

2-15-16LGCB, (Pages 1:1 to 123:24)

1:1 LOUISIANA GAMING CONTROL BOARD

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4 BOARD OF DIRECTORS' MEETING

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8

9 MONDAY, FEBRUARY 15, 2016

10

11 LaSalle Building

12 LaBelle Hearing Room

13 617 North Third Street

14 Baton Rouge, Louisiana

15

16

17

18 TIME: 10:00 A.M.

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21

22

23

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2

1 APPEARANCES

2

RONNIE JONES

3 Chairman (At Large)

Third Congressional District

4 June 30, 2019

5 FRANKLIN AYRES BRADFORD

(Economic Planner)

6 Fifth Congressional District

June 30, 2019

7

8 JAMES SINGLETON

(Public/Business Administration)

9 Second Congressional District

June 30, 2014

10

11 MAJOR CLAUDE MERCER

(Law Enforcement)

12 Fifth Congressional District

June 30, 2018

13

14 CLAUDE D. JACKSON

(At Large)

15 Fourth Congressional District

June 30, 2018

16

17 ROBERT W. GASTON, III

(At Large)

18 Sixth Congressional District

June 30, 2015

19

20 JULIE BERRY

(CPA)

21 Third Congressional District

June 30, 2018

22

23 WANDA THERIOT

(At Large)

24 First Congressional District

June 30, 2021

25

3

1 APPEARANCES CONTINUED

2

3 LANA L. TRAMONTE

Principal Assistant

4

5 TRUDY M. SMITH

Confidential Assistant

6

7 MAJOR MIKE NOEL

Ex-Officio Board Member

8 Louisiana State Police

9

10 COLONEL MIKE EDMONSON

Ex-Officio Board Member

11 Louisiana State Police

12

13 REPORTED BY:

14 SHELLEY G. PAROLA, CSR, RPR

Baton Rouge Court Reporters

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1 I. CALL TO ORDER

2 CHAIRMAN JONES: Good morning.
3 Pardon us for -- this is a new system up
4 here so we're all getting used to it.
5 I've turned all of your microphones on,
6 so keep that in mind. Just pull it down
7 when you speak from your seat.

8 Miss Tramonte, call the roll.

9 THE CLERK: Chairman Jones?

10 CHAIRMAN JONES: Here.

11 THE CLERK: Mr. Bradford?

12 MR. BRADFORD: Here.

13 THE CLERK: Mr. Stipe?

14 MR. STIPE: Here.

15 THE CLERK: Mr. Singleton?

16 MR. SINGLETON: Here.

17 THE CLERK: Major Mercer?

18 MAJOR MERCER: Here.

19 THE CLERK: Mr. Jackson?

20 MR. JACKSON: Here.

21 THE CLERK: Mr. Gaston?

22 MR. GASTON: Here.

23 THE CLERK: Miss Berry?

24 MS. BERRY: Here.

25 THE CLERK: Miss Theriot?

7

1 MS. THERIOT: Here.

2 THE CLERK: Colonel Edmonson?

3 COLONEL EDMONSON: Here.

4 THE CLERK: Secretary Robertson?

5 [No response.]

6 II. PUBLIC COMMENTS

7 CHAIRMAN JONES: We have a quorum.

8 We may conduct business. Anyone in the
9 audience wish to make any comment on any
10 matters before the Board this morning?

11 [No response.]

12 Okay. I want to thank revenue for
13 permitting us to use their auditorium
14 again. We'll be here, until the
15 legislative session is over with, every
16 month. You know, we had to change our
17 meeting dates, so thank you for your
18 indulgence for permitting us to do that.

19 A couple of quick notes: With the
20 change of administration at the Attorney
21 General's Office, Cliff Strider, who was
22 head of the Gaming Division, has moved
23 to take over, I believe, the Criminal
24 Division, and in his place, Chris
25 Hebert, who if any of you have been to

1 any of the meetings would recognize as
2 managing the appeals here before the
3 Board, has been appointed in that
4 position. And Chris brings a depth of
5 knowledge and understanding about the
6 workings of the Board, the
7 responsibility of the Attorney General's
8 Office to act and serve as our counsel,
9 and we know he's got a lot of work cut
10 out for him, himself and his team.
11 We're proud of you. We're glad to have
12 you here and congratulations in that
13 position.

14 MR. HEBERT: Thank you.

15 III. APPROVAL OF THE MINUTES

16 CHAIRMAN JONES: Do I have a motion
17 to waive reading and approve the
18 minutes?

19 MS. BERRY: I'll move.

20 MR. GASTON: Second.

21 CHAIRMAN JONES: We have a motion by
22 Miss Berry and a second by Dr. Gaston.
23 Any objection? Without objection, the
24 motion carries. The minutes are
25 adopted.

1 IV. REVENUE REPORTS

2 CHAIRMAN JONES: At this time, I'd

3 like to call for Revenue Reports at the
4 table. I think they're all on. We'll
5 see.

6 MS. JACKSON: Good morning, Chairman
7 Jones, Board Members. I am Donna
8 Jackson with Louisiana State Police
9 Gaming Enforcement Division.

10 The riverboat revenue report for
11 January 2016 is shown on page one of
12 your handout. During January, the 15
13 operating riverboats generated Adjusted
14 Gross Receipts of \$154,327,821, a
15 decrease of almost \$10.7 million or
16 6.5 percent from December, and a
17 decrease of \$7.6 million or 4.7 percent
18 from January 2015.

19 Adjusted Gross Receipts for fiscal
20 year 2015-2016 to date are
21 \$1,126,000,000, an increase of 8 percent
22 or \$78.6 million from fiscal year
23 2014-2015.

24 During January, the State collected
25 fees of \$33,180,481. As of

10

1 January 31st, 2016, the State has
2 collected \$242 million in fees for
3 fiscal year 2015-2016.

4 Next is summary of the January 2016
5 gaming activity for Harrah's New Orleans

6 found on page three. During January,
7 Harrah's generated \$22,508,568 in gross
8 gaming revenue, a slight increase from
9 December of \$450,000 or 2 percent, but a
10 decrease of \$3.7 million or 14 percent
11 from last January. Fiscal year-to-date
12 gaming revenues for 2015-2016 are almost
13 \$177 million, down \$13.6 million or 7
14 percent from last fiscal year.

15 During January, the State received
16 \$5,081,967 in minimum daily payments.
17 As of January 31st, 2016, the State has
18 collected \$35 million in fees for fiscal
19 year 2015-2016.

20 Slots at the Racetracks revenues are
21 shown on page four. During January, the
22 four racetrack facilities combined
23 generated Adjusted Gross Receipts of
24 \$30,291,395, a minimal increase from
25 December of .6 percent, but a decrease

11

1 of \$1.5 million or 4.6 percent from last
2 January.

3 Adjusted Gross Receipts for fiscal
4 year 2015-2016 to date are almost
5 \$206 million, a decrease of 6 percent or
6 \$14 million from fiscal year 2014-2015.

7 During January, the State collected
8 fees totaling \$4.6 million. As of

9 January 31st, 2016, the State has
10 collected \$31 million in fees for fiscal
11 year 2015-2016.

12 Overall in January, Riverboats,
13 Landbased and Slots at the Racetracks
14 combined generated \$207 million in
15 Adjusted Gross Receipts and nearly
16 \$43 million in state fees.

17 Are there any questions?

18 CHAIRMAN JONES: Any questions,
19 Board Members? There are no questions.

20 MS. JACKSON: The January employee
21 information for Harrah's New Orleans
22 will be presented with the February data
23 at next month's meeting.

24 CHAIRMAN JONES: Questions? No
25 questions.

12

1 MS. JACKSON: Thank you.

2 CHAIRMAN JONES: Jim. Good morning.

3 MR. BOSSIER: Good morning, Chairman
4 Jones and Board Members. My name is Jim
5 Bossier with the Louisiana State Police
6 Gaming Audit Section. I'm reporting
7 video gaming statistics for January 2016
8 as shown on page one of your handout.

9 Seventeen new video gaming licenses
10 were issued during January: Nine bars,
11 seven restaurants and one device owner.

12 Fourteen new applications were received
13 by the Gaming Enforcement Division
14 during January and are currently pending
15 in the field: Eight bars, four
16 restaurants and two truckstops.

17 The Gaming Enforcement Division
18 assessed \$1,950 and collected \$3,100 in
19 fines during January, and there are
20 currently \$2,000 outstanding fines.

21 Please refer to page two of your
22 handout.

23 There are presently one -- excuse
24 me, there are presently 12,970 video
25 gaming devices activated at 1,820

13

1 locations.

2 Net device revenue for January 2016
3 was \$46 million, a \$4.2 million, or
4 8.3 percent decrease, when compared to
5 December 2015, and a \$3 million
6 decrease, or 5.8 percent, when compared
7 to January 2015. Net device revenue so
8 far for fiscal year 2016 is
9 \$331 million, a \$7 million or 2 percent
10 decrease when compared to fiscal year
11 2015. Page three of your handout shows
12 a comparison of net device revenue.

13 Total franchise fees collected for
14 January 2016 were \$13.8 million, a

15 \$1.2 million decrease when compared to
16 December 2015, and a \$800,000 decrease
17 when compared to January 2015. Total
18 franchise fees collected for fiscal year
19 2016 are \$99 million, a \$2 million
20 decrease, or 2.1 percent, when compared
21 to fiscal year 2015. Page four of your
22 handout shows a comparison of franchise
23 fees.

24 Does anybody have any questions?

25 CHAIRMAN JONES: Board members, any

14

1 questions? There are no questions.

2 MR. BOSSIER: Thank you.

3 CHAIRMAN JONES: Thank you very

4 much, Jim.

5 V. COMPLIANCE REPORTS

6 CHAIRMAN JONES: At this time, I'd

7 like to call on the Attorney General's

8 Office to provide us with compliance

9 reports. Good morning, Mesa.

10 MS. BROWN: Morning. Good morning,

11 Chairman Jones, Board Members. I'm Mesa

12 Brown, Assistant Attorney General.

13 Today I'll present the staff reports on

14 riverboat and racetrack casino

15 licensees' compliance with employment

16 and procurement conditions for the

17 fourth quarter of 2015. I'll begin with

18 riverboats.

19 The fourth quarter reports are taken
20 from figures reported by the 15
21 operating riverboats to the Louisiana
22 Gaming Control Board. In the fourth
23 quarter of 2015, approximately 14,420
24 people were employed by the riverboat
25 industry. Of that number, 14,109 were

15

1 Louisiana residents; 9,579 were
2 minorities, and 8,140 were women. Four
3 licensees achieved total compliance this
4 quarter, and they are: L'Auberge Casino
5 & Hotel Baton Rouge, Boomtown West Bank,
6 Belle of Baton Rouge Casino and Isle of
7 Capri Casino St. Charles.

8 Next, I'll address employment. Four
9 licensees did not meet their total
10 employment goals. They are Diamond
11 Jacks Casino & Resort, who achieved 533
12 out of a goal of 650; Hollywood achieved
13 427 out of a goal of 450; Boomtown
14 Casino Bossier achieved 554 out of 650;
15 and Eldorado Resort Shreveport achieved
16 1,141 out of 1,200. All licensees, with
17 the exception of Treasure Chest Casino,
18 either met or exceeded their goals in
19 all the subcategories under the main
20 category of employment. Treasure Chest

21 did not achieve -- did not meet its
22 female employment goal. It achieved
23 50.6 out of a goal of 51.86.

24 Next I'll address procurement. The
25 licensees are grouped according to three

16

1 subcategories which appear in your
2 report. They are Louisiana, minority
3 and female procurement. Under Louisiana
4 procurement, two licensees did not
5 achieve compliance with its voluntary
6 conditions, and they are:

7 Margaritaville Resort Casino, who
8 achieved 82 out of a goal of 90 percent,
9 and L'Auberge Lake Charles, who achieved
10 78.2 out of a goal of 80 percent.

11 Minority procurement: Seven
12 licensees did not achieve compliance
13 with their voluntary conditions, and
14 they are DiamondJacks, who achieved 8.6
15 percent out of a goal of 10 percent;
16 Sam's Town achieved 10.1 out of a
17 25 percent; Golden Nugget achieved 7.7
18 out of 10; Horseshoe achieved 19.3 out
19 of 35; Amelia Belle Casino achieved 18.9
20 out of 30; Margaritaville achieved 8.7
21 out of 10, and Eldorado Resort
22 Shreveport achieved 17.4 out of 25.

23 Female procurement: All licensees

24 either met or exceeded their goals.

25 Are there any questions regarding

17

1 the riverboats?

2 CHAIRMAN JONES: Any questions on

3 riverboats? There are none.

4 MS. BROWN: Okay. Thank you. Well,

5 I will move to racetracks.

6 In the fourth quarter of 2015,

7 approximately 1,794 people were employed

8 by the racetrack casino industry. Of

9 that number, 1,535 were Louisiana

10 residents, 972 were minorities and 1,065

11 were women.

