10 for \$575 million. All four properties
11 will be subject to a new master lease
12 agreement between Boyd and Gold Merger
13 Sub. To partially finance this
14 acquisition, Boyd issued \$700 million in
15 senior notes -- was filed under its
16 current \$7.5 billion shelf previously
17 approved by the Board in May 2017.

18 Penn provided pro forma financial
19 statements found on pages 64 and 65 of
20 our report. Its pro forma free cash
21 flow schedule projects sufficient free
22 cash flows to service its debt.

23 No financial issues came to our
24 attention to preclude the Board's
25 approval of Pinnacle's transfer of all

39

1 of its ownership interest to Penn and
2 Penn's financing transactions to
3 accomplish the transfer.

4 Investigator Landry will now present
5 his findings.

6 TROOPER LANDRY: Morning, Chairman
7 Jones and Members of the Board.

8 CHAIRMAN JONES: Morning.

9 TROOPER LANDRY: I'm Investigator
10 William Landry with the Louisiana State

11 Police Gaming Enforcement Division.
12 The Division conducted an
13 investigation in regards to the change
14 of ownership between Penn -- Pinnacle
15 Entertainment Properties and Penn
16 National Gaming, LLC. The properties
17 involved in the transaction are
18 L'Auberge Casino Hotel Baton Rouge,
19 L'Auberge Casino Lake Charles, Boomtown
20 Casino New Orleans, and Boomtown Casino
21 Bossier City.

22 A background investigation was
23 conducted on Penn National Gaming's
24 officers, directors, persons with a
25 5 percent ownership interest in the

40

1 company, and its subsidiaries. The
2 investigation consisted of inquiries
3 through federal, state and local law
4 enforcement agencies, computerized
5 criminal history databases, financial
6 and civil institutions and gaming
7 regulatory agencies.

8 At the conclusion of this
9 investigation, no information was
10 discovered which would preclude the
11 Board from granting a finding of
12 suitability for Penn National Gaming,
13 its subsidiaries or any of its officers,

14 directors or board members.

15 And at this time, we'll be glad to
16 answer any questions you may have.

17 CHAIRMAN JONES: Thank you. Before
18 we go to the Board, I have some career
19 state police officers and investigator.
20 You interviewed some of these
21 principles, didn't you?

22 TROOPER LANDRY: I did. I had -- we
23 had eight interviews in Philadelphia in
24 May.

25 CHAIRMAN JONES: What was your

41

1 overall impression?

2 TROOPER LANDRY: Myself and
3 Investigator Glenn Verrett were very
4 impressed with the board members that we
5 had the opportunity to investigate.
6 Three of them had already met
7 suitability, but those eight that we met
8 were very professional; and were very
9 impressed with the presentation.

10 CHAIRMAN JONES: Would that be
11 unqualified support?

12 TROOPER LANDRY: No doubt. They
13 were very professional.

14 CHAIRMAN JONES: Very good, thank
15 you.

16 Board Members, questions for State

17 Police and the Attorney General's
18 Office? Mr. Stipe.

19 MR. STIPE: Just one. At the end of
20 this -- at the end of the process, we'll
21 still have the situation where the REIT
22 owns one of the properties in this -- in
23 this area and operates one of these
24 properties, correct?

25 MS. MOORE: Well, it's four.

42

1 MR. STIPE: No, no, no, no. There's
2 Hollywood, I believe.

3 MS. MOORE: Oh, yes.

4 MR. STIPE: We'll still have that
5 situation with the --

6 MS. MOORE: Yes.

7 MR. STIPE: -- REIT?

8 MS. MOORE: This won't affect that.

9 CHAIRMAN JONES: Board Members, any
10 other questions? [No response.]

11 Wow, y'all did a good job.

12 MS. MOORE: Thank you.

13 CHAIRMAN JONES: Thank you very
14 much. We reserve the right to bring you
15 back to the table as necessary,
16 Charmaine.

17 Penn, would you please return, and
18 thank you for that, all of you. Thank
19 you for your presentation.

20 I'm going to deal with a couple of
21 macro issues, and my Board Members may
22 want to get into the weeds with you a
23 little bit. But you touched on what's
24 in this for Louisiana. This is
25 obviously a good deal for Pinnacle. I

43

1 don't think they would have agreed to it
2 if it weren't a good deal for them, and
3 you-guys see it as a good deal, too.

4 Explain to my Board why this is
5 especially a good deal for the State of
6 Louisiana and its interest.

7 MR. WILMOTT: Chairman, I mentioned,
8 as we structured the transaction
9 financially and the fact that we're
10 using -- this is not an all cash
11 transaction. We're using Penn currency
12 to provide value to the Pinnacle
13 shareholders. It gives us a balance
14 sheet that is very comfortable for us to
15 reinvest in our businesses. And we are
16 certainly excited about the
17 opportunities here in Louisiana to take
18 advantage of new legislation that has
19 recently been passed and look at
20 opportunities to further grow in these
21 markets, and certainly the quality of
22 the assets, especially in southern

23 Louisiana and Lake Charles and Baton
24 Rouge, have us excited about the
25 potential for further investment in

44

1 these businesses.

2 I also mentioned one of the other
3 benefits is to take advantage of our
4 five million active customers across our
5 enterprise, and to take advantage of
6 special events that occur here in the
7 State of Louisiana to bring in visitors
8 from outside the State to take advantage
9 of, like I said, the Saints football,
10 Mardi Gras, LSU football and other
11 activities within the State.

12 The other benefit, too, that I
13 should have touched on before, for the
14 team members here in Louisiana, when we
15 have 39 properties, we're going to have
16 opportunities for broader career
17 advancement. We are a company that
18 promotes from within and wants to
19 develop talent from within, only
20 reluctantly wants to go outside when we
21 can't fill a position with the right
22 person. We think the team members here
23 in Louisiana, if they are willing to
24 relocate and become mobile, will have an
25 opportunity to advance their careers

1 quicker with more opportunities given
2 the size of our enterprise.

3 CHAIRMAN JONES: Very good. None of
4 us would be seated here today if the
5 legislature had not decided in 1991 that
6 it was in the economic best interests of
7 the state to permit riverboat gaming,
8 and we've come a long way since then.
9 We have 15 very mature properties,
10 licensees. Your company, if this is
11 approved today, will own nearly
12 one-third. You'll have a huge footprint
13 in this state. But it really is about
14 economic development, and it always has
15 been. And that's been our charge as a
16 Board to ensure that that happens.

17 A couple of very specific aspects of
18 that policy require employment of
19 Louisiana citizens -- residents, and
20 procurement of Louisiana products and
21 services, and in particular, something
22 that we track very closely, is minority
23 procurement. Pinnacle has set a high
24 bar. They've been a great operator in
25 this state, and they have some quality

1 products. And I won't put you on the
2 spot by saying are you going to do as

3 well as them or better, but what I would
4 do is: For this Board, what is your
5 commitment to complying with that public
6 policy with respect to employing
7 Louisiana residents and with respect to
8 purchasing.

