

LGCB Board of Directors' Meeting, (Pages 1:1 to 73:24)

1:1 LOUISIANA GAMING CONTROL BOARD

2

3 BOARD OF DIRECTORS' MEETING

4

5

6

7

8 MONDAY, MARCH 19, 2018

9

10 LaSalle Building

11 LaBelle Hearing Room

12 617 North 3rd Street

13 Baton Rouge, Louisiana

14

15

16

17 TIME: 10:00 A.M.

18

19

20

21

22

23

24

25

2

1 APPEARANCES

2

3 RONNIE JONES

Chairman (At Large)

4 June 30, 2019

5

6 FRANKLIN AYRES BRADFORD

(Economic Planner)

7 Fifth Congressional District

June 30, 2019

8

9

JAMES SINGLETON

10 (Public/Business Administration)

Second Congressional District

11 June 30, 2020

12

13 CLAUDE D. JACKSON

(At large)

14 Fourth Congressional District

June 30, 2018

15

16 ROBERT W. GASTON, III,

(At large)

17 Sixth Congressional District

June 30, 2021

18

19 JULIE BERRY

(CPA)

20 Third Congressional District

June 30, 2018

21

22 MARK STIPE

(Attorney)

23 Seventh Congressional District

June 30, 2020

24

25

3

1 APPEARANCE CONTINUED

2

3 RICHARD E. PATRICK

(Law Enforcement)

4 Fifth Congressional District

July 30, 2018

5

6 ELTON LAGASSE

(At large)

7 First Congressional District

June 30, 2021

8

9 PAUL EDMONSON

Louisiana State Police

10

11 MIKE LEGENDRE

Director, Office of Charitable Gaming

12

13 LANA TRAMONTE

Executive Assistant

14

15 TRUDY SMITH

Confidential Assistant

16

17 REPORTED BY:

18 SHELLEY G. PAROLA, CSR, RPR

Baton Rouge Court Reporters

19

20

21

22

23

24

25

4

1		PAGE	
2	I.	CALL TO ORDER	6
3	II.	PUBLIC COMMENTS	7
4	III.	APPROVAL OF MINUTES	7
5	IV.	REVENUE REPORTS	7
6	V.	CONSIDERATION OF CONTRACTS WITH	
		COURT REPORTER AND HEARING OFFICER	14
7			
8	VI.	CASINO GAMING ISSUES	
9	A.	Consideration of Casino	
10		Support Services Contract with	
11		the City of New Orleans	15
12	B.	Consideration of petition by	
13		Grand Vision Gaming, LLC, for	
14		transfer of interest -	

15	No. PO56503115	17
16	C. Report in reference to	
17	procurement goals by Horseshoe	
18	Entertainment, L.P. d/b/a	
19	Horseshoe Bossier City Casino &	
20	Hotel - No. R010800198	23
21	D. Report in reference to	
22	procurement goals by Eldorado	
23	Casino Shreveport Joint Venture	
24	d/b/a Eldorado Resort Casino	
25	Shreveport - No. R013600005	37

5

1 PAGE

2	E. Report in reference to	
3	Procurement goals by Red River	
4	Entertainment of Shreveport,	
5	L.L.C., d/b/a Sam's Town Hotel	
6	and Casino - No. R016500097	44

7 VII. CONSIDERATION OF PROPOSED SETTLEMENT

8	1. In Re: KS Ventures, Inc., d/b/a	
9	Buffa's Bar & Lounge -	
10	No. 3601114197	
11	(proposed settlement)	66

12	VIII. ADJOURNMENT	70
----	-------------------	----

13

14

15

16

17

18  
19  
20  
21  
22  
23  
24  
25

6

1 I. CALL TO ORDER

2 CHAIRMAN JONES: Good morning.  
3 Welcome to the March meeting -- the  
4 regularly scheduled March meeting of the  
5 Louisiana Gaming Control Board.

6 Miss Tramonte, would you call the  
7 roll.

8 THE CLERK: Chairman Jones?

9 CHAIRMAN JONES: Here.

10 THE CLERK: Mr. Bradford?

11 MR. BRADFORD: Here.

12 THE CLERK: Mr. Stipe?

13 MR. STIPE: Here.

14 THE CLERK: Mr. Singleton?

15 MR. SINGLETON: Here.

16 THE CLERK: Mr. Jackson?

17 MR. JACKSON: Here.

18 THE CLERK: Mr. Gaston?

19 MR. GASTON: Here.

20 THE CLERK: Miss Berry?

21 MS. BERRY: Here.  
22 THE CLERK: Mr. Patrick?  
23 MR. PATRICK: Here.  
24 THE CLERK: Mr. Lagasse?  
25 MR. LAGASSE: Yes, ma'am.

7

1 THE CLERK: Colonel Reeves?  
2 MR. EDMONSON: Paul Edmonson for  
3 Colonel Reeves.  
4 THE CLERK: Secretary Robinson?  
5 MR. LEGENDRE: Mike Legendre here  
6 for Secretary Robinson.  
7 CHAIRMAN JONES: And thanks for  
8 having us. We appreciate it. We have a  
9 quorum, and we may conduct business.

#### 10 II. PUBLIC COMMENTS

11 CHAIRMAN JONES: At this time, we  
12 would like to present the opportunity  
13 for anybody who wants to make public  
14 comment for anything on our agenda  
15 today.

#### 16 III. APPROVAL OF MINUTES

17 CHAIRMAN JONES: We'll move to  
18 Approval of the Minutes. Do I have a  
19 motion to waive reading and approve the  
20 minutes of the February board meeting?  
21 By Mr. Bradford, seconded by Miss Berry.

22 Any objection? [No response.]  
23 Without objection, the minutes are

24 adopted and approved.

25 IV. REVENUE REPORTS

8

1 CHAIRMAN JONES: We'll now call  
2 Revenue Reports.

3 MS. JACKSON: Good morning, Chairman  
4 Jones and Board Members.

5 CHAIRMAN JONES: Pull it closer.

6 MS. JACKSON: I'm Donna Jackson with  
7 Louisiana State Police Gaming  
8 Enforcement Division.

9 The 15 operating riverboats  
10 generated Adjusted Gross Receipts of  
11 \$157,418,803 in February. This total  
12 represents an overall increase from last  
13 month of \$17.6 million or 12.6 percent,  
14 and a slight increase of \$1 million or  
15 .7 percent from last February.