12 Two racetrack casinos achieved total

13 compliance this quarter, and they are

14 Evangeline Downs and Fairgrounds. Delta

15 Downs did not achieve its Louisiana

16 employment condition. It achieved 65.4

17 out of the 80 percent condition, and

18 Louisiana Downs did not achieve its

19 female employment goal. It achieved

20 53.3 out of the 60 percent goal for

21 female employment.

22 Are there any questions regarding

23 the racetracks?

24 CHAIRMAN JONES: Any questions on

25 the tracks? There are no questions.

18

1 MS. BROWN: Thank you.

2 CHAIRMAN JONES: Thank you very
3 much.

4 MS. BROWN: Thank you.

5 CHAIRMAN JONES: All right. As all
6 of you know, since I've been on this
7 board, we take these numbers very
8 seriously, and for every general manager
9 that I've met with -- and I met with
10 each several times -- this is like the
11 report card that you have to bring home
12 to your parents, and you will all
13 remember that we had a somewhat
14 difficult exchange several months ago
15 when we had Mike Rich come in from
16 Shreveport and talk to us about the
17 Horseshoe property.

18 Well, what I want to tell you is
19 that they have turned that around.
20 That's the whole purpose of this is to
21 monitor and track. I was with Mike up
22 in Bossier City, Shreveport about three
23 weeks ago, and they increased their
24 spending amount on minority firms
25 between third quarter and fourth quarter

19

1 by 70 percent, seven zero percent.

2 That's remarkable. They went up from a
3 low of, looks like, 5 percent up to

4 19.3 percent towards their goal.

5 You know, we figured out a way to do
6 that; and I -- and I want to thank
7 Caesars, and I want to thank Horseshoe
8 for the work that they did to turn this
9 around. That's what we want to see. I
10 don't expect us to hit the mark every
11 time we come in and get a quarterly
12 report, but when we see movement like
13 this, it's important; and I will
14 recognize them and say, great job. That
15 was -- I'm impressed. I'm very
16 impressed. We just have to keep it in
17 that neighborhood now.

18 Just Colonel Edmonson asked -- and
19 we should have done this back when we
20 had the video poker revenue report, but
21 he would just simply ask that Mike Noel
22 talk just a little bit about the -- in
23 the numbers we have fewer machines now
24 that are online, and there's a reason
25 for that. We really haven't had an

20

1 update from State Police, so I'm going
2 to take the Chairman's privilege here
3 and permit Major Noel to talk to you for
4 just a minute to talk to you about
5 what's going on with video poker and the
6 system.

7 MAJOR NOEL: Thank you, Chairman.
8 As you know, over 2014 and 2015, we were
9 transitioning to a new communication
10 protocol for the central system -- the
11 video poker central system, and one of
12 the significant things about it is it
13 required the industry to transition,
14 also. At the time we started the
15 process, we probably had almost
16 50 percent of the machines, 6 or 7,000
17 machines, that were not compatible and
18 had to be replaced. So over the past
19 two years, the industry has replaced a
20 large number of machines to work on this
21 new protocol.

22 In doing so -- we concluded that
23 this past December, and in doing so
24 through that process, you do -- there
25 was a trend to some locations that were

21

1 not profitable, device owners opted not
2 to spend the money to replace those
3 machines. Now what we're starting to
4 see, too, is some left their machines
5 running until the last minute knowing
6 that December 30th we would have to shut
7 them down, and what we're starting to
8 see is a trend picking some of those
9 locations and machines back up.

10 So the number was 12,900, I believe,
11 or close to it. We expect over the next
12 several months that those numbers will
13 pick up back to above 13,000, but the
14 revenue -- sometimes there's a desire to
15 look at the number of machines in
16 related to the amount of revenue. The
17 revenue is fairly stable in video poker
18 so I don't think you see a big decrease
19 in revenue; whereas, you saw 3 or 400
20 machines less, the revenues stayed
21 fairly close. And I think you'll see
22 some of those locations pick back up
23 over the next several months.

24 CHAIRMAN JONES: Was that the
25 original central system that was in

22

1 place?

2 MAJOR NOEL: That was the second
3 central system. The original was in
4 '92. We replaced it in 2004, and
5 actually this system is near the end of
6 its life. Over the next three or four
7 years, we're moving in the direction of
8 trying to replace it.

9 CHAIRMAN JONES: There was still a
10 lot of first generation machines that
11 were out -- devices out there, right?

12 MAJOR NOEL: Correct. Those

13 machines -- those machines that were
14 replaced over the last two years, some
15 of them were 1992, '93, '94 model video
16 poker machines.

17 CHAIRMAN JONES: Think about how the
18 technology has changed from 1992 to
19 today. I mean, we had bag phones in
20 1992, for God sake. All right. So the
21 technology has changed, and I know State
22 Police has had this phase in period for
23 the new system; and I want to thank Mike
24 and his people for really working with
25 the industry. It's been more difficult

23

1 and awkward for some of the smaller
2 operators than the larger operators, but
3 they've been very patient. They've been
4 very clear about the deadlines; and I
5 want to thank you-guys because you've
6 really made this work, and it could have
7 been a lot more difficult.

8 Does the Board have any questions of
9 State Police on the video poker system?

10 MAJOR NOEL: Just to note,
11 Mr. Chairman, probably at our highest
12 levels we were over 14,000 machines.
13 Probably that was in 1998 before the
14 vote out and the turn off of really half
15 of the parishes. Then we saw a

16 decrease, and it's slowly gone back up.

17 CHAIRMAN JONES: Okay. We'll now
18 move to --

19 MR. GASTON: Mr. Chairman, before we
20 leave the statistics --

21 CHAIRMAN JONES: Yes, sir.

22 MR. GASTON: -- I'd like to comment.
23 A while back you, the Colonel and others
24 on the Board, we met with Mr. Fertitta
25 and bringing the Nugget onboard. We

24

1 were all wondering what effect that
2 would have on L'Auberge.

3 Looking at the statistics, I think
4 it's just an awesome relationship that
5 those two have, because Lake Charles is
6 so strong that it seems to be drawing
7 people from east Texas, and I think we
8 need to commend those people for the way
9 they're working.

10 CHAIRMAN JONES: And they will be in
11 for renewal here, if not next month the
12 following month, to give us an
13 opportunity to talk to them, but I would
14 agree with you that we've really --
15 Southwest Louisiana is really a great
16 market right now, and his
17 contribution -- and I thank him
18 personally for his economic development

19 for that area. So thank you for that.

20 VI. CASINO GAMING ISSUES

21 A. Consideration of Certificate of Compliance

22 for the Alternate Riverboat Inspection of
23 the gaming vessel of PNK Bossier City,
24 Inc., d/b/a Boomtown Casino Bossier City -
25 No. R016500701

25

1 CHAIRMAN JONES: All right. We now
2 move to Casino Gaming Issues. We've got
3 Consideration of Certificate of
4 Compliance of the Alternate Riverboat
5 Inspection of the gaming vessel PNK
6 Bossier City, Inc., doing business as
7 Boomtown Casino Bossier City. That's
8 Number R016500701.

9 Good morning, gentlemen.

10 MR. THOMPSON: Morning.

11 MR. FRANCIC: Morning.

12 MR. THOMPSON: Chairman Jones, Board
13 Members, I'm Assistant Attorney General
14 Buddy Thompson. With me is John Francic
15 of ABSC.

16 We're here in the matter of the
17 issuance of the renewal Certificate of
18 Compliance to PNK Bossier City, Inc.,
19 d/b/a Boomtown Bossier City.

20 On February the 2nd, 2016, ABSC
21 confirmed that Boomtown Bossier's

22 remaining discrepancy, in connection
23 with the renewal of its Certificate of
24 Compliance, had been complete. For more
25 on this, I now turn it over to John

26

1 Francic.

2 MR. FRANCIC: Good morning, Chairman
3 and Board Members. John Francic with
4 ABS Consulting here to report the
5 follow-up inspection for the 2015th
6 annual certification for Boomtown
7 Casino.

8 The final information for the
9 installation of the air receiver for the
10 sprinkler system was completed by Fire
11 Tech and confirmed by a February 2nd
12 letter in which is attached to your
13 report. Captain Mike Henson confirmed
14 the installation, and the system is
15 fully operational.

16 The 2015 annual survey, as required
17 by the Louisiana Gaming Control Board,
18 is complete and presents no safety
19 concerns to its patrons or employees
20 onboard the riverboat. It is the
21 recommendation of ABS Consulting that
22 Boomtown Casino be issued the
23 Certificate of Compliance.

24 MR. THOMPSON: We now present these

25 findings to the Board, and request that

27

1 upon the Board accepting the
2 supplemental report submitted by ABSC,
3 the Board will move for the renewal of
4 Boomtown Bossier's Certificate of
5 Compliance until December 31st, 2016.

6 CHAIRMAN JONES: Unless there's
7 comment from either State Police or the
8 licensee, I ask for a motion to issue
9 the Certificate of Compliance.

10 MR. BRADFORD: I motion.

11 MS. BERRY: Second.

12 CHAIRMAN JONES: I have a motion and
13 a second, Bradford and Berry. Are there
14 any objections to the motion to issue
15 the Certificate? Without objection, the
16 motion carries.

17 MR. THOMPSON: Thank you.

18 CHAIRMAN JONES: You both said it at
19 the same time. You can't do a second
20 and third. Nobody jumped on that.

21 B. Consideration of the Casino Support Services

22 Contract with the City of New Orleans

23 CHAIRMAN JONES: We now have
24 Consideration of the Casino Support
25 Services Contract for the City of New

28

1 Orleans. Good morning.

2 MS. BOGRAN: Morning, Chairman
3 Jones, Board Members. I'm Olga Bogran,
4 Assistant Attorney General in the Gaming
5 Division. With me is Suchitra Satpathi,
6 who is Executive Counsel and Director of
7 State Relations for the City of New
8 Orleans.

9 CHAIRMAN JONES: I didn't get the
10 name. What's the name?

11 MS. SATPATHI: Suchitra Satpathi on
12 behalf of the City of New Orleans.

13 MS. BOGRAN: As you know, this
14 process is mandated by statute.
15 Louisiana Revised Statute 27:247
16 requires the Casino Support Services
17 Contract be negotiated every year prior
18 to March 31st between the Gaming Control
19 Board and the City of New Orleans. No
20 material changes were made this year to
21 the contract. The amount that's asked
22 for is \$3.6 million, which is the amount
23 that's been requested since 2003.

24 It is important to note that while
25 the Board is past the negotiation, the

29

1 Joint Legislative Committee on the
2 Budget is the only one that has the
3 authority to amend or deny the contract,
4 and accordingly, and the City has

5 provided an unaudited expenditures
6 report of the services provided to the
7 casino from the city. This report this
8 year has an expanded miscellaneous
9 section with some more detail, and this
10 report, along with the contract signed
11 by the Mayor of New Orleans, is ready to
12 be passed to the Joint Legislative
13 Committee on the Budget.

14 Are there any questions?

15 CHAIRMAN JONES: Any questions for
16 the Attorney General's Office? Does the
17 City wish to add anything?

18 MS. SATPATHI: No. That fully sums
19 it up. We appreciate your support every
20 year. This is the contract with the
21 City for the support services before
22 this Board for your approval, and we
23 certainly appreciate it. Thank you.

24 CHAIRMAN JONES: Just for the
25 Board's information, we expect Harrah's

30

1 to be before the Board next month to
2 make a presentation on three major
3 projects that are going on on the
4 property -- two projects and one issue
5 that we'll be updated on in the next
6 meeting.

7 Are there any questions? [No

8 response.] Do I have a motion to
9 authorize the Chairman to execute the
10 contract on behalf of the Board for
11 approval of the contract by the Joint?

12 MR. SINGLETON: I move approval.

13 CHAIRMAN JONES: I have a motion by
14 Mr. Singleton and a second by Major
15 Mercer. Any objections? Without
16 objection, the motion carries.

17 MS. BOGRAN: Thank you.

18 MS. SATPATHI: Thank you.

19 C. Presentation by Pinnacle Entertainment, Inc.,
20 and Gaming & Leisure Properties, Inc.,
21 concerning their petition for approval of
22 merger, transfer of interest and related
23 financing

24 CHAIRMAN JONES: Next up we have a
25 presentation by Pinnacle Entertainment,

31

1 Inc., and Gaming & Leisure Properties
2 concerning their petition for approval
3 of merger, transfer of interest and
4 related financing. This is just a
5 presentation today. The item is not
6 officially docketed this month, but we
7 invited Pinnacle and GLPI to come before
8 us and brief the Board and other
9 interested parties on some of the
10 nuances involved in this transaction,

11 and since Anthony just got here at three
12 this morning because of the delayed
13 flight, we'll get you whatever coffee
14 you may need.