9 And for the benefit of your CFO,
10 your chief counsel, your COO, your
11 vice-presidents and the general
12 managers, what is your expectation with
13 respect to meeting goals that are part
14 of the conditions of these licenses.

15 MR. WILMOTT: We well understand the
16 expectations and responsibilities to
17 have the privilege to operate here in
18 the State of Louisiana, and we expect to
19 meet all those commitments. We have
20 similar commitments in other
21 jurisdictions that we do business in,
22 and we would welcome the State of
23 Louisiana, if they wanted to find out
24 how we are meeting our expectations, for
25 example, in the State of Pennsylvania

47

1 and the State Of Ohio.

2 We understand that operating casino
3 licenses in this country is a privilege,
4 and we have expectations we have to meet
5 in order to be considered a viable,

6 qualified applicant.

7 CHAIRMAN JONES: And the advantage
8 you have in this state compared to our
9 neighbors in Mississippi is there are
10 only 15 licenses. There aren't 16,
11 there aren't 20, and I don't expect any
12 more to be issued.

13 So you do have an advantage here
14 that you may not have in other markets,
15 and I would ask that you use that
16 wisely.

17 One of the reports that was provided
18 at my Riverboat Gaming Task Force --
19 you're aware that we met over a period
20 of 17 months, and it resulted in the
21 changes to the law. It had to do with
22 capital expenditures. And State Police
23 prepared a report for me, and it was a
24 very positive report. And what it
25 showed was, that Pinnacle all but led

48

1 the market in Louisiana with
2 reinvestment. As a percentage of their
3 revenue spent on capital expenditures,
4 it was 5 percent average over a
5 five-year period. Only if we factor out
6 the Golden Nugget which was under
7 construction during that period of time,
8 only one other property game close.

9 Caesars was at 3 percent. Boyd was at
10 1 percent.

11 If this is really about economic
12 development, what assurance do I have
13 from you that you're going to continue
14 the trend to lead the market and
15 reinvesting in these properties? You've
16 got two resort properties, two
17 traditional first generation riverboats.
18 What's your vision there?

19 MR. WILMOTT: Well, clearly when we
20 have looked at the capital plan that
21 Pinnacle has in place for its
22 properties, we mentioned before, we
23 generated a lot of free cash flow, and
24 our maintenance capital annually will be
25 somewhere between 140 and \$150 million

49

1 for the entire enterprise; and we
2 anticipate to continue to maintain and
3 enhance the quality of the offerings at
4 the four properties here in Louisiana,
5 and we certainly possess the financial
6 wherewithal to take advantage of growth
7 opportunities that may come beyond just
8 maintaining the quality of the existing
9 four facilities by taking advantage of
10 growth opportunities when the returns
11 are present.

12 CHAIRMAN JONES: I know that your
13 chief compliance officer is with us
14 today. What -- you know, from your
15 standpoint -- I mean, you're the boss --
16 what's your philosophy about playing by
17 the rules, adhering to compliance?

18 MR. WILMOTT: I've been in the
19 gaming industry for over 30 years, and
20 I've been licensed in probably 35 to 40
21 different jurisdictions during my
22 career. I know that operating in the
23 United States, gaming licenses, as I
24 said before, is a privilege. And there
25 has to be absolutely no deviation from

50

1 the rules, regulations, internal
2 controls, moral obligations we have to
3 operate our businesses, take care of our
4 team members, take care of our customers
5 and satisfy the conditions of every
6 jurisdiction we operate in with the --
7 with the letter of the law. And that's
8 something you have my firm commitment
9 on.

10 CHAIRMAN JONES: And we look forward
11 to holding you to that. We appreciate
12 it.

13 Are there any short-term plans to
14 rebrand any of the properties?

15 MR. WILMOTT: No. Chairman, we
16 anticipate that they'll be no rebranding
17 of the Boomtown or L'Auberge properties.
18 In fact, as we've thought about putting
19 the companies together, we think there
20 are going to be three brands that we'll
21 continue to lever and expand on, the
22 Hollywood brand which comes from Penn
23 National, the Ameristar brand from
24 Pinnacle, and we also really like the
25 positioning of the L'Auberge brand. And

51

1 we think those three brands will be the
2 growth story going forward, beyond the
3 39 properties we have today, when we
4 combine the two companies.

5 CHAIRMAN JONES: Thank you.
6 Board Members, questions? Mr.
7 Stipe.

8 MR. STIPE: I do have some on
9 employees. Mechanically the Louisiana
10 employees are going to become employees
11 of -- we're going to change W2
12 employers, right, or not?

13 MR. WILMOTT: No, I think we're
14 creating -- Carl, you may be able to
15 answer this. We're creating a
16 subsidiary. Pinnacle will become a
17 subsidiary of Penn and, I think, will

18 maintain the same employer that
19 currently exists here in the four
20 properties in Louisiana.

21 MR. STIPE: They will participate in
22 different group health plans and so
23 forth, correct?

24 MR. WILMOTT: One of the integration
25 items that we're working on today that

52

1 probably won't go into effect until 2020
2 is we're going to be combining the
3 health plans of Penn and Pinnacle to one
4 common health plan, but we've told the
5 Pinnacle employees that everything will
6 remain status quo through 2019; and
7 we're working today to put together the
8 benefit plan for both companies to be
9 combined in 2020. I think there will be
10 some changes and improvements to the
11 Penn plan and also to the Pinnacle plan
12 as well.

13 MR. STIPE: So from -- currently
14 Pinnacle is still operating the facility
15 until the closing, right?

16 MR. WILMOTT: That is correct.
17 They're still two separate businesses
18 until the close.

19 MR. STIPE: The expected closing is
20 -- got to be by October; is that the

21 idea?

22 MR. WILMOTT: Sometime in September,
23 October is our best guesstimate.

24 MR. STIPE: And so through 2019,
25 these employees in Louisiana will

53

1 continue to participate in the same
2 benefit plan as in terms of health,
3 ancillary coverages, same W2 employer, I
4 guess? Is that what you're telling me?

5 MR. WILMOTT: That is correct.

6 MR. STIPE: And the same type of
7 bonus plans and incentive plans that are
8 in place; is that fair?

9 MR. WILMOTT: We're certainly going
10 to have, for management, bonus plans,
11 and we also have -- we'll be rolling out
12 employee customer service bonus plans as
13 well. So there will be some, I think,
14 changes and enhancements to the
15 compensation programs as we put the
16 companies together.