16 Adjusted Gross Receipts for fiscal  
17 year 2017-2018 to date are almost  
18 \$1,246,000,000, a decrease of  
19 \$21 million or 2 percent from fiscal  
20 year 2016-2017.

21 During February, the State collected  
22 fees totaling \$33,845,043. As of  
23 February 28th, 2018, the State has  
24 collected almost \$268 million in fees  
25 for fiscal year 2017-2018.

9



1 Next is a summary of the  
2 February 2018 gaming activity for  
3 Harrah's New Orleans found on page  
4 three. During February, Harrah's  
5 generated \$23,617,512 in gross gaming  
6 revenue, an increase of \$3 million or  
7 15.5 percent from last month, and a  
8 slight increase of \$1 million or  
9 4 percent from last February.

10 Revenues for fiscal year 2017-2018  
11 to date are \$187 million, an increase of  
12 \$9.7 million or 5 percent from fiscal  
13 year 2016-2017.

14 During February, the State received  
15 \$4,602,740 in minimum daily payments.  
16 As of February 28th, 2018, the State has  
17 collected \$40 million in fees for fiscal  
18 year 2017-2018.

19 Next I will present the revenues for  
20 Slots at the Racetracks. During  
21 February, the four racetrack facilities  
22 combined generated Adjusted Gross  
23 Receipts of \$28,917,631, an increase of  
24 \$2.4 million or 9 percent from last  
25 month, but a decrease of 2.5 percent

10

1 from February 2017.

2 Adjusted Gross Receipts for fiscal  
3 year 2017-2018 to date are over

4 \$224 million, a slight increase of  
5 .3 percent from fiscal year 2016-2017.

6 During February, the State collected  
7 \$4,386,805 in fees. As of  
8 February 28th, 2018, the State has  
9 collected \$34 million in fees for fiscal  
10 year 2017-2018.

11 Overall in February, Riverboats,  
12 Land Based and Slots at the Racetracks  
13 combined generated \$210 million in AGR  
14 and almost \$43 million in state fees.  
15 These revenues represent an increase  
16 from February 2017 of \$1.4 million or  
17 .6 percent.

18 Any questions before I present the  
19 Harrah's employee information?

20 CHAIRMAN JONES: Any questions,  
21 Board Members, about those good numbers?

22 [No response.]

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

11

1 \$1,750,835. This report covers pay  
2 periods in February 2018.

3 For first pay period, the Division  
4 verified 2,546 employees with a payroll  
5 of \$2,159,000. For the second pay  
6 period, the Division verified 2,543

7 employees with a payroll of \$2,175,000.  
8 Therefore, Harrah's met the employment  
9 criteria during February.

10 CHAIRMAN JONES: Questions, Board  
11 Members? The Board is clear. Thank  
12 you.

13 MS. JACKSON: Thank you.

14 CHAIRMAN JONES: Jim, let's hear  
15 about video poker.

16 MR. BOSSIER: Not too bad. Good  
17 morning, Chairman Jones and Board  
18 Members. My name is Jim Bossier with  
19 the Louisiana State Police Gaming  
20 Enforcement Division here to report  
21 video gaming statistics for  
22 February 2018 as shown on page one of  
23 your handout.

24 Fourteen new video gaming licenses,  
25 all bars, were issued during February.

12

1 Six new applications were received  
2 by the Gaming Enforcement Division  
3 during February and are currently  
4 pending in the field: Three bars, one  
5 restaurant, one truckstop and one device  
6 owner's.

7 The Gaming Enforcement Division  
8 assessed zero dollars and collected  
9 \$8,750 in fines during February, and

10 there are currently \$750 in outstanding  
11 fines. Please refer to page two of your  
12 handout.

13 There are presently 12,998 video  
14 gaming devices activated at 1,714  
15 locations.

16 Net device revenue for February 2018  
17 was \$50.1 million, a \$5.8 million, or  
18 13.1 percent, increase when compared to  
19 January 2018, and a \$1 million increase,  
20 or 2 percent, when compared to  
21 February 2017.

22 Net device revenue so far for fiscal  
23 year 2018 is \$374.1 million, a  
24 \$1.1 million decrease, or three-tenths  
25 of 1 percent, when compared to fiscal

13

1 year 2017. Page three of your handout  
2 shows a comparison of net device  
3 revenue.

4 Total franchise fees collected  
5 during February 2018 were \$15 million, a  
6 \$1.7 million increase when compared to  
7 January 2018, and a \$300,000 increase  
8 when compared to February 2017.

9 Total franchise fees collected for  
10 fiscal year 2018 are \$112.1 million, a  
11 \$400,000 decrease, or four-tenths of  
12 1 percent, when compared to fiscal year

13 2017. Page four of your handout shows a  
14 comparison of franchise fees.

15 Does anybody have any questions?

16 CHAIRMAN JONES: Any questions,  
17 Board Members?

18 MR. GASTON: Mr. Chairman.

19 Jim, how many parishes are not  
20 participating in video gaming, have  
21 opted out?

22 MR. BOSSIER: I believe right now we  
23 have 33 that participate, so 31 are not  
24 participating.

25 MR. GASTON: Yes, sir, thank you.

14

1 CHAIRMAN JONES: Any other  
2 questions? [No response.]

3 V. CONSIDERATION OF CONTRACTS WITH COURT REPORTER  
4 AND HEARING OFFICER

5 CHAIRMAN JONES: We will now move to  
6 Consideration of contracts -- Board  
7 contracts. This is an annual process  
8 that we go through. Board Members, you  
9 all received copies of the contracts,  
10 and they are sent -- the same contracts  
11 we approved each year. The law requires  
12 us to contract for a hearing officer to  
13 entertain appeals from administrative  
14 actions. That contract executed at a  
15 cost not to exceed \$25,000.

16 The law also requires us to maintain  
17 an official record of the board  
18 deliberations, board proceedings, and  
19 that's accomplished through a contract  
20 for court reporting services -- great  
21 court reporting services, by the way --  
22 and that contract is set at the limit of  
23 \$70,000.

24 Unless there are questions, I would  
25 entertain a motion to adopt both of

15

1 those contracts.