15 MR. SANFILIPPO: It is very kind of
16 you, and I am happy to be here; and
17 thank you for allowing us to come and
18 present in front of you-all. I am
19 Anthony Sanfilippo. I'm Chief Executive
20 Officer of Pinnacle Entertainment, and
21 with me at the table is Carlos
22 Ruisanchez, who is our President and
23 Chief Financial Officer; Jack Godfrey,
24 who is our General Counsel. Then also
25 with us are two of our general managers,

32

1 Mickey Parenton, who is our general
2 manager here in Baton Rouge. He also
3 oversees our New Orleans Boomtown
4 property, and our general manager from
5 Boomtown is here, Harold Rowland.
6 Mickey also oversees our property
7 that's -- the Boomtown property in
8 Bossier City, as well as our Ameristar
9 property in Vicksburg. Also with us are
10 other members of our staff that are
11 based here in Baton Rouge.

12 I want to thank you for allowing us
13 to come in and make a presentation and

14 have a discussion about the transaction
15 with Gaming & Leisure Properties.
16 Chairman, thank you and Members of the
17 Control Board and Major Noel and Colonel
18 Edmonson. Thank you for having us here.

19 We're going to take a few minutes to
20 take you through both Pinnacle
21 Entertainment, as well as our presence
22 in Louisiana. Also, then we'll talk
23 about the transaction.

24 With us on the other side is
25 Brandon. I'll turn it over to you, let

33

1 you introduce yourself.

2 MR. MOORE: I'm Brandon Moore. I am
3 the general counsel of Gaming & Leisure
4 Properties, and with us today is counsel
5 here, Paul West; and we have certain
6 members of our property's staff here
7 available, as well, including Tony
8 Frabbiele, our General Manager.

9 So we'll let the Pinnacle folks do
10 the presentation, and we can add some
11 color after that.

12 MR. SANFILIPPO: And we look forward
13 to the opportunity to answer any
14 questions you may have. We -- this is a
15 very, very important stake for us, and
16 we have built four businesses here over

17 a period of time. As you'll see in the
18 material that we'll be presenting, we
19 have investments here of over a billion
20 dollars in the state, and we have a very
21 large team member base here in the
22 state.

23 So if we could start, I think
24 you-all have hard copies in front of
25 you, and then there's also -- on the

34

1 screen, there's probably more for the
2 benefit of the audience to see what's on
3 the screen.

4 So let me just take you through some
5 things about our company, as well as the
6 properties that we have here. We're a
7 company with 15,000 team members, and we
8 have right around 4,400 team members
9 that are here in Louisiana. Our
10 portfolio of properties include 15
11 gaming entertainment properties, and
12 we're in, in addition to Louisiana,
13 Colorado, Indiana, Mississippi,
14 Missouri, Iowa, Nevada, Ohio and Texas.
15 In Texas, we operate a racing facility
16 that is just north of San Antonio,
17 Texas, and it's in Selma, Texas; and
18 it's a thoroughbred and quarter horse
19 racing facility.

20 You'll notice at the bottom of this
21 page there are a number of brands that
22 are part of Pinnacle Entertainment. So
23 Pinnacle Entertainment is the parent
24 company, and we operate those brands
25 that you see that are below there; and,

35

1 again, we're in many diverse
2 jurisdictions.

3 Now, what's important about that is
4 that prior to purchasing the Ameristar
5 Casinos, which is about two-and-a-half
6 years ago, we had more concentration, as
7 you could imagine, since the company was
8 about half the size, and any -- the
9 largest property we have in our company,
10 and it remains it today, is our property
11 in Lake Charles.

12 And the point that was made by
13 Mr. Gaston about the complex that we
14 have in Lake Charles, it really is a
15 truly terrific complex, and we're side
16 by side with the Golden Nugget. I don't
17 think this Control Board could have
18 picked a better licensee than the Golden
19 Nugget because they have actively worked
20 to grow the market, where I think others
21 wouldn't have. They would have been
22 parasitic to Pinnacle Entertainment.

23 The Golden Nugget, large presence in
24 Houston, and they also have, through
25 their Landry's restaurant holdings, a

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1 pretty good database; and we think that
2 there's still the opportunity to grow
3 the base from Texas out of Houston and
4 Beaumont with the Golden Nugget. So
5 we're delighted that they're our
6 neighbor, and they have been very good
7 partners with us.

8 MR. GASTON: I do notice, though,
9 you get the high rollers.

10 MR. SANFILIPPO: Well, we do, and,
11 you know, I don't want to be insensitive
12 of your time; but, you know, just as
13 this state is impacted by petroleum and
14 what happens with petroleum, so is
15 Texas, and so I've been really pleased
16 that we've continued to see the kind of
17 business collectively in that complex
18 that we continue to see. So it really
19 is a testament to our team that's in
20 Lake Charles at L'Auberge, as well as
21 the Golden Nugget for building the
22 quality product that they have built
23 that's there.

24 So the second slide is about who is
25 Pinnacle Entertainment? What makes up

1 Pinnacle Entertainment? And we truly do
2 believe that our team members are the
3 most important part of Pinnacle
4 Entertainment, and the diversity that we
5 have throughout our company, the pie
6 chart that you see there shows that our
7 company is almost half fully diversified,
8 and we break it out by African-American;
9 we break it out by Latino, by Asian and
10 by the other categories that you see
11 there. I won't read every one of them.
12 And we are very focused on making sure
13 that we have a diverse workforce, and
14 that we continue to work to promote
15 people within our organization.

16 It's not in this presentation, but
17 in the fall, I wanted to take a look at
18 how we paid from male to female and took
19 a look at vice-presidents that we have
20 in our company, which is a fairly large
21 population, and actually found out that
22 we, on average, pay the female
23 vice-presidents higher than the male,
24 which is a little bit counterintuitive
25 to what a lot of people might believe or

1 see. We spend a lot of time in taking a
2 look at, are we paying people fairly;

3 are we helping people continue to get
4 skills to get promoted within our
5 organization? It's a big part of who we
6 are as a company, part of our culture to
7 make sure that we have a -- not only a
8 diverse workforce but a fair workforce,
9 a place where people can continue to
10 improve and grow in their career. So
11 that I'm going to move on from there.
12 Sixty percent of our team members in
13 Louisiana are diverse, and you see the
14 breakdown there.

15 Financially we're a very strong
16 company, and the folks that -- myself,
17 our president and others, we were very
18 conservative, very prudent in how we
19 manage our balance sheet. We have seen
20 other gaming companies have a difficult
21 time, and it's been more than Harrah's
22 or Caesars here in the state. There's
23 been a number of gaming companies who
24 have extended themselves and had a
25 difficult time, and that makes it

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1 difficult to provide an environment for
2 team members and the ability to continue
3 to grow your business. And so the three
4 of us and many others are very prudent
5 in how we think about spending capital,

6 and we are proud of the fact that we
7 keep our properties refreshed and well
8 maintained. And I think you'd see that
9 if you walked into any one of our
10 properties, but we are very careful to
11 make sure that this company is built for
12 the long-term and that this company is
13 one that will continue to prosper long
14 after we're no longer stewards of the
15 company.

16 You can see from the slide that we
17 have up right now that we just last week
18 announced our 2015 final results. We
19 have gaming revenues in excess of
20 \$2.2 billion. You can see the breakdown
21 and how important the gaming revenues to
22 non-gaming revenues is, almost a half a
23 billion dollars in non-gaming revenues.
24 And you can see that food and beverage
25 is a large part, from a company

40

1 standpoint, of the revenues that we
2 produce.

3 From a net revenue standpoint and
4 EBITDA standpoint, you can see that we
5 reported EBITDA last year in excess of
6 \$600 million, again, a very, very
7 healthy company. When you look at the
8 contribution from Louisiana properties,

9 you can see that Louisiana, 31 percent
10 of our gross revenues come from the
11 State of Louisiana, and you can see the
12 breakdown: 16 percent comes from our
13 Lake Charles property, 7 percent comes
14 from our Baton Rouge property, and then
15 5 and 3 respectively.

16 In Bossier City, it's -- it's been
17 an interesting part of the state because
18 of what's happened in Oklahoma. If you
19 spend any time looking at Oklahoma, they
20 have built truly some of the world's
21 largest casinos in Oklahoma, much closer
22 to Dallas-Fort Worth than that in
23 northwest Louisiana. And, Chairman, I
24 know you know that that has put a lot of
25 pressure on what's happened in that part

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1 of the state.

2 We're proud to be there. I'm glad
3 that we're there. We have a team there
4 that during the Red River flood did a
5 remarkable job in protecting that
6 property and more importantly protecting
7 our guests and our team members, and
8 we're glad that we're part of northwest
9 Louisiana.

10 And we're also glad that we're part
11 of the New Orleans area. We recently

12 opened a hotel. We invested \$20 million
13 in that property -- really a little bit
14 north of \$20 million. It's been
15 operating for about one year now; and
16 we're glad we put in that hotel, and it
17 just compliments the property. That
18 property is mainly focused on the West
19 Bank. It is a local property, but last
20 week, when we had a number of guests in
21 for Mardi Gras that came from all parts
22 of the distribution that you saw on that
23 map, to celebrate Mardi Gras, so it was
24 important for us to have a hotel there
25 to be able to host guests that are

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1 coming in from other properties that we
2 have in our system.

3 Then this next page just gives you a
4 look at where our properties are
5 located, and I've mentioned each one of
6 them. You can see that we're in
7 different parts of the state, and we're
8 very proud of each one of the
9 properties.

10 The next page shows our Lake Charles
11 property. It is the flagship property
12 that we have in our company. It's the
13 largest property that we have. It's the
14 largest in terms of both revenue, as

15 well as EBITDA, and it remains that way
16 post a competitor coming next-door to
17 us. We did lose over 10 percent of our
18 cash flow when they opened up, but,
19 again, we believe long-term that that is
20 the right competitor to have next to us
21 because we think that they're going to
22 continue to grow the market.

23 We're very proud of the fact --
24 we've been trying to receive this
25 designation for ten years, almost

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1 eleven -- that we were told at the end
2 of last week that AAA has designated us
3 with their Four Diamond Rating, so that
4 is new news for us and something our
5 team there has been working on for a
6 long while. And we basically received
7 that rating not only because of the
8 service that we receive -- that we
9 provide at that property, but also how
10 well we maintain our guest rooms and
11 take care of our guests there. So we're
12 pleased with that, and you can see that
13 the Adjusted Gross Gaming Revenue last
14 year was \$339 million, and then our
15 annual admissions are, about, four
16 million people a year.

17 Now, that -- we truly have a full

18 service resort there. If you haven't
19 seen that property, we have a beautiful
20 golf course; we have a spa; we have
21 multiple restaurants and a beautiful
22 casino there, and we just recently --
23 we're getting ready to celebrate our
24 11th anniversary.

25 Next couple of pages are just photos

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1 of the casino, of one of our suites, of
2 our -- we have a very expansive pool
3 area. We have a lot of families that
4 come and use the lazy river. Convention
5 space that's there that you'll see in
6 one of the photos, and then you can see
7 that patio area that's in the upper left
8 corner, we hold a lot of events there;
9 and then our steakhouse or buffet and we
10 have a lot of retail. We've continued
11 to invest in that property and keep it
12 fresh, and we're very proud of the
13 property.

14 Next page is last May. It's a photo
15 of -- those are all team members who
16 have been with the property since the
17 day it opened up, and that was the
18 ten-year anniversary celebration that we
19 had; and as I mentioned, we're
20 approaching now our eleventh year.

21 Recent capital improvements, you can
22 see that we continue to upgrade
23 or freshen that property. Favorites is
24 a restaurant that's fairly new for us,
25 and you can see photos of that, photos

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1 of hotel suites that we have, and then
2 within the last year, we've put those
3 two retail stores that are in, Stiletto
4 [sic] and also Major Denim. Stiletto
5 is focused on women, mostly shoes, and
6 Major Denim just like it sounds, denim
7 products.

8 Baton Rouge right here close to us
9 and the most recent property that we
10 opened up in Louisiana. We're very
11 proud of this property. Mickey Parenton
12 who's here led our efforts in developing
13 this property and opening up the
14 property. Mickey, if you know Mickey,
15 grew up in New Orleans and has a large
16 family that's here, and we're very
17 pleased to have Mickey as the individual
18 that oversees and represents us here for
19 most of the state and runs this
20 beautiful property.

21 We have just achieved about three
22 years -- a little bit more than three
23 years that we have been opened. We've

24 received, as I mentioned, the AAA Four
25 Diamond Award. We have received that

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1 the last number of years. We're very
2 proud of that, and only two hotels in
3 Baton Rouge hold that, us and the
4 Renaissance that's here. Both hold that
5 designation as a AAA Four Diamond Hotel.

6 This is a property that just
7 continues to grow, continues to be
8 better. Our focus when we built this
9 property was to try to attract people
10 that would be a different guest than the
11 two casinos over here. We didn't --
12 while we do want locals to come and
13 enjoy this facility, we really were
14 targeting it to the Mississippi Gulf
15 Coast and said, look, we want to give a
16 resort alternative to people who may be
17 going to the Mississippi Gulf Coast to
18 come here, and we've continued to grow
19 our revenues.