17 MR. STIPE: Do you -- I think that's
18 for the core, the continuing employees
19 that you've got going forward. Are
20 there any plans to reduce any particular
21 areas or operations, back office
22 functions, associated with this?

23 MR. WILMOTT: No. In fact, Pinnacle

24 has already consolidated a lot of shared
25 services, and I think that has -- that's

54

1 one of the benefits that we've seen in
2 their Las Vegas service center. We're
3 actually going to be consolidating
4 shared services more on the Penn
5 facilities outside of the State of
6 Louisiana than anything here at the four
7 properties in this state.

8 MR. STIPE: The general managers --
9 I guess that's the universe of the
10 continuing employees. How many
11 non-continuing employees are we going to
12 have as a result of this combination for
13 us in Louisiana?

14 MR. WILMOTT: I don't think it's
15 going to be a material difference. I
16 can't give you a number, but, you know,
17 we don't anticipate any significant
18 changes to staffing levels here in
19 Louisiana as a result this combination.

20 MR. STIPE: Okay. All right. Any
21 changes in the managers of any of the
22 facilities anticipated?

23 MR. WILMOTT: Nothing anticipated,
24 obviously.

25 MR. STIPE: And if there are, there

55

1 are protections for those employees?

2 MR. WILMOTT: We do know -- there's
3 a severance plan in place. We do know
4 that Mickey Parenton will not be part of
5 the ongoing company. He's one clearly
6 that we know will be leaving when the
7 transaction happens.

8 CHAIRMAN JONES: Could I follow up
9 with that before you go to your next
10 point?

11 MR. STIPE: Absolutely.

12 CHAIRMAN JONES: I know under
13 Pinnacle's corporate structure, Mickey
14 served as a dual capacity. He was
15 general manager of a property, and he
16 also, I believe, was, perhaps,
17 vice-president over the other Pinnacle
18 properties in Louisiana. Do you foresee
19 maintaining a -- someone at the
20 corporate level over all the Louisiana
21 properties being in Louisiana?

22 MR. WILMOTT: They will be,
23 Chairman, resident in Pennsylvania, but
24 we do anticipate that there will be a
25 regional senior vice-president of

56

1 operations that will oversee the four
2 Louisiana properties, plus potentially
3 some others here in the south.

4 CHAIRMAN JONES: But they will be in
5 Pennsylvania.

6 MR. WILMOTT: Yes, they will.

7 CHAIRMAN JONES: Okay. I'm sorry,
8 Mark.

9 MR. STIPE: No, that's -- and just
10 one. This Ohio tip credit suit, the
11 protocols, the processes that Pinnacle
12 has in place versus what Penn has in
13 place, where are we settling on that?

14 MR. WILMOTT: I'll let Carl
15 Sottosanti, our general counsel, answer
16 that question, Mr. Stipe.

17 MR. SOTTOSANTI: I can tell you that
18 these tip credit lawsuits go well beyond
19 Pinnacle and Penn National. They
20 currently -- there's some very, very
21 technical rules, and mistakes happen.
22 None of the issues that have affected
23 Pinnacle or Penn National have been
24 deliberate or malicious in any way.

25 That's one of the items --

57

1 integration items. We're looking to
2 resolve these suits in very near term,
3 and I know at Penn National, we put into
4 place some new policies that should
5 alleviate the possibility of further
6 lawsuits. We're going to look to

7 integrate that with the best practices
8 at Pinnacle, as well.

9 MR. STIPE: There aren't any of
10 those type of suits with respect to
11 Louisiana employees or Louisiana
12 facilities currently.

13 MR. SOTTOSANTI: I am not aware of
14 any in Louisiana at either company.

15 CHAIRMAN JONES: We can't hear you.

16 MR. STIPE: Good answer. Sorry
17 about that.

18 CHAIRMAN JONES: Mr. Lagasse.

19 MR. LAGASSE: Yes. I just have one
20 question. As you-all, I'm sure, are
21 very aware that the State legislature
22 has allowed the riverboats to move on
23 land. Do y'all have any aspects of
24 doing that any time in the near future?
25 The only reason I'm questioning -- not

58

1 the operations of the boats now, but
2 questioning because that is economic
3 development for this area, too. When
4 you have to build a new facility, you
5 know, it puts people to work, and I was
6 just wondering if you-all are still
7 having plans in the near future to start
8 doing that or to try to start financing
9 that.

10 MR. WILMOTT: We've actually made no
11 firm plans yet. Obviously, this is --
12 we're still in the process where they're
13 running their company, Pinnacle, and
14 Penn is running our part. That's
15 something we're going to have to assess,
16 and as we get to close quickly, work
17 with local management to see what kind
18 of opportunities there may be to, you
19 know, get capital in play to get a good
20 return on our investment given the
21 opportunity the legislation creates for
22 us.

23 MR. LAGASSE: But the new ownership
24 is not definitely against moving
25 onshore, if possible.

59

1 MR. WILMOTT: If it makes economic
2 sense, absolutely we'd take advantage of
3 that.

4 MR. LAGASSE: Thank you.

5 CHAIRMAN JONES: Do you have
6 something else, Mark? Your light's on.

7 MR. STIPE: Now it's off.

8 CHAIRMAN JONES: It just won't go
9 off. Thank you.

10 Board Members, any other questions?

11 [No response.] The Board seems to be
12 clear.

13 We appreciate your taking the time
14 to do your homework and be here with us
15 today, and we -- pending the vote, we
16 certainly look forward to having you
17 operate in Louisiana. I'm pleased about
18 what I've heard. And that's all on the
19 record, too, by the way.

20 MR. WILMOTT: Thank you for your
21 consideration.

22 CHAIRMAN JONES: Do you want to make
23 a motion?

24 MR. GASTON: No. I want to say
25 something.

60

1 CHAIRMAN JONES: Okay, can you hold
2 on?

3 Do I have a motion? Were you
4 offering a motion -- a motion to adopt
5 the Resolution. Do I have a second?

6 MR. LAGASSE: Yes.

7 CHAIRMAN JONES: By Mr. Lagasse.

8 Any objections? [No response.]

9 Without objection, we're going to
10 have Miss Tramonte read the Resolution.

11 THE CLERK: On the 19th day of
12 July 2018, the Louisiana Gaming Control
13 Board did, in a duly noticed public
14 meeting, consider the joint petition of
15 Pinnacle Entertainment, Inc.,

16 (Pinnacle), and Penn National Gaming,
17 Inc., (Penn), for approval of the
18 transfer of ownership of Pinnacle to
19 Penn, the amendment of the Pinnacle
20 Master Lease with Gaming & Leisure
21 Properties, Incorporated, GLPI, and
22 related financing, and upon motion duly
23 made and second, the Board adopted this
24 Resolution:

25 Whereas, on December 17th, 2017,

61

1 Pinnacle and Penn did enter into a
2 certain agreement and plan of merger
3 providing for the transfer of
4 100 percent of the ownership of Pinnacle
5 to Penn by merger of a Penn merger
6 subsidiary with and into Pinnacle, and
7 whereas, Pinnacle is the indirect owner
8 of 100 percent of the ownership interest
9 in the following riverboat licenses:

10 PNK Lake Charles, LLC, doing
11 business as L'Auberge Lake Charles,
12 license No. RO11001707; Pinnacle Baton
13 Rouge Partnership doing business as
14 L'Auberge Casino & Hotel, Baton Rouge,
15 license No. R011000801; PNK Bossier
16 City, LLC, doing business as Boomtown
17 Bossier City, license No. R016500701;
18 Louisiana-1 Gaming, LP, doing business

19 as Boomtown New Orleans, license No.
20 RO12600196.