2 Mr. Patrick, Mr. Singleton.

3 Any objection to adoption? Without  
4 objection, the contracts are adopted by  
5 the Board. Thank you.

## 6 VI. CASINO GAMING ISSUES

### 7 A. Consideration of Casino Support Services

#### 8 Contract with the City of New Orleans

9 CHAIRMAN JONES: And next up is the  
10 Consideration of Casino Support Services  
11 Contract with the City of New Orleans.

12 Good morning.

13 MS. BOGRAN: Good morning, everyone.

14 I'm Olga Bogran, Assistant Attorney

15 General in the Gaming Division. It's

16 that time of year again, so I'm here to

17 present the Casino Support Services for

18 2018 to 2019.

19           As per the statute, Louisiana  
20           Revised Statute 27:2478, this contract  
21           is to be renegotiated every year prior  
22           to March 31st. Also pursuant to the  
23           statute, the contract is to be forwarded  
24           to the Joint Legislative Committee on  
25           the Budget.

16

1           The City of New Orleans has included  
2           the unaudited expenditures report  
3           relative to the services provided to the  
4           casino, and that report will accompany  
5           the contract to the joint committee.

6           There are no material changes on the  
7           contract this year. The amount remains  
8           \$3.6 million.

9           Are there any questions?

10          CHAIRMAN JONES: Any questions on  
11          the contract? [No response.]

12          Does the City wish to speak? [No  
13          response.]

14          There are no questions. Do I have a  
15          motion to --

16          MR. SINGLETON: Move approval.

17          CHAIRMAN JONES: Let me put it in  
18          the record -- authorize the Chairman to  
19          execute the contract on behalf of the  
20          Board for approval of the contract with  
21          the Joint Legislative Committee on the

22 Budget as offered by Mr. Singleton. I  
23 have a second by Mr. Jackson.

24 Any objections? Without objection,  
25 that motion carries.

17

1 MS. BOGRAN: Thank you.

2 CHAIRMAN JONES: Thank you very  
3 much.

4 B. Consideration of petition by Grand Vision

5 Gaming, LLC, for transfer of interest - No.

6 PO56503115

7 CHAIRMAN JONES: Next up is the  
8 Consideration of the petition by Grand  
9 Vision Gaming, LLC, for transfer of  
10 interest, No. PO56503115.

11 Good morning, gentlemen.

12 MR. GATHE: Good morning, Chairman  
13 Jones, Board Members. I'm Assistant  
14 Attorney General Jeremy Gathe, and here  
15 with me today is Trooper Kevin Lamotte  
16 from Louisiana State Police.

17 We're here in the matter of the  
18 proposed transfer of stock in Century  
19 Gaming, Inc., to Merle B. Frank.  
20 Century Gaming, Inc., is the parent  
21 company of the permittee, Grand Vision  
22 Gaming, LLC. Century Gaming is wholly  
23 owned by Steven W. Arntzen and Heidi H.  
24 Schmalz, who each holds 60 percent and



25 40 percent ownership interest in the  
18

1 company respectively.

2 According to the stock purchase  
3 agreement, Century Gaming wishes to  
4 issue and sell 215.64 new shares of  
5 common stock to Merle B. Frank. As a  
6 result of the transaction, Century  
7 Gaming's ownership interest will be  
8 divided among Merle B. Frank at  
9 37.46 percent, Steven W. Arntzen at  
10 37.52 percent, and Heidi H. Schmalz at  
11 25.02 percent.

12 Trooper Lamotte conducted the  
13 investigation of the transfer and will  
14 now report his findings to the Board.

15 TROOPER LAMOTTE: Good morning,  
16 Chairman Jones and all the Members of  
17 the Board. My name is Master Trooper  
18 Kevin Lamotte with State Police Gaming  
19 Division here in Baton Rouge.

20 On November 30th, 2017, Grand Vision  
21 Gaming, LLC, submitted a new application  
22 for a renewal of their slot machines'  
23 permit. As part of the renewal, I  
24 conducted a background investigation on  
25 Merle Frank, who was already found

19

1 suitable previously on January 16, 2013.

2 My investigation of Mr. Frank found no  
3 information, no criminal arrests or  
4 civil suits.

5 Based on Mr. Frank's prior findings  
6 of suitability and my updated  
7 investigation, I found no information  
8 which would preclude the Board from  
9 approving the proposed stock transfer.

10 Any questions at this time?

11 CHAIRMAN JONES: Any questions,  
12 Board Members, of either of them?

13 MR. STIPE: Have all the other  
14 states approved this?

15 TROOPER LAMOTTE: I think they're  
16 pending in other states, sir.

17 CHAIRMAN JONES: Any other  
18 questions, Board Members? [No  
19 response.]

20 Close.

21 MR. GATHE: A review of the file  
22 revealed no information to preclude the  
23 approval of the stock transfer in  
24 Century Gaming, the parent company of  
25 the permittee, to Merle Frank.

20

1 CHAIRMAN JONES: Do I have a motion  
2 to adopt the Resolution? By Mr.  
3 Gaston -- Dr. Gaston and Miss Berry.

4 Miss Tramonte, would you read the

5 Resolution into the record, please.

6 THE CLERK: On the 19th day of  
7 March, 2018, the Louisiana Gaming  
8 Control Board did, in a duly noticed  
9 public meeting, consider the issue of  
10 Grand Vision Gaming, LLC's, request for  
11 approval of the issuance and sale of  
12 215.64 shares of stock in Century  
13 Gaming, Incorporated, the parent company  
14 of Grand Vision Gaming, LLC, to Merle B.  
15 Frank, and upon motion duly made and  
16 second, the Board adopted this  
17 Resolution:

18 Be it resolved that Grand Vision  
19 Gaming, LLC's, request for approval of  
20 the issuance and sale of 215.64 shares  
21 of stock in Century Gaming,  
22 Incorporated, the parent company of  
23 Grand Vision Gaming, LLC, to Merle B.  
24 Frank, is hereby approved.