20 We also used this property as one to
21 attract our guests from other Pinnacle
22 properties, and so there's so many great
23 events that happen here. Mickey
24 mentioned baseball season is getting
25 ready to start, and so we'll have guests

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1 come to LSU baseball games. During the
2 football season, we have a lot of guests
3 that want to come down and experience
4 Death Valley as a life experience for a
5 lot of people and a number of things
6 that happen here in Baton Rouge. So
7 this is a property that hopefully you've
8 all had a chance to take a look at. You
9 can see the photographs that are there,
10 while three-and-a-half years old, it
11 still looks brand-new, and that's a
12 credit to Mickey and the team.

13 We built this property to expand,
14 and so one of the things, as we start to
15 talk about the Gaming & Leisure Property
16 transaction, is we got land that is
17 across River Road, about 500 acres of
18 land. We retained ownership of that
19 land, and so part of -- when we had
20 discussions with Brandon and the team
21 over at Gaming & Leisure Properties, we
22 said, that's really not used to operate
23 the property today, and we wanted to
24 carve that out to continue to be able to
25 develop that. And I see that as a

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1 multi-use development. There's a lot of
2 things under the entertainment umbrella,
3 so restaurants, hotels, convention

4 space, that the opportunity, as Baton
5 Rouge continues to grow, that that land
6 can continue to have development that
7 will include all of those things. We're
8 pretty excited about that.

9 Now, the property itself we also
10 built to grow, so on the wet side of the
11 levee, we actually put the footings in
12 so that we could expand our -- the
13 pavillion that we had to add, more
14 entertainment venue, to add more
15 restaurants as our business grows, and
16 then we built our hotel that we could
17 actually add on to the existing hotel
18 more hotel rooms. We need a spa that's
19 there. While we have a workout facility
20 at that property, just like we had in
21 Lake Charles, we would do well to have a
22 spa and a more expansive pool area. We
23 have a pool on the top of the facility.

24 We're going to talk about this
25 property more as part of the GLPI

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1 transaction. This is one issue where
2 Gaming & Leisure Properties operates two
3 properties, so they are a company as a
4 real estate investment trust that owns
5 assets. They actually own the physical
6 assets and then leases those assets back

7 to us, and that's sort of the center of
8 our deal, is that we're monetizing the
9 land that we have and the buildings that
10 we have and then taking back long-term
11 leases. This is one market -- the only
12 market, actually, in this transaction
13 that they actually operate a property,
14 and we'll talk more about that. Brandon
15 can talk about that. They have to do
16 that for a period of time to keep a REIT
17 status, and I don't want to minimize
18 anything beyond that.

19 But we were very sensitive in
20 drafting our agreement with them that
21 they would not have -- they have no
22 input at any of our properties in to how
23 we operate the properties. They get no
24 sensitive information from us. That's
25 not part of what they receive. They're

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1 in the business, primarily except for
2 here and one other place, in owning the
3 assets and the real estate that -- the
4 physical assets and the real state
5 that's underneath them, either having
6 the lease assigned to them -- and we
7 have a triple-net lease, and I'm going
8 to ask Carlos to take us more through
9 that. But the triple-net lease really

10 says, look, we pay them rent; we have to
11 pay the real estate taxes, and we pay
12 for capital improvement.

13 So we have -- we have no concerns
14 that they have any ability within this
15 agreement to have any influence on how
16 we operate our property here, you know,
17 whether it's good or bad, that the
18 agreement allows for us to have use of
19 our assets for a very long period of
20 time, and that they receive no
21 information that will help them in any
22 way either compete better against us or
23 not.

24 So we'll talk more about that, but
25 it was a big part of, when we negotiated

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1 this deal, that -- that there was a wall
2 that was built between us and them and
3 how we operate the company.

4 Now, I'll remind you that we
5 announced, about a year and a half ago,
6 if not a little bit longer, that we were
7 going to separate real estate. So
8 Pinnacle Entertainment came out and
9 publicly said that we were going to do
10 exactly the same thing. We were going
11 to separate our real estate and our
12 assets, form a separate company, be a

13 separate publicly traded company and do
14 exactly the same thing that we're doing
15 now.

16 And so we made that announcement, I
17 think it was, in '14 -- in November of
18 2014, and then fairly shortly after
19 that, the CEO of Gaming & Leisure
20 Properties approached me and said, look,
21 you know, we'd be interested in being
22 the REIT you sold to as opposed to you
23 spinning off and starting a new company;
24 and so we were heading down the path of
25 forming a separate company where the

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1 assets would go into and be separately
2 traded, and we would have nothing to do
3 with that.

4 So it would be a separate CEO, its
5 own public board, and we would have
6 probably the exact same agreement that
7 we've had with Gaming & Leisure
8 Properties if we had done that. We
9 negotiated with Gaming & Leisure
10 Properties over a many month period of
11 time, and once we believed that it was
12 in the best interest of people who owned
13 our company for them to buy the assets
14 as opposed to us spin off the company,
15 we came to an agreement with them.

16 So we'll talk more about that, but
17 I, Chairman, wanted to point that out
18 that that is a little bit different here
19 in Baton Rouge, but we do believe that
20 there's the appropriate fire walls up
21 that prevents them from having any kind
22 of -- any way for them to hinder the
23 operation of already a beautiful
24 property. And, in fact, Gaming &
25 Leisure Properties, because they get a

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1 percentage of our rent over time, they
2 are going to end up being our biggest
3 fans and helping us and wanting us to
4 run these properties better because it
5 will financially benefit them over time,
6 so more to come. We have a slide on
7 that in our deck, but I do want to touch
8 on that.

9 Boomtown New Orleans, we have two
10 properties that are named Boomtown. The
11 only two properties that are named
12 Boomtown are here. A terrific property,
13 the hotel we're very proud of. You can
14 see on the next page photos of the
15 hotel. It's 150 keys. It's been very
16 well received. We have maintained this
17 property, you know, in great shape. We
18 recently painted our riverboat and

19 continue to make improvements here at
20 the property, and Boomtown Bossier City,
21 same way. It's a very well maintained
22 property. You can see the gaming
23 revenue there is pretty modest. We
24 will, about, 4 to \$5 million a month in
25 gaming revenue in a very competitive

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1 market; and really the competition there
2 is less about those that have licenses
3 there, but what's -- the choices that
4 guests have from Dallas and Forth Worth
5 to go up to Oklahoma as opposed to
6 coming to northwest Louisiana.

7 Here's photos from Boomtown Bossier
8 City, and then -- and then the next line
9 we put together we wanted to show you an
10 economic impact for fiscal years
11 '13-'14. This is actually information
12 that comes from the state, and you can
13 see just across so many measures. If
14 you looked at the column that says, four
15 PNK properties in total, what we
16 provided in state franchise taxes, what
17 we provide in local fees, property taxes
18 and all the way down the line from what
19 we purchased and who we're purchasing
20 with, the percent that comes from both
21 minority and female. And then as I

22 mentioned when we began the
23 presentation, our total capital
24 investments over time is in excess of
25 \$1 billion.

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1 And a big part of who we are as a
2 company are our charitable
3 contributions, and we're very involved
4 in every community that we operate. To
5 date we have -- and so the cumulative
6 charitable contribution, that's, you
7 know, since we began, is over
8 \$16 million in this state, and it's not
9 only the money that we contribute. At
10 every one of our properties, our team
11 members are very engaged in the
12 communities that we operate in.

13 And then the last slide that I have
14 before I turn it over to Carlos is
15 direct annual impact of Louisiana
16 properties here, and you can see. And
17 this is from 2015. Item one, the 2015
18 annual payments, Louisiana based
19 suppliers \$109 million, and the -- you
20 can see the MWBE in the state for the
21 year was \$36 million; two, the Louisiana
22 properties team member compensation, so
23 that's 2015 total payroll and benefits,
24 \$138 million; and then number three, the

25 2015 taxes paid by our four Louisiana

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1 properties at \$191 million.

2 So if you just looked at those three
3 categories and said for 2015 the annual
4 recurring spend that occurs, because of
5 our four properties and our company
6 being here in the state, is
7 approximately \$438 million. Now, that
8 really doesn't talk about the residual
9 benefit of other companies that do
10 business with us and why they're, you
11 know, here. It's really just totally
12 direct spend that we have in the state
13 is \$438 million.

14 So I'm going to pause there,
15 Chairman, and then the next section will
16 be more about the transaction itself.

17 So we're happy to answer any questions
18 on what was just presented, or if you
19 would prefer, we'll go into the next
20 part.

21 CHAIRMAN JONES: Proceed.

22 MR. SANFILIPPO: Great. Carlos.

23 MR. RUISANCHEZ: Good morning,
24 Mr. Chairman, Board Members and members
25 of the staff. I will take a few minutes

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1 to talk through the transaction and

2 essentially let you know what,
3 hopefully, has become clear, that really
4 nothing will change about our company
5 operationally going forward.

6 So let me first talk about the
7 transaction overview. Essentially, as
8 Anthony mentioned, a couple of years ago
9 we undertook a process to determine that
10 it was in the best interest of the
11 company to separate the real estate from
12 the operations, and we began that
13 process, announced it publicly. It was
14 a process that was going to take over
15 two years to actually get completed.

16 As part of that, Gaming & Leisure
17 Properties approached us in a way to do
18 it quicker and to do it in a way that
19 was beneficial for our shareholders and
20 our ability -- setting us up in our
21 ability to actually avoid some costs
22 associated with doing it on our own that
23 allowed us to get to the transaction
24 that we are contemplating doing and
25 subject to your approval.

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1 As part of the negotiations, we
2 ended up with the separation taking
3 place, rather than us spinning off our
4 real estate and entering into a lease

5 with ourselves, that we would spin off
6 basically everything except our real
7 estate to our existing shareholders, and
8 subsequent to that transaction, Gaming &
9 Leisure Properties, or GLPI which is
10 their ticker, would go and buy the real
11 estate subject to that lease.

12 As consideration for that, they will
13 do two things for Pinnacle. One, a key
14 component, is they will pay off about
15 two-and-three-quarters billion of our
16 existing debt structure, and the second
17 one, they will provide our existing
18 shareholders with .85 shares of GLPI for
19 every share of Pinnacle they own. So
20 when it's all said and done, Pinnacle
21 shareholders will end up having a
22 hundred percent of the operating
23 company, because it would have been spun
24 off to existing shareholders, and then
25 .85 shares of GLPI that they can do as

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1 they please once the transaction takes
2 place.

3 As part of that commitment, we would
4 enter into a transaction where Pinnacle
5 would pay rent for \$377 million, and
6 that is the consideration, if you will,
7 of our real estate for the

8 four-and-a-half billion, depending on
9 the day, or \$4.7 billion of
10 consideration that GLPI is giving for
11 that real estate.

12 The entire management team of
13 Pinnacle will go, along with every
14 single team member that we have with the
15 company, as part of the -- we call it
16 the new Pinnacle, but it's really the
17 same as the old Pinnacle with the
18 difference that we do not own the real
19 estate.

20 The real estate investment trust, by
21 their charter and mandate, are not
22 allowed to operate a meaningful part or
23 really any significant part of their
24 assets. They -- GLPI, when they
25 actually got formed out of the split

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1 with Penn National Gaming, they ended up
2 keeping two facilities in our
3 operations, one of which is here in
4 Baton Rouge. That was really done for
5 tax purposes. There is a requirement
6 that you cannot operate -- if you're
7 going to be a real estate investment
8 trust and maintain the tax advantages
9 that that structure allows you, and to
10 the extent you violate those rules, it

11 will blow up the real estate investment
12 trust, and there will be massive tax
13 consequences with the federal government
14 associated with that. As a result, the
15 real estate investment trusts don't get
16 anywhere near there.

17 The premise of our point here is
18 that we will continue to operate in the
19 exact same way that we've been operating
20 historically. There are a couple of
21 things administratively that we'll have
22 to address. We have been very
23 conscious, Anthony mentioned, of the
24 things associated here in Baton Rouge to
25 make sure that there were some really --

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1 while not really required, some extra
2 protections associated with any sharing
3 of information.

4 As part of the negotiation with
5 GLPI, we ended up keeping real estate,
6 as Anthony mentioned, and they were
7 primarily in two locations. One of them
8 is here in Baton Rouge. With everything
9 above River Road there by the property,
10 we own about 500 acres across the street
11 from River Road that we would maintain
12 ownership through the operating company,
13 and we have in excess of 50 acres in

14 Lake Charles that we will continue to
15 own for future development.
16 Our ability to continue to grow and
17 prosper is predicated on really the
18 transaction rationale that we have here.
19 So as I mentioned, their consideration
20 for the real estate here is an extra/in
21 excess of four-and-a-half billion
22 dollars, but a big component of our
23 discussions were, how healthy is the
24 operating company on the other side of
25 this? And this was a of huge importance

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1 to us.