21 And whereas many of the transactions
22 provided for in the agreement and plan
23 of merger and the related agreements
24 entered into and in connection therewith
25 require Board approval, including,

62

1 without limitation, the financing of the
2 transactions. Now, therefore, be it
3 resolved that the transfer of
4 100 percent of the equity ownership of
5 Pinnacle to Penn is hereby approved.

6 Be it resolved that the transfer of
7 approximately 22 percent of the equity
8 ownership of Penn to Pinnacle
9 shareholders is hereby approved.

10 Be it resolved that Penn's
11 assumption and guarantee of the Pinnacle
12 master lease is hereby approved.

13 Be it resolved that Penn's request
14 for approval of financing in an
15 aggregate principal amount of up to
16 \$1.98 billion consisting of \$1.6 billion
17 in senior secured term loans, including
18 related pledges and guarantees
19 therewith, and a \$380 million senior
20 unsecured bridge loan facility, is
21 hereby approved.

22 Be it resolved that the approvals
23 granted hereby are subject to the
24 Statement of Conditions for each of the
25 above-referenced licensees and the

63

1 conditions set forth in the
2 acknowledgment and acceptance of
3 conditions executed by Penn
4 contemporaneously herewith.

5 Thus done and signed in Baton Rouge,
6 Louisiana, this 19th day of July 2018.

7 Mr. Bradford?

8 MR. BRADFORD: Yes.

9 THE CLERK: Mr. Stipe?

10 MR. STIPE: Yes.

11 THE CLERK: Mr. Singleton?

12 MR. SINGLETON: Yes.

13 THE CLERK: Mr. Jackson?

14 MR. JACKSON: Yes.

15 THE CLERK: Mr. Gaston?

16 MR. GASTON: Yes.

17 THE CLERK: Mr. Patrick?

18 MR. PATRICK: Yes.

19 THE CLERK: Mr. Lagasse?

20 MR. LAGASSE: Yes.

21 THE CLERK: Chairman Jones?

22 CHAIRMAN JONES: Yes.

23 And the Resolution is approved.

24 Congratulations, thank you.

25 MR. WILMOTT: Thank you very much.

64

1 Mr. Chairman and Board Members, I just
2 want to also thank and applaud the
3 Gaming Control Board's staff for their
4 thoroughness and attention to detail
5 understanding this complex transaction.
6 They were very professional and very
7 thorough in the work they did for the
8 State of Louisiana.

9 CHAIRMAN JONES: We appreciate that.
10 Thank you.

11 Dr. Gaston, did you want to say
12 something to them? Pinnacle is coming
13 to the table.

14 MR. GASTON: I just don't know how
15 to work this machine. I would like
16 to -- evidently, Mr. Anthony will no
17 longer be around anymore, so I just
18 wanted to thank him for everything that
19 he has done. He's a class act, and we
20 appreciate you, sir.

21 And evidently Mickey's not going to
22 be around?

23 CHAIRMAN JONES: He has plans.

24 MR. GASTON: We're going to miss
25 him, too.

65

1 CHAIRMAN JONES: Penn, if you would

2 like to say a few closing words.

3 MR. SANFILIPPO: Good morning and
4 thank you for allowing us to come and
5 address you, Chairman Jones and Members
6 of the Board. I'm Anthony Sanfilippo.
7 I'm the CEO of the company. On my left
8 is Donna Negrotto, who is our general
9 counsel. On my right is Carlos
10 Ruisanchez, who is our President, and
11 then next to him is Mickey Parenton.

12 I had reached out to the Chairman
13 and said this state has been important
14 to us all personally, and, in fact,
15 tomorrow, 24 years ago, my youngest
16 child was born up in Caddo Parish at a
17 hospital in Shreveport. And I've been
18 in the State. I've been working in the
19 State for 25 years. I was the opening
20 general manager of the property which is
21 now Sam's Town which was formerly
22 Harrah's Shreveport.

23 We'd each like to give a statement,
24 but first, it was tough for me to sit
25 there because I wanted to jump up. Tim

66

1 didn't need the help. Tim did just
2 fine, but I wanted to tell you about
3 Penn, that they have been terrific
4 through this process, that they have

5 done everything they said they were
6 going to do, that they have been
7 very respectful of engaging with our
8 team members, that they have embraced
9 the service center that we have in Las
10 Vegas, and they've already made
11 commitments to 70 percent of our staff
12 there that they'll continue on with the
13 new company.

14 They've made commitments to all of
15 our properties that the management at
16 the properties will continue to stay in
17 place. They are facilitating, during
18 this transition, different activities
19 for management to come together, and
20 they have focused on the new -- the new
21 company. The combined companies will be
22 the best of both companies.

23 And I've known Tim for 31 years.
24 I've worked with Tim. I've known Jay
25 Snowden, their President, for 20 years.

67

1 They're both men of integrity. And when
2 Tim tells you how they're going to
3 behave in the state, it's how they'll
4 do, and they -- we would not feel
5 comfortable selling Pinnacle
6 Entertainment to a company that we
7 didn't have confidence was going to be

8 both terrific to our guests and mostly
9 to our team members, too.

10 So we are -- this was a deal that
11 was business. It was -- we negotiated
12 for many months on this, and ultimately
13 when there is an offer that gets put in
14 front of you that's in the best interest
15 of your shareholders, you're obligated
16 to do what's in the best interest to
17 shareholders. And there's not a better
18 company that -- if we're turning the
19 company over to, that I'd rather turn it
20 over to than Penn National and Tim and
21 Jay and others. And I think you'll see
22 over time that they're going to be
23 terrific license holders here in the
24 state.