25 Thus done and signed in Baton Rouge,

21

1 Louisiana, this 19th day of March, 2018.

2 Mr. Bradford?

3 MR. BRADFORD: Yes.

4 THE CLERK: Mr. Stipe?

5 MR. STIPE: Yes.

6 THE CLERK: Mr. Singleton?

7 MR. SINGLETON: Yes.

8 THE CLERK: Mr. Jackson?  
9 MR. JACKSON: Yes.  
10 THE CLERK: Mr. Gaston?  
11 MR. GASTON: Yes.  
12 THE CLERK: Miss Berry?  
13 MS. BERRY: Yes.  
14 THE CLERK: Mr. Patrick?  
15 MR. PATRICK: Yes.  
16 THE CLERK: Mr. Lagasse?  
17 MR. LAGASSE: Yes.  
18 THE CLERK: Chairman Jones?  
19 CHAIRMAN JONES: Yes. And without  
20 objection, the Resolution is adopted and  
21 the transfer is approved. Thank you.  
22 We want to take up the issue --  
23 we're kind enough to have some  
24 representatives from three properties  
25 with us today, but one of the

22

1 responsibilities of this Board, we  
2 receive quarterly reports on minority  
3 employment and minority spending, and  
4 minority spending is one of the things  
5 that we focus on in here because it's --  
6 even though the goals may have been  
7 agreed to for a licensee in another  
8 location, they carried that goal with  
9 them. There's no provision in the law  
10 now for any remedy to that. We

11 understand that, and we acknowledge it;  
12 but we also have an obligation to  
13 monitor spending in the state.

14 Riverboats are, in fact, about  
15 economic development, but this is an  
16 important piece of that economic  
17 development. That's what the public  
18 policy of the legislature has  
19 determined, and that's why we authorize  
20 gaming -- riverboat gaming today. So  
21 that's why we revisit this issue from  
22 time to time, and questions will come up  
23 during the course of the current  
24 legislative session about what the Board  
25 is doing about that.

23

1 So this isn't a public shaming, by  
2 any means. It's just an opportunity for  
3 the Board to better understand, from  
4 selected properties, what challenges  
5 they've had, why, perhaps, they have  
6 failed to meet those goals, and what  
7 they intend to do moving forward to do a  
8 better job.

9 So that's -- that's why we're having  
10 this exercise this morning.

11 C. Report in reference to procurement goals by  
12 Horseshoe Entertainment, L.P. d/b/a Horseshoe  
13 Bossier City Casino & Hotel - No. R010800198

14 CHAIRMAN JONES: Our first one to  
15 call up is Horseshoe Bossier City.

16 Michael.

17 MR. RICH: All right. Good morning,  
18 Members of the Board, Chairman Jones.  
19 My name is Mike Rich. I'm the Senior  
20 Vice-President and General Manager of  
21 the Horseshoe Casino in Bossier City,  
22 and I have with me Michael Ruffin; and,  
23 unfortunately, we were going to have or  
24 Director of Regional Procurement, Jill  
25 Sabine, with us today, but her

24

1 grandmother passed away and couldn't be  
2 with us --

3 So I'm just going to take a second  
4 and let Michael introduce himself and  
5 let you know what he does, and I'm going  
6 to go into the presentation.

7 MR. RUFFIN: Good morning, Chairman  
8 Jones and Board Members. My name is  
9 Michael Ruffin. I serve as Community  
10 Relations Manager and Manager of Supply  
11 University, with a focus on DV  
12 procurement of supporting the Horseshoe  
13 Bossier City property on a daily basis,  
14 and I'm responsible for engaging with  
15 key regional departments, one being the  
16 Women's Business Enterprise Council, the

17 Southern Region Minority Supply and  
18 Development Council. It's one of those  
19 minority suppliers that's, too, based in  
20 Shreveport/Bossier City. And I'm always  
21 working with those organizations trying  
22 to certify diverse business enterprises  
23 to work with that we can possibly do  
24 business with.

25 MR. RICH: And Michael's done a very

25

1 nice job over the past year, especially  
2 to be able to host our own MBE/WBE  
3 vendor fair of sorts at the casino and  
4 has done a great job of trying to --  
5 with Jill's help figuring out new  
6 vendors to bring our way to be able to  
7 do business with every year.

8 But to get right into it, you know,  
9 July of '15 for us was not a pretty  
10 story, as we were here in front of the  
11 Board back then, and we were at an  
12 all-time low of 5 percent MBE  
13 procurement. We had not hit WBE  
14 procurement in 11 of 12 quarters  
15 previous to that meeting, and so we were  
16 at a fairly low point of trying to  
17 figure out where we still needed to take  
18 action and trying to figure out a way to  
19 get back on top. And so with the help

20 of Michael and Jill over the last  
21 several years, we've been able to really  
22 improve our story.

23 And so going right to the page after  
24 the team, for plan of action, again, we  
25 have held several vendor fairs working

26

1 with Minority Supplier Institute in  
2 Shreveport/Bossier to help us identify  
3 more MBE, WBE vendors that we could do  
4 business with, and we have done just  
5 that and certainly have turned our  
6 procurement story around. The following  
7 page, we show our Louisiana procurement  
8 as the first piece. The goal for us is  
9 75 percent Louisiana procurement.

10 In 2012, 2013 and '14, just before  
11 the '15 meeting, we had only met our  
12 Louisiana procurement two out of twelve  
13 quarters. Since that time in '15, '16  
14 and '17, we've exceeded our goal in 12  
15 out of 12 quarters, and so we've been --  
16 actually have been able to identify  
17 certain vendors Louisiana based that  
18 we've been able to do business with that  
19 have helped us achieve the 75 percent  
20 goal in the last three years.

21 If you go on the next page of female  
22 procurement, we do have the highest



23 female and minority procurement goals in  
24 the state, but even with that challenge,  
25 obviously our goal and obligation is to

27

1 make those goals. In '12, '13 and '14,  
2 we only met the goal once out of 12  
3 quarters. In the last three years,  
4 we've been able to meet the goal nine  
5 out of twelve quarters. So certainly  
6 not perfect, but the three quarters that  
7 we have failed to meet it, we were still  
8 over 30 percent.

9 So fairly pleased with the WBE  
10 turnaround that we had. We've been able  
11 to obtain some new food vendors, a new  
12 floral vendor. We've been able to  
13 increase spending with certain food  
14 vendors and our commercial laundry  
15 service that helped us achieve that goal  
16 for the WBE nine out of twelve quarters  
17 the past three years.

18 And then finally on MBE procurement,  
19 again, our goal is 35 percent, a fairly  
20 hefty goal. We had not met that goal in  
21 2012, 2013 or 2014. We didn't meet it  
22 again in the last three years, but our  
23 -- again, our procurement achievement  
24 went from 5 percent as a low back in Q2  
25 of '15, the last time we were here and

1 certainly have gone into the  
2 mid-twenties since that occasion. And,  
3 again, that's through the addition of a  
4 new food vendor and some other vendors  
5 that we've been able to procure and have  
6 helped us achieve those goals at  
7 Horseshoe.