2 What we call our conventional
3 leverage, which is just borrowed money,
4 money you've got to pay back on debt,
5 we'll go down from what it is today,
6 \$3.6 billion, down to under 900 by the
7 time this transaction takes place. That
8 will put our leverage after our rent
9 expense in the mid three times. Just to
10 give you a sense: When Ameristar -- we
11 bought Ameristar, we were at seven plus
12 at that time, and we've worked our way
13 down from that level in part due to
14 Synergy, some of that transaction, and
15 as importantly, we've had our properties
16 continue to grow into that. And this

17 will be another material change in the
18 company that we're able to pay down our
19 borrowed money to levels that really the
20 company hasn't been in in the past.

21 The other piece of this is that we
22 will continue to have strong cash flow
23 to continue to maintain our properties.

24 We take great pride in the level of
25 investment that we've put into our

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1 properties. Louisiana has been our
2 biggest state, big beneficiary of that
3 into what we have invested into our
4 facilities, and that will not change one
5 iota going forward. We will continue to
6 do that, and we'll have plenty of free
7 cash flow to continue to maintain our
8 facilities and grow them.

9 When it really comes down to it,
10 this ended up being a better transaction
11 for shareholders over time, and really
12 because it accomplished the exact same
13 thing we intended to do on our own with
14 the one major difference, beyond just
15 getting it done faster than we could on
16 our own, but our shareholders will end
17 up having ownership in a bigger, more
18 diversified real estate investment trust
19 in GLPI than had that been purely a

20 Pinnacle real estate only REIT if we
21 would have spun it off.

22 As we look at the structure of the
23 company, essentially we're entering into
24 a master lease that encompasses all 13
25 properties that are a part of this

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1 lease. There are two properties that
2 are not part of it, so let me tell you
3 why. The first one is Belterra Park
4 which is in Ohio, and in reality that
5 property had just opened up. It really
6 doesn't contribute a lot of cash flow
7 today, and for that, and trying to
8 minimize some tax friction on this
9 transaction itself, we ended up keeping
10 the real estate associated with that
11 facility.

12 The second one is Retama Park, where
13 we do not own a hundred percent of that
14 asset, as a result haven't been able to
15 pledge part of this. It would not have
16 been feasible. So as such, we kept the
17 other 13 properties that we own real
18 estate in, and they will become a
19 subsidiary of what we're calling Tennant
20 Co (phonetic) into GLPI that will end up
21 taking and providing payments into the
22 company; however, the company as a

23 whole, the Pinnacle Entertainment, Inc.,
24 which will be the new company, will be
25 the one guaranteeing all those lease

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1 payments, so that we will have the
2 wherewithal of the entire company as we
3 move toward to continue to pay those
4 payments as they come due.

5 What it really comes down to, we
6 actually spent a lot of time in '15 and
7 since and thinking through, how have we
8 been able to grow and operate our
9 businesses better and continue to create
10 value within our company? And what you
11 see there on the left is really what's
12 made a difference for us in what we add
13 value. Between product offering, the
14 type of facilities that we have, our
15 loyalty programs, which has had great
16 success since we first launched it in
17 2011 with mychoice. As Anthony
18 mentioned, our team members really are
19 our best assets. They're what makes it
20 apart and different. You know, the slot
21 machines are pretty similar across
22 casinos, and the experience and the
23 environment that you provide folks is
24 what makes a difference in our ability
25 to compete.

1 Our operating capabilities, that's
2 just really knowhow, which we think
3 we've continued to develop and honed in
4 as part of the Ameristar transaction.
5 In going forward, we think they'll be
6 opportunities continuing to get better
7 at that.

8 Our operating scale, those are our
9 ability to actually go and buy cheaply
10 and trying to get the benefits of being
11 in a large company that's well
12 capitalized, that there is diverse
13 business that will be able to withstand
14 volatility, to the extent those happen,
15 by virtue of the scale.

16 Our culture is one of our biggest
17 assets. We have a great culture that is
18 very inclusive, and really there's not
19 really a sense of complacency at all.
20 We are trying to get better, and I often
21 cite that we're a learning organization
22 looking to get better. Each time that
23 we do something, we'll make mistakes,
24 but as we get better and move forward,
25 the key's not to repeat it.

1 The service level really is a
2 differentiator, which is a combination

3 of the offering and the team members and
4 the culture. We do have intellectual
5 property. Those are all our brands and
6 the names that we use. Our gaming
7 licenses, those privileges obviously
8 important for our facility, which the
9 operating company will continue to have,
10 and it will be the same entities that
11 are licensed today will be the same
12 entities going forward. The only
13 difference is the real estate won't be
14 there.

15 Lastly, you know, currently we own
16 all our real estate for the vast
17 majority of our properties. The only
18 thing that's changing is we're getting
19 rid of our owned real estate, but we
20 will continue to have the use of it and
21 be able to look at it the exact same way
22 we have looked at it historically.

23 As Anthony mentioned, this is a
24 triple-net lease, and it's triple net,
25 the notion of that is that we're

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1 responsible for property taxes; we're
2 responsible for any maintenance on the
3 property, and we're responsible for all
4 the insurance associated with it. This
5 is above and beyond the normal rent, and

6 the point is that real estate investment
7 trust, really they're in the business of
8 collecting rent. They're not in the
9 business of even maintaining real
10 estate, this particular investment
11 trust, and as such, we'll continue to
12 use it the same way that we have.

13 The lease is for 35 years, and that
14 was really more driven by an accounting
15 need than anything else. The reality is
16 these licenses are tied to these
17 locations, so what will happen at the
18 end of 35 years, we'll renegotiate as to
19 what that lease will become at that
20 point and whatever market terms are.

21 As you can see, the operating
22 company creating value going forward
23 will be pretty much the exact same as
24 what we've been doing so far certainly
25 over the years that I, as well as

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1 Anthony and the rest of this management
2 team, have been here.

3 The rent is made up of three
4 different components. There is building
5 rent, a land rent and a variable rent,
6 and the variable rent has a portion of
7 revenue. This is very common in real
8 estate investment trusts and leases.

9 There was one thing that was worth
10 noting on this page, and that is that
11 there is a rent coverage governor.
12 Normally rents have an escalator or an
13 annual increase that take place. That
14 is totally normal and very customary in
15 real estate transactions. This one does
16 just like any other; however, in
17 order -- this is the only situation
18 that, at least, I know of in the REIT
19 industry, where debt increase would only
20 be applicable to the extent that the
21 tenant can afford to, and we are -- the
22 rent escalator is subject to be able at
23 the property level to be at least at 1.8
24 times cash flow over that rent.

25 That is a feature that really was

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1 introduced to the REIT market by GLPI,
2 and one of us -- one of the things that
3 gives us comfort and reliability that
4 this rent is not going to escalate
5 without having -- us having the ability
6 to absorb that cost.

7 As it relates to the covenants that
8 we have in the master lease, there is a
9 minimum spend on capex, which is set to
10 1 percent, so as Anthony mentioned, we
11 have, about, \$2.3 billion within our

12 portfolio. At 1 percent, that would be
13 \$23 million. Last year we spent 90
14 across our portfolio, so this is a
15 covenant that is there to say that you
16 have a covenant. Clearly, it is in
17 their best interest, as well as ours,
18 for us to continue to put money into the
19 real estate because technically they'll
20 own it even though we'll be the
21 beneficiaries of that use. As Anthony
22 mentioned, they will cheer us on to
23 continue to develop and maintain and
24 invest because that will make their
25 collateral all that stronger.

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1 As part of the capital improvement
2 process, we -- we have a couple of
3 things that are worth noting. One, to
4 the extent that we're doing something
5 that is consistent with the use of the
6 property, maintaining our facilities and
7 it's not going to compromise their
8 structure and it's within code, i.e.,
9 legal, you know, we just get to do it.
10 They do not have a consent on that.

11 As it relates to the financing,
12 there's a financing clause, a right of
13 first offer that is worth spending a
14 second on. The real estate investment

15 trusts are in the business of continuing
16 to acquire more assets and be able to
17 get more rent, so as such, if we're
18 doing any kind of expansion or
19 meaningful capital expenditures, what
20 they ask for is, hey, we would like to
21 be the ones financing it for you, and we
22 said, we would be happy to have that
23 discussion. And what's in the agreement
24 is they'll have the ability for us -- we
25 will have to go to them and say, hey,

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1 here is -- we're going to do this. What
2 are your terms? And then we'll have the
3 option to either take those terms or do
4 something else.

5 (Side discussion.) Yeah, that's a
6 good point. That is only as it relates
7 to the assets that are subject to this
8 lease. As it relates to other things
9 outside of this transaction, it will
10 be -- we may talk to them. An important
11 part of this is they could become a
12 financing source going forward if we
13 didn't have other financing sources that
14 are not as compelling or, perhaps, not
15 available.

16 MS. BERRY: A quick question. Would
17 they have any control over your

18 improvements that you decide to make?

19 MR. RUISANCHEZ: As long as we
20 maintain that 1 percent across the
21 portfolio, it would be completely our
22 call.

23 MS. BERRY: Adding restaurants and
24 things like that, so you would be able
25 to make those decisions, and they may

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1 finance it, or you could get outside
2 financing.

3 MR. RUISANCHEZ: They would be one
4 of the calls we make, as well as our
5 banks, and that will be the
6 determination. Really, it's going to be
7 an economic decision as to what is the
8 best cost for us to actually finance
9 that.

10 MS. BERRY: They couldn't tell you
11 no.

12 MR. RUISANCHEZ: They could not tell
13 us what -- as long as it's --

14 MS. BERRY: Maintained.

15 MR. RUISANCHEZ: -- within the
16 maintaining the structure of the
17 building --

18 MS. BERRY: Right, correct.

19 MR. RUISANCHEZ: -- which we all
20 want, its within code, and it is in --

21 to be used in a similar capacity to what
22 gaming facilities have.

23 So if we wanted to create a refinery
24 in Lake Charles, they probably would
25 have an issue with that. I presume so

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1 would this Board, but those are really
2 the only caveat to this: As long as
3 it's in the use that -- similar use to
4 what we're doing and it's within code,
5 it's our call.

6 MS. BERRY: Thank you.

7 MR. RUISANCHEZ: Sure. The other
8 piece in there, there is a caveat as it
9 relates to us creating new developments
10 within 60 miles of existing facilities,
11 and as part of that, we are free to go
12 and do that; however, to the extent that
13 there's a portion of this rent that's
14 associated with revenue of existing
15 facilities, to the extent we go and do
16 that, we're freezing the level of
17 revenue for purposes of calculating the
18 rent. And understandably, their concern
19 is, hey, you get a place right next-door
20 and we don't get the benefit of that
21 revenue, you may take revenue from one
22 facility to another, so this was a way
23 to, at least, alleviate concerns on our

24 ability to continue to pay that rent.

25 Obviously, us developing a new

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1 facility within 60 miles of our existing
2 facilities would obviously be subject to
3 this Board in any case that relates to
4 Louisiana, and from our perspective,
5 we're looking to grow the company to the
6 extent that we were to get that done.
7 Keep in mind, this is something that
8 applies across all the jurisdictions
9 that we're in.

10 Similarly, for the same reasons I
11 stated earlier, to the extent that we're
12 going to go and fund new development,
13 which we will be able to do, they would
14 like for us to go talk to them first
15 about providing financing for that
16 development. We would not be required
17 or compelled to do it with them. It
18 just would be another financing source
19 for us.

20 We have covered a lot of what's on
21 the next page in regards to Baton Rouge,
22 but it bears repeating. GLPI will have
23 no control whatsoever on our operating
24 or competitive decisions that we make as
25 it relates to Baton Rouge. Similarly,

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1 we will have no control or any
2 information or any influence over what
3 they end up doing as it relates to their
4 small subsidiary that actually operates
5 this asset here. They will not receive
6 any information that is not publicly
7 available really. They will -- keep in
8 mind that the rent is only predicated --
9 you know, the only component with it
10 that has a small piece of it is revenue,
11 and it gets reset every two years; and
12 they will get the same information that
13 is provided in these hearings here in
14 the state just like every other state,
15 as it relates to what our revenue is and
16 the facilities that are subject to the
17 lease.

18 As I mentioned, we do not require --
19 there's not required consent for capital
20 improvements if the improvements are the
21 same, of equal or better quality of what
22 we're actually changing and it doesn't
23 change the structure, integrity or have
24 any -- it's got to be within code which,
25 obviously, we always -- we always look

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1 to do. And for the things that are --
2 you know, as it relates to other
3 expansions and other things, there is a

4 consent, but it's subject to
5 reasonability and capital improvement;
6 and on this, the definition, we want to
7 expand the definition of what's
8 reasonable, and as long as it's within
9 the same use or general use of the
10 facility today, that that consent will
11 be given.

12 And lastly, the Federal Trade
13 Commission, you know, this was an area
14 that they spent some time thinking
15 about, and they provided a clearance
16 late last year as it relates to the
17 transaction.