25 Now, our friend, Mickey Parenton,

68

1 was offered a job, but Mickey Parenton
2 is partial to Louisiana. And the job
3 was in Wyomissing, Pennsylvania, and
4 Mickey -- I said, it's going to be awful
5 hard for me to move my family to
6 Wyomissing, Pennsylvania. And so the
7 reason Mickey's not going forward is, I
8 can't imagine Mickey not being in
9 Louisiana, nor could he with his family.
10 And so he was offered the same job that

11 he has today, but it would be based out
12 of Wyomissing, Pennsylvania, and that is
13 why Mickey is not staying with the
14 company.

15 I'd like to first ask Donna to say
16 what's on her mind, and we'll sort of
17 each take a turn.

18 MS. NEGROTTO: Good morning,
19 appreciate the opportunity to speak to
20 this Board one final time as a member of
21 the Pinnacle team.

22 We have been before this Board
23 numerous times during my tenure at
24 Pinnacle, and I can say I've always
25 encountered a very professional,

69

1 well-informed and well-prepared Board,
2 which I can tell you has made my job
3 much, much easier. So I greatly
4 appreciate that.

5 I know a lot of that preparation is
6 done by the staff and by the Attorney
7 General's Office and, of course, by the
8 State Police; and I have had the
9 opportunity to work with so many folks
10 in those groups over the years, and they
11 have been incredible. They are
12 hardworking, dedicated folks who are
13 very professional, and we greatly

14 appreciate all the hard work they have
15 done for us over the years for all the
16 items we've had before the Board.

17 As probably the rest of the people
18 here, this is a bittersweet, you know,
19 moment. I have so enjoyed doing
20 business in the State. Everybody has
21 been so great, and we've enjoyed a
22 really wonderful working relationship
23 with all the groups that I just
24 discussed. And so I will very much miss
25 that opportunity, and hopefully some day

70

1 I'll have the privilege of appearing
2 before you again, so thank you.

3 MR. PARENTON: Well, Chairman,
4 Members of the Board, listen, I've been
5 so fortunate to be in this business for
6 over 25 years, and 18 of those have been
7 in the State of Louisiana. I can't help
8 but to remember back in '93, I was
9 offered a job as the director of
10 nongaming operation at a riverboat in
11 New Orleans, and I really didn't know
12 what the job meant or what I was doing.
13 And I realized really quickly that I
14 wasn't alone. We all were trying to
15 figure it out. But I also realized then
16 that the relationship with the State

17 Police and the operators was pretty
18 special here in Louisiana. It was a
19 partnership, and we were going to figure
20 it out.

21 And then I think about eight years
22 ago, when Anthony asked me and gave me
23 the privilege to be a General Manager of
24 L'Auberge Baton Rouge -- my first
25 general manager job, and I still to this

71

1 day think that's the proudest moment of
2 my career. And what we've created and
3 the impact that we've had on so many
4 peoples' lives in so many communities in
5 the state just makes me so proud of
6 being here in Louisiana and being part
7 of this great company, Pinnacle.

8 I also want to thank you-guys,
9 Chairman, particularly. When we needed
10 help or when I needed answers, you
11 picked up the phone whenever. And when
12 we needed some support from the Board,
13 you-guys were always there for us.

14 So, again, it's a little
15 bittersweet. You're right. I can't
16 leave Louisiana. I'm not. I'm not sure
17 what's next than hopefully a great LSU
18 and Saints football season. Really,
19 it's been a -- it's been a great run. I

20 was proud to start here in Louisiana and
21 work my whole career here where I was
22 born and raised. So thank you for
23 everything.

24 CHAIRMAN JONES: Thank you.
25 Carlos.

72

1 MR. RUISANCHEZ: Good morning,
2 Chairman Jones and Members of the Board.
3 Truly appreciate the chance to address
4 this group. I joined Pinnacle a little
5 short of ten years ago and through it
6 have seen a lot of chapters that I've
7 gone through, thankfully, the vast
8 majority were here with -- with Anthony
9 and the fine group that we've had in the
10 state. And while not -- not every
11 moment has been great -- there were ups
12 and downs, and there were some
13 challenges that this company had
14 certainly had to come through.

15 I would loudly say that this has
16 been a great chapter for Pinnacle, for
17 the State of Louisiana, from my vantage
18 point, and the people that have been
19 involved in this.

20 But most of all, the -- this Board
21 has been really great stewards for the
22 state, both as an example that -- at

23 least in my opinion -- really should
24 be -- shine on to a lot of jurisdictions
25 across the state, both in the context of

73

1 how you look out for the state, look for
2 the mandate that you've had, as well as
3 trying to work with bills that are doing
4 the investing to have it work for
5 everybody.

6 And for that, I want to thank you
7 for allowing me to have the privilege to
8 be part of this chapter, and I look
9 forward to seeing the businesses that
10 are here continue to flourish, because
11 they have terrific teams that are in
12 place; and the combination of the two
13 companies is something that undoubtedly
14 will be beneficial for those businesses
15 to continue to grow.

16 So I appreciate the guidance and the
17 advice throughout the years and
18 sometimes the specific direction of what
19 needed to be done through it, and it's
20 been a -- it's been a pleasure to be
21 here.

22 CHAIRMAN JONES: Thank you very
23 much. And at the risk of forming a
24 group hug here, just let me say on
25 behalf of the Board, you-guys have been

1 a pleasure to work with. You were
2 here -- you were here before I was the
3 Chairman, and your reputation preceded
4 yourself. When I came onboard,
5 everybody told me about Pinnacle's
6 operations.

7 So I appreciate the relationship
8 that has grown out of that. You've been
9 a great corporate citizen. You have set
10 the bar high for Penn. You've impressed
11 me with how you look after your
12 employees. I mean, everybody was part
13 of a family, and I particularly saw that
14 when Tilman opened up the Golden Nugget.
15 It would have been so easy to go off in
16 a different direction than what you-guys
17 decided to do; and part of that was the
18 general manager who was there at the
19 time, and the rest of it was your vision
20 of the company and how you were going to
21 get along.

22 And you know what? That's been good
23 for Louisiana. That's been good for the
24 company. And I think I speak for the
25 Board by thanking you. We're going to

1 miss your direct involvement in
2 operations, but we're glad you're still

3 going to have some investment in the
4 state and an interest in how things go.

5 And we wish all of you the very best.

6 MR. SANFILIPPO: That's very kind of
7 you, and I think you-all know a year ago
8 the Chairman was named Regulator of the
9 Year for our industry; and that says a
10 lot, that the industry would elect him
11 as -- award him Regulator of the Year,
12 and it's an obvious reflection on all of
13 you, the staff. We admire the staff
14 who work hard, and we admire the
15 Chairman. And it's not always a group
16 hug with the Chairman.

17 So there is -- there has been times
18 when, appropriately so in the best
19 interest of Louisiana, there was a -- it
20 was the opposite of a group hug, but he
21 was always looking out, always looking
22 out for the State of Louisiana. And
23 it's -- in meeting here with the Board,
24 whether it's Mr. Stipe or Dr. Gaston,
25 you ask good questions, and you hold us

76

1 accountable. And I'm very impressed
2 with your questioning with Tim, and
3 you'll hold him accountable to make sure
4 that he's a good license holder. And I
5 have confidence Penn will be.