8 So, again, not perfect. You can see  
9 us heading in the right direction, you  
10 know, as it relates to MBE. We have a  
11 little bit of headwinds -- and I'll get  
12 to that in a second. The next page just  
13 simply shows where our minority  
14 procurement goal lies in respect to the  
15 rest of the state at 35 percent. The  
16 majority of our region in  
17 Shreveport/Bossier is a ten.

18 If you go to the next page where it  
19 talks about the future of replacing MBEs  
20 and WBEs, you can see the vendors that  
21 make up our top ten in each category.  
22 Unfortunately for us, but fortunately  
23 for them, Doerle Foods, who is a WBE  
24 food vendor, was acquired just a few  
25 weeks ago by Sysco and is no longer

1 classified as a female owned vendor. So  
2 what's great about that story is that

3 you get a female vendor to such a size  
4 that they're actually sought after by a  
5 nationally known food vendor. So that's  
6 a great story for the state. That's  
7 exactly what we're supposed to be doing  
8 with this program, is turning small  
9 companies into larger companies.

10 In this case, the female vendor  
11 decided to sell out. The positive story  
12 for us in this regard is that I think  
13 we're close to nailing down a vendor who  
14 is both a MBE and a WBE as it relates to  
15 being able to partner with us and will  
16 replace the Doerle Food spend and get us  
17 on track to potentially actually meet  
18 our 35 percent goals for both categories  
19 starting, I believe, in quarter three of  
20 this year.

21 So you're going to see a dip from  
22 where we stand based on the Sysco buyout  
23 of Doerle Foods for WBE, and we had  
24 another vendor that does some of our  
25 staffing for our banquet events, Romar

30

1 Staffing, that we also had to dismiss  
2 based on some regulatory issues. But  
3 we've found replacements for both of  
4 those. We're in the process of getting  
5 those nailed down, and I do believe that

6 by Q3, even though we do have the  
7 highest procurement goals in the state,  
8 there is a solid chance of us starting  
9 to make our 35 percent goals for both as  
10 we move forward.

11 So I'm excited about that. I'm  
12 excited about the new vendors that  
13 hopefully we'll be able to bring  
14 onboard, and I'm hopeful that the  
15 Commission can see that we have made  
16 strong improvement since the last time  
17 we were in this room. We had promised  
18 to do better, and we've done better. So  
19 that's our short presentation.

20 CHAIRMAN JONES: And you have done  
21 better. The last time you came before  
22 the Board, you brought some corporate  
23 colleagues with you, and I think they  
24 got to hear what we thought was  
25 important with respect to minority

31

1 procurement; and I think that probably  
2 helped you. And I understand, you know,  
3 the nature of business. You have a  
4 national, an international, a corporate  
5 national corporation. It's easier for  
6 them to buy in bulk from some national  
7 vendor and get a better price, but the  
8 fact is, when you're doing business in

9 Louisiana as a riverboat, the  
10 expectation is that you'll do some local  
11 business.

12 So I think that was beneficial for  
13 them to hear the discussion among all of  
14 us, and even though you haven't met your  
15 goals, I mean, what's telling about --  
16 and I apologize that everyone doesn't  
17 have the opportunity to see this  
18 presentation. We were a little bit more  
19 limited here than we are at the capitol  
20 so we couldn't share that with you.

21 But the chart that you show, from  
22 the movement of the chart from 2015 to  
23 today, I mean, it's been all up. I  
24 mean, it's been marked improvement, and  
25 you and I have talked in detail; and I

32

1 thank you for that, and I thank you  
2 publicly for your commitment to  
3 improving on trying to get to your goal.  
4 And we recognize that.

5 Yours is the highest in the state.  
6 We get that. We understand it. You're  
7 in a competitive market with other  
8 properties trying to get small  
9 businesses, and small business can't  
10 produce like big businesses; and I think  
11 I understand the complexities here.

12           So I thank you for committing  
13           yourself to doing better after your last  
14           visit here; and even though you haven't  
15           met the goal, you have done better, and  
16           that speaks well to your property and  
17           Caesars, in general.

18           Board Members, any questions? Yes,  
19           ma'am, Miss Berry.

20           MS. BERRY: Thank you for the  
21           presentation. I'm really pleased with  
22           your improvement in your procurement  
23           goals; but I have a question, and this  
24           may be before my time on the Board. But  
25           I don't know if it goes to the Chairman

33

1           or to you, but you mentioned several  
2           times that your goals are the highest in  
3           the state. Is that a self-induced goal,  
4           or is that something that the  
5           legislature induced on their particular  
6           casino? That's my question.

7           CHAIRMAN JONES: What, the goals?

8           MS. BERRY: Why theirs is the  
9           highest.

10           CHAIRMAN JONES: Because when they  
11           essentially bid for the license, they  
12           said we can do this much minority  
13           business. So as I've characterized in  
14           the past, they're paying for the sins of

15 the father; and that's the argument when  
16 I engage legislators in the discussion  
17 about is, you know, perhaps, we could  
18 talk about the issue of procurement  
19 goals, and they go, well, that's why  
20 they have the license. They committed  
21 to that. They should be getting there.

22 So we can't go back and rewrite  
23 history. They have the license.  
24 They're operating. They're doing well  
25 for the state, doing well for their

34

1 business; but my political sense is  
2 there's no political inertia to do  
3 anything about goals, and we're just  
4 going to have to manage and monitor and  
5 have a continuing discussion from time  
6 to time.

7 MS. BERRY: That answers my  
8 question. I do commend you for your  
9 improvement.

10 MR. RICH: Thank you.

11 CHAIRMAN JONES: Board Members, any  
12 other questions?

13 MR. BRADFORD: Just out of  
14 curiosity. You mentioned Doerle Foods?

15 MR. RICH: Yes, sir.

16 MR. BRADFORD: I bet that was a  
17 painful acquisition, not for Doerle --

18 not for Carolyn Doerle, but I'm just  
19 curious, that was a Louisiana based  
20 company, so that probably helps you  
21 under your Louisiana procurement.