18 Last one, in regards to the
19 timeline, you know, we have received
20 approvals from two commissions in
21 Mississippi, as well as in Iowa. We
22 have four more that need to get done
23 before the transaction were to come
24 together, as well as the financing; and
25 those include, obviously, here in

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1 Louisiana, Missouri, Indiana, which we
2 are on the schedule to present there for
3 final approval next week, and Nevada.

4 There is another approval in
5 Colorado that takes place after the
6 transaction, in accordance with their

7 rules, and then following that, we will
8 have -- we will have a shareholder
9 meeting, which we expect to take place
10 in mid-March. That is, we are currently
11 under the process of review by the
12 Securities and Exchange Commission as it
13 relates to filings that both companies
14 have put forward for that shareholder
15 vote, which we expect will actually
16 clear here very, very soon, and that
17 that will lead to a shareholder vote
18 that will take place next month. And
19 then we'll have to do a financing, and
20 that financing will be subject to --
21 will follow approval to some of these
22 jurisdictions that require approvals
23 ahead of financing actually taking
24 place, Louisiana being one of them, and
25 once that happens, our expectations are

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1 that we will end up closing this
2 transaction. Hopefully, in the early
3 part of April, you know, maybe it will
4 go. It could potentially happen by the
5 end of the month in March, but, you
6 know, our hope is that it happens
7 certainly no later than mid-April
8 inclusive of that financing.

9 And lastly, we have on the appendix

10 some of the team members' community
11 involvement that we have added to this
12 just to, again, provide the Board
13 Members some sense of some of the things
14 that happen locally at each of these
15 locations.

16 MR. SANFILIPPO: Chairman, thank you
17 for providing us an opportunity to come
18 in and talk about both our company and
19 this transaction. We're happy to answer
20 any questions that anyone may have.

21 CHAIRMAN JONES: Thank you, Anthony
22 and Carlos.

23 Mark?

24 MR. STIPE: Let me see if I: On the
25 capital improvements, it seems to me

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1 there's about three or four different
2 buckets here. One is those improvements
3 that are repairing existing facilities;
4 you can make those as of right. You
5 just get to do those.

6 MR. RUISANCHEZ: Right.

7 MR. MOORE: I would even say in that
8 regard, they're required to, so under
9 the lease there's a requirement that
10 they maintain the properties, so those
11 kinds of things I think would fall more
12 into the category of maintenance which

13 wouldn't require any consent from us.
14 In fact, if they were not to do it, that
15 would be something as a landlord we'd be
16 concerned about.

17 MR. STIPE: The 1 percent
18 requirement applies to each facility or
19 an aggregate.

20 MR. RUISANCHEZ: It's an aggregate,
21 but there is -- the intent of that was
22 to actually put something that was
23 measurable. As Brandon mentioned, we
24 are required to make -- to maintain the
25 properties similar to the way they are

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1 now as a minimum, and to the extent we
2 want to enhance them, we're free to do
3 so.

4 MR. STIPE: And in the terms of
5 enhancement, in terms of enhancing the
6 existing physical plan, expanding it,
7 whatever, that requires consent that
8 cannot be unreasonably withheld; is that
9 right?

10 MR. MOORE: Yes. Our view of
11 those -- and we have the benefit of
12 about two-and-a-half years under a very
13 similar, almost identical lease with
14 Penn National Gaming. Our view of that
15 is if you're doing something that

16 impacts the structural integrity of the
17 building that you own that we're going
18 to get back, we just want the ability to
19 see what that is and to make sure that
20 you have the architectural plans and the
21 things to understand the building's
22 going to support it right.

23 So we can't risk -- and I'm not
24 saying these folks would do something
25 like that, but if we have an operator

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1 that comes in that does something where
2 the structural integrity is in question
3 and a wall collapses and there's people
4 injured and things happen, we're the
5 landlord of that property; we're the
6 owner of that property, and we can't
7 allow that sort of thing to happen.

8 So to give you some perspective,
9 Penn National has come to us with almost
10 30 different things under the lease that
11 have gone from major capital improvement
12 projects to more minor structural
13 projects to things where municipalities
14 want to run an easement through the
15 property. They want to run a new sewer
16 line, are going to add some new
17 utilities, and to date, we've never said
18 "no" to a single one of those projects,

19 not because we're former partners with
20 Penn, but because those all make sense
21 for the property. We don't have any
22 reason as a landlord to object to any of
23 that.

24 In large measure, if you want to
25 improve our buildings, we're all for it.

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1 We're more than happy for you to make
2 improvements to our structures that
3 will, at the end of the lease term,
4 revert back to us. We're in favor of
5 that. And if there are projects that
6 benefit the property from easements and
7 things, we're cooperative with all that.

8 So we've never said no to anything
9 to date. Now, Penn National hasn't
10 built any refineries yet so I'm not
11 positive we'll stay there, but our
12 record to date is unblemished, and as
13 far as what we know of the Pinnacle
14 folks and we've learned about their
15 properties, we wouldn't expect anything
16 different in this transaction.

17 MR. SANFILIPPO: So let me add to
18 that, too. We don't need to get design
19 review by them. So to them, if we're
20 going to change one of our restaurants,
21 enhance our restaurant, if we're going

22 to make a physical change, we're going
23 to take walls out that could impact the
24 structure, that's the approval we have
25 to get. They're not looking at what are

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1 the colors you're going to use; you
2 know, what's the carpet you're going to
3 pick? They have no control over that.
4 It's just if physically we're going to
5 make a change to a room.

6 MR. STIPE: Is "reasonableness"
7 defined in this master lease?

8 MR. MOORE: I don't know if we have
9 a definition. There are some things in
10 there are -- I think there are some
11 things in this lease that dictate what
12 reasonable will be for us. Personally I
13 can tell you, when we get a project from
14 Penn, the only thing we're really
15 looking at is what are they doing and
16 have they -- if it impacts the structure
17 of the building, have they hired an
18 architect or somebody to sign off of
19 that to understand that the structural
20 integrity of the building is going to be
21 sound, and I'll give you an example of
22 something that's a little bit odd.

23 But the only thing we really
24 questioned at Penn over the course of

25 the year is Penn put in a lazy river in

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1 one of their facilities, and the plans
2 that we received from Penn made it look
3 as though you could jump from the
4 parking lot into the river. And we
5 said, we're a little concerned about the
6 fact that it looks like you can park and
7 stand on the hood of your car and jump
8 into the river. Is that really what
9 this is? And they said, no, of course
10 not, right. There's going to be a fence
11 here. And we just questioned things
12 that could lead to liability for us as a
13 landlord primarily.

14 So we're not looking at these.
15 We're not spending a lot of time on
16 these when we receive the projects. As
17 long as they make sense and they have
18 the proper architectural plans and
19 things behind them, we send it right
20 back, and they move forward.

21 MR. STIPE: And as I understand
22 this, this is a 35-year arrangement
23 we're talking about, and I suspect every
24 one at that table is going to be retired
25 by the time this lease is up. I

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1 appreciate the way you're approaching

2 it, but I guess I want to understand.

3 So if there is a dispute, what's the
4 dispute resolution process under this
5 lease?

6 MR. MOORE: If we have a dispute
7 under the lease about whether or not a
8 capital improvement project --
9 presumably we've said no. They've come
10 to us with a project, and for one reason
11 or another, we've said no; and they will
12 challenge inevitably, if they believe we
13 have been unreasonable, whether or not
14 we have that right. And we'll have to
15 go into a court or into arbitration and
16 figure out who is right, right, whether
17 or not what we've said is reasonable
18 that they can't construct.

19 I can't conceive of a situation
20 whereas a landlord we would not be in
21 favor of them improving our building.

22 MR. RUISANCHEZ: So one thing to add
23 to that, it's very relevant, because we
24 were -- one of the things that we
25 negotiated was around exactly your

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1 question, and at the point in the lease,
2 we describe what can actually take place
3 at the facility. And rather than saying
4 what currently it does, it is whatever

5 reasonably can be expected to happen
6 within entertainment facilities very
7 broadly defined, from the construct that
8 if we were to get into that dispute,
9 that it would be pretty difficult to
10 come back and say, well, how are you not
11 being reasonable here given the defines
12 of what could happen at this location.
13 It could be as a broad as any
14 entertainment facility would be
15 reasonably expected at the time.

16 MR. STIPE: And if they decide to
17 form an alliance with a particular
18 restaurant chain or a particular retail
19 chain, what's the approval on the
20 physical plan?

21 MR. MOORE: There would be no
22 approval necessary there. There are
23 some provisions in the lease around what
24 they can do in spaces with third
25 parties, so the question really would

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1 become: How are the revenues or rent
2 that they're generating from those third
3 parties, how is that factored into
4 things like the calculation of
5 percentage rent and whether or not the
6 escalator provision that Carlos
7 discussed would quick in. It's not so

8 much on whether or not they could do it.
9 It's just what's the impact of that
10 financially on the rent under the lease.

11 MR. RUISANCHEZ: And the limitations
12 in regards to going to third parties, we
13 couldn't go and outsource a gaming
14 operation, for instance.

15 MR. STIPE: Well, I guess my
16 question is a little different. I'm
17 worried about or my question is: If you
18 start outsourcing aspects of the
19 entertainment component, particularly
20 restaurants --

21 MR. RUISANCHEZ: Yup.

22 MR. STIPE: -- form an alliance with
23 a particular chain, form an alliance
24 with a particular retail outlet.

25 MR. RUISANCHEZ: Free to do

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1 anything.

2 MR. STIPE: As a matter of right you
3 can do that.

4 MR. RUISANCHEZ: Absolutely. And
5 the only question will come is: Does
6 the revenue that they produce within
7 that particular space count towards the
8 revenue piece as associated.

9 MR. STIPE: And what's the answer on
10 the master lease?

11 MR. MOORE: The answer on the master
12 lease is it depends, so the way we view
13 it -- and this was something that was
14 intensely negotiated as part of the
15 process was -- we took the EBIDTA
16 generated from this facility and what
17 goes into our rent structure, and we
18 have to consider whether or not if they
19 go out and take something that they do
20 today in-house and outsource it, whether
21 or not that could be conceivably
22 detrimental to our rent structure
23 because the revenue -- originally we're
24 getting all the revenue from that, and
25 if they send it to a third party, the

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1 question is: Should we be getting that
2 third party's revenue, or should we be
3 getting the rent that they're receiving?

4 And so we have a construct under our
5 lease whereby essentially if it's space
6 that they're currently leasing out to
7 third parties today or space that
8 they're not utilizing at the properties
9 today and they want to outsource that to
10 third parties, that's fine. We would
11 only take into account, in determining
12 our rent structure, the rent they
13 received from those third parties. To

14 the extent that they're taking existing,
15 usable space that they currently use in
16 the property, you know, in-house, and
17 they outsource, then we would look to
18 the revenues from the third party
19 operator to determine what percentage
20 rent would be applied for the reset
21 period or whether or not the escalator
22 kicked in.

23 MR. STIPE: Is that right?

24 MR. RUISANCHEZ: Yeah.

25 MR. MOORE: That's right.

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1 MR. RUISANCHEZ: And the premise
2 here, just to break it down, you know, a
3 little more straightforward: To the
4 extent that that revenue counted today
5 for purposes of the rent, their concern
6 was: You go and outsource it and that
7 revenue disappeared from your books, do
8 we still get to count it as far as
9 figuring out what the rent would be? As
10 a result, no constraint on doing any of
11 that. It's just whether or not the
12 revenue associated with that third party
13 gets to count.

14 MR. STIPE: And then there's a side.

15 I would call it a percentage rent
16 component to this.

17 MR. RUISANCHEZ: Yes.

18 MR. STIPE: Is there just monthly
19 reports, or does the lease contemplate
20 utilizing just the -- are both parties
21 bound by the public filings of the
22 operating contract?

23 MR. MOORE: Largely we can determine
24 that from the public filings, so there's
25 a reset period for that percentage rent

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1 every two years. Penn National is every
2 five years, but it's an aggregate so we
3 can rely largely on their consolidated
4 financial statements to determine what
5 that percentage rent reset will be.
6 It's pretty high up on the cash flow
7 statements, so the IRS doesn't allow you
8 to participate in that income, generally
9 speaking, as a REIT.

10 So what we have, in our part of the
11 letter ruling with the IRS in connection
12 with our Penn National transaction, was
13 a definition of net revenue off of which
14 we could adjust our rent, and that same
15 definition has been applied to the
16 Pinnacle lease; and it's pretty high up,
17 so we don't get into many adjustments
18 from revenue.

19 MR. STIPE: The change of control is

20 in there why?

21 MR. MOORE: The change of control is
22 in there mainly for us to monitor who
23 our tenant is. We're very comfortable
24 with the folks you see here and the
25 folks that they would have as their

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1 successors by their own natural
2 progression. What we need to be a
3 little bit concerned about as a REIT
4 with a tenant this large is who might
5 they sell off to that would come in and
6 maybe not be a quality operator.