6 We greatly value and appreciate the
7 state, and we talk a lot about this
8 state in other jurisdictions about how
9 you do so many things well, and that you
10 do them right, and that we have a
11 respectful relationship. So you've
12 heard from all of us. You know that we
13 admire the State of Louisiana. Many of
14 us, you know, Mickey, myself and Donna,
15 have had -- have lived in the state and
16 will continue to find ways to be part of
17 the state.

18 CHAIRMAN JONES: Thank you. And on
19 that Regulator of the Year thing, it was
20 a shallow pool. Thank you very much.
21 Thank you-all for coming today.

22 VI. RULEMAKING

23 A. Consideration of adoption of amendments to
24 LAC 49:XI.2415.B (Gaming Establishments -
25 Security)

77

1 B. Consideration of adoption of amendments to
2 LAC 42:III.2723 (Internal Controls;
3 Slots-Jackpots

4 C. Consideration of adoption of amendments to
5 LAC 42:XI.2405.B.11 (Application and
6 License - Force Majeure - Truck Stop
7 Waivers)

8 CHAIRMAN JONES: We're going to move

9 to the next agenda item, Rulemaking, and
10 we're going to incorporate and take in
11 globo as enumerated on the agenda, Item
12 1 -- excuse me, A with respect to Gaming
13 Establishments-Security, Item B with
14 respect to Internal Controls-Slots and
15 Jackpots; and Item C, which is
16 Application and License-Force Majeure
17 and Truckstop Waivers.

18 MS. HIMEL: Assistant Attorney
19 General, Dawn Himel. I'm here in the
20 matters of these rulemaking.

21 At its meeting on April 16th, 2018,
22 this Board voted to institute
23 promulgation procedures for these three
24 rules. Following the votes, the
25 Attorney General's Office calls to be

78

1 published in the Louisiana Register
2 Notices of Intent for the proposed rules
3 directing all individuals with questions
4 or concerns to contact the Attorney
5 General's Office.

6 Two comments were received during
7 this time for 2415. The first comment
8 expressed concern that the language was
9 vague as to specific functions that a
10 security officer is permitted to perform
11 and those functions that are prohibited.

12 The comment was considered, but no
13 changes were made based on the comment.

14 The second comment noted the roles
15 and duties were fully defined by the
16 security officer's rules in Title 46 and
17 that the amendment was sufficient as
18 drafted and listing specific functions
19 would lead to confusing loopholes for
20 situations not specifically covered. I
21 will note that in the security officer's
22 rules, it does lay out the functions and
23 duties of a security officer to be
24 including prevention of unlawful
25 intrusion or entry, prevention of

79

1 larceny, prevention of vandalism,
2 protection of property or person,
3 prevention of abuse, prevention of
4 arson, prevention of trespass on private
5 property and a couple others.

6 As we felt like the amendment was
7 acceptable, there was only one change
8 that was nonsubstantive, and that was to
9 properly cite the definition as 818
10 instead of just 18. With regards to
11 2723 and 2405, there were no comments
12 received by our office.

13 As part of the promulgation process,
14 we also submitted reports to the Board's

15 House and Senate Oversight Committees.
16 The first reports detail the substance
17 of the proposed rules, and the second
18 reports inform the committees of the
19 public comments. Following the delivery
20 of the second reports to the committees,
21 they were given 30 days in which to call
22 hearings to satisfy any concerns that
23 might have been had. There were no
24 hearings that were called; therefore,
25 the default action of the committees

80

1 following the lapse of 30 days is to
2 approve the proposed rules.

3 If the Board has no questions, a
4 motion to adopt the amendments to 2415,
5 2723 and 2405 are needed.

6 CHAIRMAN JONES: Board Members, any
7 questions on those three proposed? [No
8 response.]

9 Just for the record, with respect to
10 the comment on the vagueness, you know,
11 the Board and State Police will take a
12 common sense approach to that. I think
13 we all have a fair understanding of what
14 a security guard is supposed to do. If
15 he's hosing down the parking lot, that's
16 probably not it. If he's cleaning
17 bathrooms, that's probably not it. If

18 he's hooking up a video poker machine
19 and tinkering with the technology,
20 that's not it either.

21 So I think we -- I think State
22 Police in taking any action will be --
23 we'll use a common sense approach with
24 that, and the Board will support that.

25 So do I have a motion? By

81

1 Mr. Patrick, Mr. Jackson.

2 Any objection to the motion to adopt
3 the amendments to the rules? [No
4 response.]

5 Without objection, the motion
6 carries, and they are adopted.

7 D. Consideration of institution of rulemaking
8 procedures for promulgation of LAC 42:III.2801
9 - 2825; amendment of LAC 42:III.2717; LAC
10 42:III.2723; and repeal of LAC 42:III.4205
11 (Casino Computer Systems

12 CHAIRMAN JONES: We'll move to the
13 second rule, Consideration of
14 institution of rulemaking procedures for
15 promulgation of Louisiana Administrative
16 Code 42:III.2801-2825, Et Al, as
17 enumerated on the agenda.

18 MS. HIMEL: Yes. Again, Assistant
19 Attorney General Dawn Himel in the
20 matter of the rulemaking procedure for

21 this item as well. This is for the
22 creation of LAC 42:III, Chapter 28
23 entitled Casino Computer Systems, and
24 it's Sections 2801 through 2825. Also
25 included with this is an amendment to

82

1 LAC 42:III.2717, which is Internal
2 Controls, Table Games, and amendment to
3 LAC 42:III.2723, Internal Control-Slots,
4 and the repealing of LAC 42:III.4205,
5 Computer Monitoring Requirements of
6 Electronic Gaming Devices.

7 Chapter 28 is being promulgated in
8 order to protect patron data from data
9 breaches, and also with the enhancements
10 in technology, riverboat licensees and
11 the casino operator are using casino
12 systems much more broadly, and also to
13 keep track of player data rewards,
14 credit information when issuing markers,
15 and they're collecting massive amounts
16 of confidential data on patrons. There
17 are also vulnerabilities to the gaming
18 systems and computer systems.

19 The rules that we currently have
20 don't exactly fully address on how
21 licensees shall protect that data. We
22 do have some current rules that are in
23 2717, 2723, and 4205 that deal with

24 gaming systems and their protections.

25 Because all of these rules are spread

83

1 out throughout part three, we felt that
2 since we were addressing patron data and
3 other issues, that it was best to amend
4 those sections and repeal one of the
5 sections in order to consolidate
6 everything with regards to network
7 security, encryption patron data, and
8 put it into one chapter so that it was
9 easily found, easily accessible and
10 easily understood.