22 MR. RICH: Yes. Well, I do expect a  
23 fall off in quarter two as we move  
24 through trying to figure out how to  
25 replace Sysco, but as we've lined up

35

1 vendors who are Louisiana based and both  
2 MBE, WBE to replace that goal, I do  
3 believe in Q3 and Q4 that we'll actually  
4 be in a better place, for not just WBE  
5 but for MIBI moving forward, as well.

6 So I think it's great for Doerle  
7 Foods that, you know, you have a WIBI  
8 vendor who is Louisiana based that's  
9 been able to grow in size and scope  
10 based on the business they do with the  
11 northwest Louisiana casinos, but they've  
12 gotten to a point they were attractive  
13 enough to be brought out by Sysco --  
14 which is fantastic for them, but at the  
15 same time, it puts us in a little bit of  
16 a hole for Q2 and frankly for quarter  
17 one. And so I think by the time we get  
18 to the second half of the year, based on  
19 the vendors that we've lined up through  
20 our team, that we're going to be in a



21 much better spot.

22 MR. BRADFORD: That's good news. So  
23 just a point of information, if you  
24 would continue to purchase from Doerle  
25 Foods -- which I don't even know if

36

1 they're going to change their name or  
2 not.

3 MR. RICH: They won't be in  
4 existence. Sysco is going to take over  
5 their entire operation, so it won't even  
6 be an option for us to be able to use  
7 Doerle Foods. It will be run by Sysco.

8 MR. BRADFORD: So you don't get --  
9 that is no longer a Louisiana based  
10 company.

11 MR. RICH: Right. Yes, that is  
12 correct.

13 MR. BRADFORD: I'm sorry.

14 MR. RICH: It's a nationally based.  
15 It's now owned by a nationally based  
16 firm.

17 CHAIRMAN JONES: Well, good for her.

18 MR. RICH: Yeah.

19 CHAIRMAN JONES: And you made a  
20 really good point that, you know, this  
21 was a success story for her, and she may  
22 not have been able to get there had this  
23 industry not committed to buying and

24 purchasing from her. So it's -- it's  
25 helped grow the local economy to that

37

1 extent, so we appreciate that.

2 Mr. Singleton.

3 MR. SINGLETON: You just answered  
4 one of my questions, but the next  
5 section was the minority procurement.  
6 You didn't put any percentages, and  
7 everything else you had a percentage of  
8 what you were doing. But this one you  
9 made some comments, but you --

10 MR. RICHE: It's on -- it's on the  
11 chart. It's on the chart where -- you  
12 can see we're in the mid-twenties the  
13 last several quarters, so we've grown  
14 from 5 percent in quarter two of '15 to  
15 about the mid-twenties right now, lower  
16 25 percent last couple quarters.

17 MR. SINGLETON: Okay.

18 CHAIRMAN JONES: Any other  
19 questions? There are no questions. We  
20 thank both of you for coming.

21 MR. RICH: Thank you, sir.

22 CHAIRMAN JONES: Thanks for being  
23 here.

24 D. Report in reference to procurement goals by  
25 Eldorado Casino Shreveport Joint Venture d/b/a

38

1 Eldorado Resort Casino Shreveport - No.  
2 R013600005

3 CHAIRMAN JONES: We'll next call up  
4 representatives from Eldorado Casino  
5 Shreveport. Good morning.

6 MR. BARBIN: Good morning, Chairman  
7 Jones, Board Members. I'm Jeff Barbin  
8 here today representing Eldorado Casino  
9 Shreveport. To my left is Robert  
10 Urland, who's the property General  
11 Manager, and to Robert's left is Gerald  
12 Beasley, who is the Director of  
13 Compliance for the property, and also in  
14 the audience today is Amy Kenner, who is  
15 the Manager of Purchasing.

16 We're here today to give you a  
17 presentation. I believe all of you have  
18 a copy of it with you, and I will turn  
19 the presentation over to Robert.

20 MR. URLAND: Thank you very much,  
21 Chairman Jones, Board Members. I  
22 appreciate the opportunity to have us  
23 here today for us to go over our  
24 strategy moving forward. As you can  
25 see, we have over the last four years

39

1 been at about 20.9 percent meeting our  
2 minority goals. Other goals have been  
3 achieved, and today really what I wanted

4 to do was just let you know what our  
5 improvements in those obligations moving  
6 forward are.

7 We've identified -- we were probably  
8 last year about \$980,000 off our target  
9 to meet our goal, so what I did with  
10 Gerald, Amy, our corporate office and  
11 the rest of the Eldorado team, is we had  
12 to come up with where we were going to  
13 come up with that \$980,000. So what we  
14 did is looked at some synergies with our  
15 Lake Charles property, seeing some of  
16 the vendors that they use.

17 Most of it was in food and beverage.  
18 We've identified about \$1.1 million in  
19 food and beverage items that we feel  
20 comfortable and confident that we're  
21 going to be able to transition to. Some  
22 of it's probably not going to be until  
23 the third quarter as we set up the  
24 process, but once we move that, we  
25 believe that we'll be improving and

40

1 meeting our obligation moving forward.

2 I mean, obviously, this is a  
3 position that I don't, and our company  
4 does not, want to be in. It's my  
5 responsibility. At the end of the title  
6 of Vice-President and General Manager is

7 my name, so the leadership falls on me,  
8 and the shortcoming is my  
9 responsibility; but moving forward I  
10 feel very confident that we're going to  
11 be meeting our obligations.

12 CHAIRMAN JONES: Just a little bit  
13 about the difficulty that you had  
14 getting there. What are the  
15 impediments?

16 MR. URLAND: Like Mike said, there's  
17 a lot of moving targets. There's --  
18 we're up in Shreveport on the Shreveport  
19 side. I can speak with -- I know Kim  
20 from next-door and ourselves, we're  
21 always meeting with the Strategic  
22 Minority Council on the Shreveport side.  
23 We're always attending fairs, and we're  
24 always looking to get participation.

25 It's tough, because for us to move

41

1 the meter, that's a million dollars. A  
2 lot of the smaller vendors, it doesn't  
3 move the meter at all. So that's why in  
4 gaming we have to identify the companies  
5 that handle that kind of volumes and  
6 what we look to do, and it's a  
7 challenge. It's not an excuse, but it's  
8 -- it is a challenge.

9 CHAIRMAN JONES: And we understand

10 that it's a challenge, and I appreciate  
11 your commitment to do better. Can you  
12 be a little more specific about what you  
13 intend to do?