7 So there's certain provisions in the
8 master lease that require them, if
9 they're going to sell it, to either get
10 our consent or bring forth what we -- I
11 think it's defined as an eligible -- I
12 don't know if it's eligible successor,
13 or there's a defined term in there,
14 permitted successor.

15 Essentially, if it's a certain size
16 operator with a certain operating
17 history that can be licensed in each of
18 the jurisdictions that's required,
19 they're free to do it. So the change of
20 control comes in to say, well, if you're
21 going to do a change of control and that
22 entity doesn't fit that mold, then what

23 rights do we have as a landlord to step
24 in and exercise some discretion over
25 whether or not the property's going to

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1 be transferred?

2 MR. RUISANCHEZ: Beyond that, you
3 know, obviously, every jurisdiction will
4 have the capacity to approve, but if
5 some jurisdiction were to say, I'm not
6 approving the change of control, then
7 that deal's not happening, so this was
8 more to provide additional comfort there
9 will be a quality operator.

10 MR. STIPE: And I guess I certainly
11 understand this lease covers multiple
12 jurisdictions, but as to this particular
13 jurisdiction, I guess my view -- and I
14 won't be on this Board forever, and I
15 won't be here for 35 years either. But
16 if this Board says an operator and a
17 successor is approved and acceptable,
18 then "REIT" to me, as a passive
19 landlord, should not have any say in
20 that.

21 MR. MOORE: Well, our concern is
22 that it's a portfolio of 14 different
23 properties, right? It's not just one
24 property, and I think when we've looked
25 at single property assets, we have

1 deferred to a definition that really
2 relies on the local gaming control
3 boards to say: You believe that these
4 folks are capable of running a property,
5 we're okay with that.

6 Our concern with these bigger leases
7 was that they span so many
8 jurisdictions, and it's an all or
9 nothing proposition, that we don't get
10 sidetracked where one board has said yes
11 and maybe one has said no, or one
12 property's been carved out because maybe
13 you folks say no -- they may just carve
14 out your property, and they sell the
15 rest to somebody else. It's designed to
16 ensure that this stays a cohesive unit
17 of portfolio properties, and that the
18 operator is somebody that -- and if you
19 look at the definition, the biggest
20 component really is the regulatory
21 approval. The other pieces of it, I
22 think -- I think, are a lower bar than
23 the regulatory approval, so that if the
24 fact of the matter is each of the
25 regulatory jurisdictions that are

1 impacted by this lease say yes, I can't
2 imagine that they haven't met those

3 other hurdles.

4 MR. STIPE: If at the end of the
5 term there is not an agreement as to
6 renewal of the lease, what happens?

7 MR. MOORE: If there's not an
8 agreement as to the renewal at the end
9 of the lease, there's a provision in the
10 lease that's been constructed in a way
11 that's designed to ensure that if
12 Pinnacle no longer has a desire to lease
13 these properties from us, that we get
14 someone in that does have a desire to do
15 so that is licensed by each of the
16 jurisdictions that are impacted by the
17 lease, and that the Pinnacle folks
18 receive fair value for the operating
19 assets that they have in the property
20 because we're just buying the land and
21 the building. And if they're no longer
22 going to be our tenant, we want to
23 ensure that these buildings continue to
24 be casinos because their -- the highest
25 and best use of all these properties

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1 currently today are casinos, and if they
2 were to pull out and try to move down
3 the street, we couldn't possibly get the
4 same rent from an Amazon distribution
5 center or a Home Depot or whatever might

6 be of size that would conceivably even
7 think about inhabiting a building like
8 this.

9 So the way the lease works is if
10 they're no longer interested, they're
11 required to sell their assets to
12 somebody who is and they can be
13 licensed; and there's an auction process
14 that's been built into the lease so that
15 they can choose three different parties
16 that they feel are appropriate, we can
17 choose one, and essentially the highest
18 bidder that can get licensed will move
19 in to be the tenant of the property.

20 And there's some other provisions in
21 there that are designed to set forth the
22 parameters under which this auction
23 occurs so that we have some set lease
24 terms; otherwise, if you have too many
25 variables, you could get into a very

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1 ugly situation where we would have
2 incentive to jack up the rent as high as
3 possible because it would yield, like,
4 one dollar for their assets, right?
5 Conversely, they could force the rent as
6 low as possible and take maximum value
7 for their assets above and beyond what
8 they may be worth because you're getting

9 a bargain rent.

10 So the way we've done it in the
11 lease is to try to set a rent construct
12 that's fair mark value, and in
13 determining what somebody would be
14 willing to pay for their operating
15 assets, assuming they could be licensed
16 in each of those jurisdictions.

17 MR. STIPE: And if there is a
18 dispute, the arbitration provision
19 applies in the dispute?

20 MR. MOORE: Yeah, and I can't
21 remember specifically dispute
22 resolutions in the lease. I'm happy to
23 say I haven't thought about the dispute
24 pieces lately.

25 MR. RUISANCHEZ: Well, if it will

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1 end up going to court, we would be
2 required to continue to operate the
3 assets under the terms of the lease
4 through the time there is a successor
5 tenant, if you will, that would be
6 buying the licenses subject to approvals
7 from all the jurisdictions.

8 MR. MOORE: From our perspective,
9 this is a Doomsday scenario for the
10 REIT: Presumably, Pinnacle has decided
11 at this point that they have other

12 interests in their portfolio, they have
13 other uses for the money. Maybe they
14 just want the capital from these. We
15 are left trying to find a tenant for our
16 buildings, and that way, I think, we at
17 the REIT and you at the various gaming
18 commissions are in the same bucket. We
19 want to make sure that the lights are
20 always on and the machines are always
21 running, and if it's not something that
22 Pinnacle wants to do, we want to make
23 sure we get somebody in there to do it.

24 And so I think practically speaking,
25 we'll be working very hard as the lease

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1 term ends to determine whether or not
2 they're interested in staying, and if
3 they're not, we'll be working very, very
4 hard to make sure we get somebody in
5 there that can run these properties
6 that's willing to step in day one. And
7 I think if they are interested in
8 running it, we're two publicly traded
9 companies. Neither of us can really
10 afford to have this reach the end and
11 not have our shareholders know where
12 it's headed.

13 So I think regardless of the fact
14 that it's 35 years, as Carlos said, it's

15 really 35 years for some specific
16 accounting purposes. If we could make
17 it a hundred years, we probably would
18 have. I think well before you get to
19 the end of that 35th year, you'll see
20 these two companies negotiating what is
21 an appropriate lease moving forward for
22 both parties. It's in our best interest
23 to keep them there, quite frankly,
24 rather than trying to have them leave
25 and put somebody else in.

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1 MS. THERIOT: First, the lease
2 terms: The additional five-year
3 extensions, are those at the same price
4 term percentage as the original ten-year
5 term?

6 MR. RUISANCHEZ: Yeah. The initial
7 term is for ten years, and there's five
8 five-year renewals that are our option,
9 and it would be under the exact same
10 terms that we're signing up for now.

11 MS. THERIOT: Okay. That's what I
12 was wondering.

13 Secondly, I see that it is an
14 exchange for -- you will no longer have
15 the, approximately, 2.7 billion of debt
16 after the transaction, and you'll be
17 making the 377 annual million capital

18 payment. What was the debt service
19 before on that amount? Was it more or
20 less?

21 MR. RUISANCHEZ: Right now we're
22 paying about \$250 million in interest on
23 our existing debt.

24 MS. THERIOT: So paying a little bit
25 more in the rent, but you've gotten rid

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1 of the --

2 MR. SANFILIPPO: We also -- every
3 year we pay down our debt, so it was a
4 combination of that's the interest, but
5 then, you know, we prudently also
6 continue to pay down debt.

7 MR. RUISANCHEZ: And the big
8 difference is also what we call
9 conventional debt is, you know, this
10 doesn't need to get refinanced, and
11 you're not subject to the same interest
12 rate spikes or valleys that may be
13 there. And the portion of our capital
14 structure that is, I mentioned will be
15 less than 900 million by the time this
16 transaction closes, assuming it gets all
17 the approvals.

18 MS. THERIOT: Okay. I heard the
19 gentleman on the other side say that in
20 your Penn transaction, you got a private

21 letter ruling on it. Did you get one on
22 this transaction? I'm just curious.

23 MR. RUISANCHEZ: We were actually
24 seeking private letter ruling originally
25 for our own separation. We have

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1 actually stripped that down. That was
2 more about the separation of the real
3 estate. We have -- there is still one
4 going through the IRS. It's not a
5 condition of this transaction closing,
6 but there is one that it will be more
7 specifics about what is real estate and
8 what is a real estate within the
9 portfolio.

10 MR. MOORE: Our private letter
11 ruling with the Penn National
12 transaction was really three basic
13 buckets, by far the biggest was a
14 tax-free spinout, so we spun Gaming &
15 Leisure Properties out of Penn National
16 Gaming on a tax-free basis, something
17 that the IRS has now prevented others
18 from doing.

19 MS. THERIOT: It said it was
20 taxable.

21 MR. MOORE: This is taxable. So the
22 bulk of that ruling wouldn't be
23 applicable to this transaction as we've

24 structured between the two companies.

25 The other two pieces were largely

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1 the rent construct -- the percentage
2 rent construct I described before,
3 because the IRS frowns on you taking a
4 percentage rent too far down the income
5 statement because you get to participate
6 a little too much as landlord in the
7 operations of the business, and the
8 third was really around whether or not
9 certain real property assets were, in
10 fact, real property at Penn National
11 Gaming.

12 So we had a lot of -- we have
13 several boats, as we have here in
14 Louisiana, at the former Penn property.
15 We also had a lot of facilities that
16 were constructed on barges similar to
17 the way -- and I don't know the exact
18 construction, but they're more similar
19 to the L'Auberge facility than our
20 Hollywood facility where you have a
21 clearly a riverboat versus something
22 that looks a lot more like real property
23 there.

24 And so we wanted to get comfort from
25 the IRS REIT division that our

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1 transaction with Penn National Gaming
2 included real property assets, because a
3 lot of them were constructed on barges
4 and cofferdams and in other areas, and
5 that was really the primary pieces of
6 that ruling.

7 MS. THERIOT: Okay. I had an
8 additional question about the carving
9 out of the properties, the 500 acres in
10 Baton Rouge and Lake Charles. Is that
11 an operational choice, or is that by the
12 REIT?

13 MR. SANFILIPPO: I mean, we
14 negotiated this transaction for many
15 months --

16 MS. THERIOT: Okay.

17 MR. SANFILIPPO: -- and so what we
18 focused on was what -- when you look at
19 the properties that we have today and
20 that EBIDTA that they produce, we use
21 Baton Rouge as an example, the
22 additional acreage we have on the other
23 side of River Road has really nothing to
24 do with how we operate the Baton Rouge
25 property today so we said that should be

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1 separate. That shouldn't be part of the
2 assets that you get.

3 Carlos mentioned that Belterra Park,

4 which we'll continue to own which is in
5 Cincinnati, that that was a pretty new
6 property, so it's still growing its
7 EBITDA. It didn't make sense for that
8 to be part of it.

9 And this is -- I think we said it,
10 but we'll say in again. This is sort of
11 a one-and-done deal, so from the
12 standpoint of the assets that are
13 included here, we're just talking about
14 these assets. You know, we would expect
15 five years from now you'll look at
16 Pinnacle Entertainment, and we will have
17 continued to grow materially. We set
18 the company up, as far as the debt that
19 the GLPI is paying down, that we can
20 continue to grow the company. Anything
21 we do from here we may or may not do
22 with them. We're not required to do it
23 with Gaming & Leisure Properties. We
24 may decide to own the real estate with
25 things that we do from here.

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1 So this is -- the assets that was
2 part of the negotiation to say the land
3 here, the land in Lake Charles, really
4 was separate and apart from what we used
5 today to produce revenue at those
6 properties. Now, again, here the first

7 thing we would do here to expand, we
8 would do it on the property that we
9 lease from Gaming & Leisure Properties,
10 so we would look at adding a hotel,
11 adding more shore site facilities, we
12 would specifically look at, because it
13 would make most sense from a guest
14 standpoint, but that land, we didn't
15 believe what they were compensating us
16 for should include the land because it's
17 not part of our current revenue streams
18 today. That's how we came to that
19 determination.

20 MS. THERIOT: And my last question
21 has actually already been asked, but I
22 think I can tell you. It was asked by
23 my colleague. I share the same concern
24 that GOPI's consent, it appears to me,
25 would be needed to add new structures or

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1 enlarging existing structures without
2 some sort of definition as to what
3 "unreasonably withholding" is. It seems
4 simple to fix that, potentially to put
5 that in and give it some sort of
6 definition that Pinnacle could rely on.