11 So the management information
12 systems sections from 2717, 2723 are
13 being moved to the new Chapter 28, which
14 is the amendments for those. Also 4205
15 is being repealed because it is being
16 moved and consolidated into Chapter 28.
17 So we're not getting rid of those rules
18 that are current. We're just moving
19 them into the new chapter.

20 If the Board has no questions, a
21 motion to institute rulemaking
22 procedures is needed for the creation of
23 Chapter 28, specifically LAC 42:III.2801
24 through 2825, the amendment of LAC
25 42:III.2717, the amendment of LAC

84

1 42:III.2723, and the repealing of LAC
2 42:III.4205.

3 CHAIRMAN JONES: Board Members, any
4 questions?

5 MR. STIPE: The retention period is
6 five years before and after; is that --

7 MS. HIMEL: That's petty standard.
8 There are some that are one year and two
9 years that go along with the IT
10 standards but a lot of the gaming ones
11 that were are five years. You know,
12 some of them are three and one, but most
13 are five.

14 MR. STIPE: Thank you.

15 CHAIRMAN JONES: Do I have a motion?

16 MR. BRADFORD: So moved.

17 CHAIRMAN JONES: By Mr. Bradford.

18 MR. JACKSON: Second.

19 CHAIRMAN JONES: Mr. Jackson.

20 Any objection? [No response.]

21 Without objection, the motion passes
22 in the rulemaking procedures.

23 And I just want to say, Dawn, this
24 is one of the -- I mean, you-guys do the
25 heavy lifting on rulemaking. I mean,

85

1 it's one of the most difficult things
2 that we try and do around here, try and
3 satisfy us and State Police and the

4 industry and all the attorneys that you
5 work with, so everybody that you worked
6 with on rulemaking, I really appreciate
7 it. I know that it's hard work, and I
8 know it's tough to try and make
9 everybody happy and protect the
10 integrity of gaming and protect the
11 public interest. So thank you on behalf
12 of the Board.

13 MS. HIMEL: Thank you and thank you,
14 Board.

15 VII. CONSIDERATION OF PROPOSED SETTLEMENTS/APPEAL

16 1. In Re: Meatball Palace Corp. d/b/a The
17 Jackpot Coffeehouse - No. 2600204527
18 (proposed settlement)

19 CHAIRMAN JONES: We will now move to
20 Settlements and Appeals, and first up is
21 in regard to Meatball Palace Corporation
22 doing business as The Jackpot
23 Coffeehouse, No. 2600204527. This is a
24 proposed settlement.

25 MR. MEEK: Chairman Jones, Members

86

1 of the Board, I'm Assistant Attorney
2 General Matthew Meek here in the matter
3 of the settlement of Meatball Palace
4 Corp. doing business as The Jackpot
5 Coffeehouse.

6 This settlement addresses the

7 licensee's failure to timely notify the
8 Division of the death of an owner and
9 the transfer of ownership interest,
10 which are required to be made no later
11 than ten days after the event takes
12 place. The licensee also failed to
13 timely submit suitability documents.

14 On August 30th, 2016, Audrey C.
15 Olister passed away. At the time of her
16 death, she owned a 16.67 ownership
17 interest in the licensee. Through a
18 testamentary disposition, Audrey C.
19 Olister bequeathed her ownership
20 interest to her daughter, Lori O. Green.
21 Once Lori O. Green owned more than
22 5 percent of the licensee through her
23 inheritance, both she and her husband,
24 Dale H. Green, were required to submit
25 to suitability.

87

1 The Division was not notified of
2 Audrey C. Olister's death and the
3 resulting transfer of ownership interest
4 until February 5th, 2018, which gave
5 rise to violations of gaming law. Dale
6 H. Green's suitability documents were
7 submitted with these notifications.
8 Lori O. Green submitted suitability
9 documents to the Division on April 20th,

10 2018.

11 The civil penalty contained in the
12 settlement is \$500, which is an amount
13 consistent with violations of this type.
14 The settlement has been signed by the
15 hearing officer and is before the Board
16 for approval. I'll be happy to answer
17 any questions that y'all have at this
18 time.

19 CHAIRMAN JONES: Board Members, any
20 questions? There are no questions.

21 I will entertain a motion.

22 Mr. Patrick, Mr. Gaston.

23 Any objection? [No response.]

24 Would without objection, the motion
25 carries. The settlement is approved.

88

1 2. In Re: Outpost Travel Centers, LLC, d/b/a
2 Outpost Plain Dealing - 0802515610 (proposed
3 settlement), Et Al

4 CHAIRMAN JONES: Next up we're going
5 to consolidate eight different
6 settlements that are all related. They
7 are as enumerated in Item 2 on page two
8 of your official agenda. I'll defer to
9 you, Matthew.

10 MR. MEEK: Good morning again,
11 Chairman Jones, Members of the Board.
12 I'm Assistant Attorney General Matthew

13 Meek present before in the matter of the
14 settlement of the following licensees,
15 Outpost Travel Centers, LLC, doing
16 business as Outpost Plain Dealing;
17 Outpost Travel Centers, LLC, doing
18 business as Outpost Minden, Outpost
19 Travel Centers, LLC, doing business as
20 Outpost Lake Providence, Three Little
21 Ones, LLC, doing business as Relay
22 Station Frierson, Three Little Ones No.
23 2, LLC, doing business as Outpost
24 Greenwood, Little Big Horn, LLC, doing
25 business as Relay Station Port, Pelican

89

1 Gaming, Incorporated, doing business as
2 Pelican Gaming, Incorporated, and
3 finally GFY Enterprises, LLC, doing
4 business as Relay Station Greenwood.

5 The matters pending against the
6 licensees were consolidated into one
7 action because the violation occurred
8 from the same set of facts and
9 circumstances. Each licensee failed to
10 notify the Division of the change in
11 ownership of the membership interest
12 within ten days of the occurrence.

13 On March 31st, 2014, Robert E. Horn
14 passed away. At the time of his death,
15 Mr. Horn held a ownership or membership

16 interest in each one of the eight
17 licensees.

18 On January 31st, 2017, the District
19 Court Judge finalized Mr. Horn's
20 succession by signing the Judgment of
21 Possession. The Judgment of Possession
22 caused a change in ownership or
23 membership interest to each one of the
24 licensees.

25 The Division was not notified of the

90

1 closing of the succession that caused
2 the changes until July 19th, 2017, which
3 gave rise to a violation of gaming law.

4 The civil penalty contained in the
5 settlement is \$250 per licensee, which
6 is an amount consistent with the
7 resolution of other violations of this
8 type.