14 MR. URLAND: Absolutely. So what  
15 we're looking to do, that \$1.1 million,  
16 we're looking to shift about \$426,000 in  
17 seafood, which is a predominant part of  
18 our food and beverage operations.  
19 That's going from Lake to Oasis Foods  
20 out of Lake Charles. That's part of the  
21 synergy that we decided to do with our  
22 sister property down in Lake Charles.

23 We're shifting about a quarter  
24 million dollars from casino and  
25 promotional liquor spend to Capitol City

42

1 Wholesaler. Currently that was divided  
2 between Republic and Glazer up in  
3 Shreveport. We're shifting a little  
4 over half a million dollars in prime  
5 meats and other meats. We're going to  
6 be going to Oasis Foods or Indira  
7 (phonetic). It's going from Root Prep  
8 Meats (phonetic) out of Chicago to one  
9 of those, as well, and that number will  
10 bring us to our commitment and our goals  
11 for Louisiana.

12 CHAIRMAN JONES: The good news at

13 looking, you know, over your last, say,  
14 12 quarters -- the bad news in that is  
15 that you didn't meet your goal in any of  
16 those quarters, but the good news is, is  
17 the numbers in some quarters aren't that  
18 far off. And it's not like it's been a  
19 consistent decline from, you know,  
20 beginning in 2015 to the last reporting  
21 for 2017. You get closer, and you fall  
22 off a little bit, so that tells me that  
23 you're continuing to work at it; and  
24 that gives me some comfort that you  
25 haven't lost sight of the importance of

43

1 trying to hit that goal, and I  
2 appreciate that.

3 Board Members, any questions? Yes,  
4 sir, Mr. Stipe.

5 MR. STIPE: Mildly off topic, Mr.  
6 Chairman, but your capital  
7 expenditures are -- were down in 2017.  
8 What are your projections, and what  
9 projects do you have in 2018?

10 MR. URLAND: In 2018, we have a  
11 little over \$4 million. Two million of  
12 it is going to be in new slot machines,  
13 another two is going to be in upgrades.  
14 We're looking to do a self-comp program,  
15 kiosks, daily promotions, and a lot of

16 that 2 million -- maybe 700,000 is on  
17 the IT sides. We continue to always do  
18 property upgrades. I mean, our  
19 philosophy is to stay hip and happening,  
20 and that's really what we like to do.

21 Next, in 2019, we're looking to do  
22 room remodels. At the end of this year,  
23 I think in the fourth quarter, we're  
24 going to replace the wallpaper in the  
25 entire casino and part of the pavilion.

44

1 So, you know, a good thing about the  
2 Caranos at the corporate office is that  
3 we're not scared to spend the capital  
4 dollars to keep our property, you know,  
5 healthy and vivacious.

6 CHAIRMAN JONES: Board Members, any  
7 other questions? There do not appear to  
8 be any questions. Appreciate y'all  
9 being here.

10 MR. URLAND: Yes, sir. Thank you.

11 CHAIRMAN JONES: Thank you very  
12 much.

13 E. Report in reference procurement goals by Red  
14 River Entertainment of Shreveport, L.L.C.,  
15 d/b/a Sam's Town Hotel and Casino - No.  
16 R016500097

17 CHAIRMAN JONES: We'll now call  
18 representatives of Sam's Town. Good



19 morning.

20 MR. SCHWARTZ: Good morning. Good  
21 morning, Chairman, Board Members. My  
22 name is Vincent Schwartz. I'm a Senior  
23 Vice-President with Boyd, and this --  
24 Louisiana is part of my region. With me  
25 is Kim Etland. She is the General

45

1 Manager -- Vice-President and General  
2 Manager of the Sam's Town Shreveport  
3 property. And we appreciate the  
4 opportunity to meet with you today, and  
5 we're kind of going to be telling you  
6 about some our challenges that we've had  
7 over the last few years. And they seem  
8 to just move around the state,  
9 typically, and we overcome them; and  
10 then, you know, you kind of got to start  
11 over, but...

12 So we appreciate the opportunity to  
13 be here today, and we take -- Boyd  
14 Gaming takes our voluntary commitments  
15 very seriously. We understand the  
16 importance of diversity and inclusion,  
17 and we remain committed in our minority  
18 procurement efforts, despite the known  
19 challenges.

20 Each of our Louisiana properties,  
21 including Sam's Town, are pursuing all

22 viable avenues that can move our  
23 procurement goals in the right  
24 direction. Our management procurement  
25 teams actively participate in all

46

1 regional, local vendor and minority  
2 fairs that can help us move the needle.  
3 They also network with some of the other  
4 properties in various regions; and we  
5 heard a couple of vendors here today  
6 that we might want to chase down, and a  
7 couple of them we're partnering with  
8 them also, so we also expect to see some  
9 improvement shortly.

10 But overall, you know, as with most  
11 operators, the bulk of the spend that is  
12 available for placement typically is in  
13 the food, beverage marketing side, and  
14 that's typically where minority  
15 procurement opportunities are -- they're  
16 underrepresented.

17 So with the limited vendor base in  
18 these categories, new vendors are hard  
19 to come by. You have to take vendors  
20 that you typically have and try and  
21 expand their product offering, and as  
22 the gentleman previously said is that  
23 kind of a few things happen. One is you  
24 expand the vendor's product line, and it

25 works out wonderfully and you get that

47

1 increased spend, and then we have other  
2 times where we -- we shift spend, and  
3 they're unable to accommodate to all of  
4 our properties or the quantity is just  
5 too much to handle. And then in other  
6 cases, such as the Doerle example, we've  
7 got a couple of others that the company  
8 is acquired and then no longer  
9 qualifies, so that creates yet -- so  
10 those are kind of three sets, and so  
11 we're always on the look for more or  
12 expanding the ones we have.

13 And the participation in these  
14 minority fairs for the Casino  
15 Association is down by, you know, what  
16 was upwards of almost 70; now it's under  
17 20 of the people that participate,  
18 typically. The minority vendors as a  
19 percentage of the -- over 3,000 vendors  
20 in the Association database only  
21 represented 8 percent of the vendors in  
22 there. So they are hard to come by, and  
23 we do have to manage the ones we have  
24 and try to up the -- the product line  
25 that they're providing us.