7 MR. SANFILIPPO: When we negotiated
8 this, I thought we had come to some
9 clarity on that. That's why we said

10 "entertainment," which includes hotels,
11 restaurants, a spa, a golf course. It's
12 a pretty broad definition when we talked
13 about what was unreasonable. The thing
14 that would be unreasonable -- and
15 Carlos' example of something that has
16 nothing to do with entertainment, that
17 if we said, look, we're going to put a
18 commercial industrial facility here,
19 that has nothing to do with
20 entertainment.

21 So we spent a lot of time on trying
22 to manage these agreements so that
23 they're able to have assets that will
24 continue to be maintained, and we're
25 able to have assets that we're leasing

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1 that we can continue to grow. So our
2 business is to continue to grow these,
3 and we have to be very competitive in
4 how we continue to update them.

5 So it -- we felt like we came to a
6 good point after literally months of
7 negotiations on this.

8 MS. THERIOT: Well, I recognize that
9 this is only the highlights and not the
10 actual terms. With that being said,
11 from what we see, that, at least in my
12 eyes, is a concern.

13 MR. SANFILIPPO: And I think your
14 questions have all been very good, and,
15 you know, we appreciate the opportunity
16 to have this discussion. We're not
17 asking for approval today. We'll be
18 back, and then any follow-up, you know,
19 we talked with the Chairman about that
20 the staff would like to do because of
21 these questions, it gives us time to
22 provide it to you. So it's a very
23 healthy environment for us to be able to
24 have this discussion with you to be able
25 to field questions and provide

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1 additional follow-up to whatever you'd
2 like us to provide.

3 MR. MOORE: I'll add, just on the
4 consent -- I'll get technical as a
5 lawyer here for a second. The consent
6 not to be unreasonably withheld is a
7 term of art contractually in the legal
8 world that I do think you'll find a lot
9 of support for under common law, so if
10 we were to be sued under that construct,
11 this is not the only lease or commercial
12 contract where you have such a construct
13 in it for a consent not to be
14 unreasonably withheld; and I think
15 technically if we dug down into that,

16 what you would find is the analysis
17 would look at what would be reasonable
18 in the context of a REIT, and there are
19 lots of them, as far as withholding
20 their consent for a tenant to do
21 improvements.

22 So it is a little bit -- it's
23 squishy. I'll give you that; but I do
24 think there's a lot of support under the
25 law, and I don't think it would be

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1 something --

2 MS. THERIOT: In your agreement,
3 what law is going to control? What is
4 the governing law?

5 MR. MOORE: New York, I believe,
6 under our lease. I'd have to go back
7 and check that, but I believe it's New
8 York law.

9 MR. GASTON: Mr. Chairman.

10 CHAIRMAN JONES: Dr. Gaston.

11 MR. GASTON: I just think Mr. Carlos
12 nailed it at the end. It's basically
13 just been an outstanding presentation,
14 very knowledgeable in what y'all have
15 been presenting. What you have shown to
16 me, particularly in Baton Rouge when you
17 talked about LSU government and
18 everything like that, hosting people

19 here, this is hospitality. This is not
20 just gaming. This is hospitality. This
21 is showcasing an outstanding part of
22 Baton Rouge and an outstanding part of
23 Louisiana.

24 Mickey -- Mr. Parenton, Harris, Paul
25 West have been extremely receptive

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1 whenever we've had people visit the
2 Capital City, LSU, to receive us,
3 whether it's entertainment or something
4 like that, and I wanted to express that
5 appreciation to all of you -- to you for
6 all of that.

7 MR. SANFILIPPO: Thank you.

8 MR. GASTON: Thank you,
9 Mr. Chairman. I know we're going to be
10 in the storm in about 30 minutes.

11 CHAIRMAN JONES: Mr. Jackson, do you
12 have anything?

13 MR. JACKSON: No.

14 CHAIRMAN JONES: Major Mercer? [No
15 response.] Mr. Singleton? [No
16 response.] Mr. Bradford?

17 MR. BRADFORD: No questions.

18 CHAIRMAN JONES: Mr. Moore, we have
19 your presentation, and I think most of
20 what is in there has already been
21 covered. Did you have anything else to

22 add?

23 MR. MOORE: I really don't. I mean,
24 the presentation we had really packaged
25 it in a different way with some

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1 different logos in it. It's the same
2 information, and I'll just add quickly:
3 I think we very much view Pinnacle as a
4 new partner of ours. So while Pinnacle
5 is free to develop other properties and
6 do other things, we expect to be working
7 with them as we move forward, and I
8 think what we've found over the course
9 of the last several months since we
10 signed the agreement, that there are a
11 number of things that have come up that
12 we didn't anticipate when we signed the
13 merger agreement; and we've already been
14 working together.

15 So I think what you'll find, we'll
16 try to be a good financial partner to
17 them, and sometimes we may be able to
18 offer them things that is more
19 beneficial to the shareholders than what
20 they can get commercially; and sometimes
21 we won't, but we expect to be there to
22 at least try.

23 And our goal isn't to deteriorate
24 these properties. I think everything

25 that Anthony described in the first half

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1 an hour of the presentation, we don't
2 expect to have any impact on any of
3 that, nor do we have a desire to do so.
4 We are here as a financial partner in
5 providing a transaction that we think is
6 good for Pinnacle and its shareholders,
7 and we hope to continue to do that.
8 We're not trying to diminish the value
9 of what they've built. Quite to the
10 contrary, we're trying to help them
11 build it even more.

12 CHAIRMAN JONES: And speaking for
13 the Board, I think part of the anxiety
14 arises just from the unusual situation
15 of -- providing all this is approved, of
16 having two properties with the same
17 landlord in the same market.

18 MR. MOORE: Understood.

19 CHAIRMAN JONES: And I don't think
20 we've seen that anywhere else, and that
21 has raised the issues here that gives us
22 another month to sort of answer some of
23 the questions and deal with the issue of
24 the squishy language. That's a
25 technical term I would use.

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1 MR. MOORE: Yeah, that's a legal

2 term I used, "squishy."

3 CHAIRMAN JONES: So I think it was a
4 great dialogue, and I don't think
5 there's any doubt but that this is a win
6 for you-guys, and it's a win for
7 you-guys. What I'd like for you to do,
8 Anthony, here in the last few minutes is
9 tell us why is this a win for us. Why
10 is this good for the State of Louisiana?

11 MR. SANFILIPPO: I am glad you asked
12 that question. We have tried to make
13 the point that part of this negotiation
14 included the pay down of debt that
15 Pinnacle Entertainment has currently,
16 which we have felt good about the debt
17 levels that we were at. We have managed
18 that prudently, but as Carlos explained
19 that our leverage will go materially
20 down, that we'll be in the mid threes
21 from a debt leverage standpoint, we --
22 I'll tell you, us, and the folks behind
23 me, while we think this is a good
24 outcome, we think it makes our company
25 even stronger; and we were as focused on

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1 what today's shareholders will receive
2 as we were on our ability to continue to
3 grow Pinnacle Entertainment. We're very
4 proud of the four properties we have.

5 We're very proud of how we compete in
6 each location that we have. We're very
7 confident that we can continue to invest
8 as we've invested because we've had the
9 ability to do that in each one of the
10 properties that we have.

11 Our company is more about -- is not
12 just financial outcomes. It's also the
13 culture that we've developed that Carlos
14 talked about, the team members that we
15 have, how we participate in the
16 communities. We are confident none of
17 that changes, and while we have had -- I
18 think there's 11 different agreements to
19 make sure that we were able to come to
20 you and at least present this to you
21 between the two companies, we believe
22 what Brandon said about us, we feel the
23 same way about Gaming & Leisure
24 Properties. We think that they will be
25 good partners. We think we've got the

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1 right structure in place to move this
2 forward, and for Louisiana, you will
3 continue to see us grow and prosper here
4 in the state. That's -- that's a big
5 part of what we want to do.

6 And if I could add one other thing,
7 and that is: The staff has worked

8 extremely hard to help understand this
9 and get us to this point, and we do want
10 to recognize your staff for that.

11 Because we've had a number of
12 discussions. You've gone through a
13 tremendous amount of work with the
14 documents that we presented to you in
15 getting us to this point, and we
16 appreciate the professionalism and the
17 thoroughness and the courtesies that
18 your staff has provided to us.

19 But hopefully a year from now you
20 see no difference except that those
21 assets now are owned by another company.

22 CHAIRMAN JONES: We thank you.
23 You-guys are great corporate partners
24 for economic development in the State.
25 Pinnacle, you should be proud of your

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1 properties here, as I know you are, and
2 we look forward during the next month to
3 further discussing this and will be back
4 with a formal presentation next month.

5 I thank all of you for coming. Thank
6 you, Brandon.

7 MR. SANFILIPPO: Thank you for
8 having us.

9 VII. CONSIDERATION OF PROPOSED SETTLEMENTS IN THE
10 FOLLOWING:

11 1. In Re: Cash Magic Berwick, LLC, d/b/a
12 Hollywood Truck Plaza & Casino - No. 5103517058

13 CHAIRMAN JONES: We now move to the
14 last item on the agenda, Consideration
15 of Proposed Settlements in the following
16 matters. First up is in regards to Cash
17 Magic Berwick, LLC, doing business as
18 Hollywood Truck Plaza & Casino, Number
19 5103517058.

20 Good morning again.

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

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1 The violation addressed in this
2 settlement arose from the failure of a
3 POST certified security guard to have
4 her ID on her person when it was
5 requested. She met all the other
6 required qualifications. Her
7 credentials were valid; she just didn't
8 have them on her.

9 The licensee has agreed to pay a
10 \$250 penalty in lieu of administrative
11 action. The settlement before you has
12 been approved by the hearing officer and
13 is here for final approval.

14 CHAIRMAN JONES: Are there any
15 questions for the settlement? There are
16 no questions. Do I have a motion to
17 accept the settlement?

18 MR. GASTON: I accept it.

19 CHAIRMAN JONES: By Mr. Jackson,
20 second by Dr. Gaston. Any objections?
21 Without objection, the motion carries,
22 the settlement is accepted.

23 2. In Re: B & B Brothers Cajun Critters, LLC,
24 d/b/a Cajun Critters Seafood and More -
25 No. 5501216911 --

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1 CHAIRMAN JONES: Next up is in
2 regard to B & B Brothers Cajun Critters,
3 LLC, doing business as Cajun Critters
4 Seafood and More, No. 5501216911,
5 another proposed settlement.

6 MS. BOGRAN: Again, good morning.
7 Olga Bogran Assistant Attorney General
8 in the Gaming Division representing the
9 Office of State Police.

10 Gaming law requires the submission
11 of correct and complete annual forms and
12 fees prior to July 1st following some
13 incomplete or incorrect submissions that
14 were rejected by the Division with
15 explanation. This licensee finally
16 submitted the correct and complete

17 annual form and fees on September the
18 10th, 2015.

19 This is a Type 2 licensee, and
20 they've agreed to pay a civil penalty of
21 \$750 in lieu of administrative action.
22 This amount is consistent with penalties
23 made by other Type 2 licensees under
24 similar circumstances.

25 The settlement was signed by the
121

1 hearing officer and is here before you
2 for final approval.

3 CHAIRMAN JONES: Do we have any
4 questions? There are no questions.
5 I've got a motion by Mr. Bradford,
6 second by Mr. Stipe. Any objections?
7 No objections, the motion carries.

8 MS. BOGRAN: Thank you.

9 CHAIRMAN JONES: Thank you.

10 VIII. ADJOURNMENT

11 CHAIRMAN JONES: There being no
12 further business, ladies and gentlemen,
13 I ask for a motion to adjourn.

14 MR. JACKSON: Motion to adjourn.

15 CHAIRMAN JONES: By Mr. Bradford,
16 seconded by Mr. Jackson. Any objection?
17 Without objection, the motion carries.
18 See you next month.

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1 REPORTER'S PAGE

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3 I, SHELLEY PAROLA, Certified Shorthand

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

5 officer before whom this sworn testimony was

6 taken, do hereby state:

7 That due to the spontaneous discourse of this

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

9 used to indicate pauses, changes in thought,

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

11 for a Court Reporter's transcription of a

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

13 that words or phrases have been left out of this

14 transcript;

15 That any words and/or names which could not

16 be verified through reference materials have been

17 denoted with the word "(phonetic)."

18

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24 SHELLEY PAROLA

 Certified Court Reporter #96001

25 Registered Professional Reporter

 123

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 February

7 15, 2016, as taken by me in Stenographic machine

8 shorthand, complemented with magnetic tape

9 recording, and thereafter reduced to transcript,

10 to the best of my ability and understanding, using

11 Computer-Aided Transcription.

12 I further certify that I am not an

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

14 am neither related to nor employed by any attorney

15 or counsel connected with this action, and that I

16 have no financial interest in the outcome of this

17 action.

18 Baton Rouge, Louisiana, this 16th day of

19 March, 2016.

20

21

22 _____

 SHELLEY G. PAROLA, CCR, RPR

 CERTIFICATE NO. 96001

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