9 The settlement has been signed by
10 the Hearing Officer and is before the
11 Board for final approval.

12 I'd be happy to answer any questions
13 that y'all have.

14 CHAIRMAN JONES: Board Members, any
15 questions? There are no questions.

16 Do I have a motion to approve?

17 MR. JACKSON: Motion to approve.

18 CHAIRMAN JONES: Mr. Jackson.

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

22 3. In Re: Positivelytilton, LLC, d/b/a Triangle
23 West - No. 2600117505 (appeal)

24 CHAIRMAN JONES: Thank you. We move
25 to the final item on the agenda, which

91

1 is an appeal in regard to
2 Positivitytilton, LLC, doing business as
3 Triangle West, No. 2600117505.

4 Is a representative -- please come
5 forward, ma'am. Have a seat at the
6 table.

7 Good morning. Would you introduce
8 yourself to the Board.

9 MS. TORRENCE: Dina Tilton Torrence
10 with Positivelytilton, LLC, doing
11 business as Triangle West bar.

12 CHAIRMAN JONES: Okay. Let me
13 explain a little bit and thank you for
14 coming.

15 MS. TORRENCE: Thank you.

16 CHAIRMAN JONES: This is an
17 opportunity to appeal the Hearing
18 Officer's decision. The Board has
19 reviewed your record --

20 MS. TORRENCE: Yes.

21 CHAIRMAN JONES: -- and we can only

22 consider today what is already in that
23 record. You can't introduce any new
24 evidence. You can't tell us anything
25 new.

92

1 MS. TORRENCE: Okay.

2 CHAIRMAN JONES: And you'll have the
3 opportunity to speak first and simply
4 explain to the Board why you believe
5 that the Hearing Officer's decision was
6 incorrect.

7 MS. TORRENCE: Yes, sir. Thank you.
8 Thank you so much. Yes, the last
9 meeting here in Baton Rouge it was
10 recommended for the revocation of my
11 poker machines, but since that last
12 meeting, I've worked very hard; and I am
13 now current on all my state and parish
14 taxes and received my clearance
15 certificates, and I would like kindly to
16 have reconsideration.

17 CHAIRMAN JONES: Okay. So things
18 have changed since the Hearing
19 Officer --

20 MS. TORRENCE: Yes, sir.

21 MR. MEEK: Yes, sir. It's our
22 position that the Hearing Officer made
23 the correct decision at the time of the
24 revocation hearing on April 24th. The

25 licensee was not compliant at the time

93

1 the Hearing Officer rendered his
2 decision. On May 15th, the licensee
3 remained noncompliant. When the
4 licensee appealed that decision, they
5 were noncompliant.

6 The Board, according to gaming law,
7 can only consider that evidence, and so
8 we maintain the position that the
9 Hearing Officer got it correct.

10 CHAIRMAN JONES: And I do see from
11 the record that it was a couple of days
12 over a month between the two hearings,
13 like March 20th.

14 MR. MEEK: Yes, sir. She was
15 granted a continuance on March 20th. It
16 was approximately 35 days. She
17 requested that continuance in order to
18 become compliant. The following hearing
19 was on April 24th, to which she
20 testified that she was still
21 noncompliant at that time.

22 CHAIRMAN JONES: Okay. Board
23 Members, any questions? [No response.]

24 Do you have a motion? Motion to
25 remand?

94

1 MR. BRADFORD: My motion is to

2 remand this to the Hearing Officer
3 for -- in case there's new evidence to
4 be heard.

5 MR. MEEK: Second.

6 CHAIRMAN JONES: And second to
7 remand from Mr. Jackson.

8 Any objection to that motion?

9 MR. LAGASSE: I have a question.

10 CHAIRMAN JONES: Yes, sir, question.

11 MR. LAGASSE: Just a question.
12 Wasn't the Triangle West closed at some
13 period of time and a change of
14 ownership?

15 MS. TORRENCE: Yes, sir. My sister
16 owned the property for almost 35 years,
17 and she passed away in 2015. And we
18 sold the property. And I ended up
19 leasing it out. And we was closed for
20 just a over a year -- a year and a few
21 months, I believe, yes.

22 MR. LAGASSE: Right. You don't own
23 the property but you own the license.

24 MS. TORRENCE: Yeah, I own the
25 business. I rent the property now -- I

95

1 rent building now, yes.

2 MR. LAGASSE: Okay.

3 CHAIRMAN JONES: Robert's going to
4 hit me over the head with a rulebook for

5 accepting outside of parliamentary
6 procedure, but that's okay.

7 We have a motion, properly seconded
8 before the Board.

9 Is there any objection? Without
10 objection, the motion carries. The
11 matter will be remanded. Thank you very
12 much.

13 MR. MEEK: Thank you-all.

14 VIII. ADJOURNMENT

15 CHAIRMAN JONES: And finally on the
16 agenda, what you've all been waiting
17 for. You've had so sit here longer
18 today than you have for the last four
19 months, but I will entertain a motion to
20 adjourn.

21 MR. JACKSON: Motion to adjourn.

22 CHAIRMAN JONES: By Mr. Jackson and
23 Mr. Singleton.

24 Without objection, we stand
25 adjourned. Thank you very much for your

96

1 patience.

2

3

4

5

6

7

8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

97

1 REPORTER'S PAGE

2

3 I, SHELLEY PAROLA, Certified Shorthand

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

5 officer before whom this sworn testimony was

6 taken, do hereby state:

7 That due to the spontaneous discourse of this

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

9 used to indicate pauses, changes in thought,

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

11 for a Court Reporter's transcription of a
12 proceeding, and that dashes (--) do not indicate
13 that words or phrases have been left out of this
14 transcript;

15 That any words and/or names which could not
16 be verified through reference materials have been
17 denoted with the word "(phonetic)."

18

19

20

21

22

23

24 SHELLEY PAROLA

Certified Court Reporter #96001

25 Registered Professional Reporter

98

1 STATE OF LOUISIANA

2 PARISH OF EAST BATON ROUGE

3 I, Shelley G. Parola, Certified Court

4 Reporter and Registered Professional Reporter, do

5 hereby certify that the foregoing is a true and

6 correct transcript of the proceedings on July 19,

7 2018, as taken by me in Stenographic machine

8 shorthand, complemented with magnetic tape

9 recording, and thereafter reduced to transcript,

10 to the best of my ability and understanding, using

11 Computer-Aided Transcription.

12 I further certify that I am not an

13 attorney or counsel for any of the parties, that I
14 am neither related to nor employed by any attorney
15 or counsel connected with this action, and that I
16 have no financial interest in the outcome of this
17 action.

18 Baton Rouge, Louisiana, this 12th day of
19 September, 2018.

20

21

SHELLEY G. PAROLA, CCR, RPR

22

CERTIFICATE NO. 96001

23

24