48

1 So each gaming market is a little

2 bit different, and it comes with its own  
3 challenges with vendors, with volume of  
4 business; and operations are adjusted,  
5 and that impacts spending and  
6 distribution.

7 But regardless of the setback and  
8 concerns relative to market conditions,  
9 we see some promising strategies that we  
10 think will help our efforts and help us  
11 get near our goal, and we're committed  
12 to pursuing those. So at the table with  
13 me is Miss Etland, Vice-President of  
14 Shreveport, and Kim can share some  
15 historical data on the property and some  
16 detail, along with minority procurement  
17 efforts and some of the expectations  
18 that we have going forward.

19 MS. ETLAND: Good morning, Chairman  
20 Jones and Board Members. As Vince  
21 mentioned, I'd like to reassure you that  
22 Sam's Town is fully committed to our  
23 voluntary procurement commitments, and  
24 we understand how important they are;  
25 and we work very hard to try to maintain

49

1 them and increase them whenever we can.

2 As Vince mentioned, we do -- and  
3 Robert mentioned as well -- we do a lot  
4 of vendor fairs with the City of

5 Shreveport. We work with the African  
6 American Chamber of Commerce. We do the  
7 vendor fairs sponsored by the Casino  
8 Association, so we participate in almost  
9 everything we can. We work hard with  
10 our procurement teams to kind of  
11 leverage our five properties throughout  
12 the state and see if there are any  
13 synergies with those minority vendors  
14 that maybe wouldn't happen because the  
15 spend is bigger for the five of us than  
16 it would be for one of us.

17 For us at Sam's Town, we started our  
18 decline in the third quarter of 2014,  
19 largely because we had one vendor who we  
20 spent a million dollars with a year --  
21 which was half of our minority spend --  
22 go out of business. So then you have to  
23 start making that up, and I think the  
24 two challenges -- and you've heard  
25 probably all of us say that today -- are

50

1 simply that you have vendors that are  
2 not going to be able to meet the  
3 challenge as it gets -- the products get  
4 bigger and bigger and bigger, and you  
5 have those that are so successful they  
6 get purchased by larger companies. So I  
7 think those are the two issues that we

8 have.

9 In 2017, while not as good as 2014,  
10 our total spend is down, but the good  
11 news is that our spend for minority  
12 vendors is up 145,000. So while we  
13 didn't make our goal, we did -- the  
14 actual dollars spent were up for that  
15 for 2017.

16 So two things happened in '17. We  
17 found a seafood vendor in Lafayette,  
18 actually, that is able to service a lot  
19 of our properties and then a -- another  
20 minority vendor in a food vendor. So we  
21 are collectively working on it.

22 For 2018, I think the opportunities  
23 are -- again, you've heard are probably  
24 Capital City Liquor and to be able to  
25 increase the product line of some of the

51

1 minority vendors we already use.

2 So I -- that is kind of where we're  
3 headed, and what we've done. I  
4 appreciate the opportunity to give you  
5 our side.

6 CHAIRMAN JONES: How much of a  
7 problem is it, Vincent -- you mentioned  
8 where you contract with a vendor and  
9 you're relying on the vendor and  
10 depending on the vendor, and then at

11 some point, they're unable to fulfill  
12 the contractual terms? Is that a very  
13 real problem for you-guys?

14 MR. SCHWARTZ: Yeah, that's happened  
15 a few times. In fact, we partnered with  
16 a produce company to do all of Louisiana  
17 and including a property in Mississippi,  
18 and they just couldn't do it. And I  
19 think geographically, Lafayette is kind  
20 of the center of the state. You know,  
21 everything's about two-and-a-half hours,  
22 so if we had a lot of vendors in  
23 Lafayette, they'd probably be willing to  
24 make that two-hour drive. It's just  
25 when we find a New Orleans vendor, a

52

1 six-hour drive to Shreveport really just  
2 isn't practical, and it really does eat  
3 into their costs. And we have and will  
4 pay a premium for minority vendors in  
5 some cases, but with -- with that sort  
6 of distance, it just makes it difficult  
7 to get it out of that market where we  
8 probably have the most opportunity.

9 We had another food vendor who just  
10 decided they were -- they were our  
11 number two vendor in Shreveport. They  
12 just kind of shut down in, I think it  
13 was, 2015 -- the first quarter of '15,

14 maybe. So that created a challenge as  
15 well. We had another partner for marine  
16 and facility supplies that would partner  
17 with Grainger, and they just sent a  
18 letter and said, we don't want to do it  
19 anymore, too much of a burden, I guess.  
20 And then there's the others where -- you  
21 know, we had another company acquired by  
22 a big company in Louisiana, fortunately,  
23 so it's still part of Louisiana spend,  
24 but it no longer counts for minority  
25 spend.

53

1 So it just -- you know, there was  
2 another food vendor last year bought by  
3 the other large food company. I think  
4 it was U.S. Foods bought NATCO, I think.  
5 Same thing, it was a woman-owned  
6 business, and it now is owned by U.S.  
7 Foods, so -- so it's -- I think the  
8 women-owned business is probably the  
9 next challenge. We haven't got past  
10 this one yet, but I think that one is  
11 coming too. I don't think so much in  
12 Shreveport because we meet that goal  
13 pretty strongly. I think in some of our  
14 other markets that's going to be the  
15 next challenge for us losing that spend.

16 CHAIRMAN JONES: Boyd has, what,



17 five or six properties?

18 MR. SCHWARTZ: Five.

19 CHAIRMAN JONES: Five. And I'm  
20 assuming in your role, this is  
21 something, when you meet with general  
22 managers, that you talk about this.

23 MR. SCHWARTZ: Yes. Yes, sir, it  
24 gets a lot of attention. It has a lot  
25 of corporate focus as well, and it isn't

54

1 corporate's problem. It is our problem  
2 in Louisiana here. We're responsible  
3 for it; but it does have a lot of  
4 attention, and I believe we will have a  
5 dedicated resource only to this item in  
6 our purchasing group.

7 CHAIRMAN JONES: Yeah. And I -- I  
8 think we -- I think all my fellow Board  
9 Members, you know, appreciate the fact  
10 that there's a balancing here. I mean,  
11 you know, you can go and find minority  
12 vendors that want to take advantage of  
13 being a minority vendor and charge you,  
14 you know, what you call a premium price  
15 that makes it almost unmanageable from a  
16 business standpoint. I don't think that  
17 happens very often, but there's  
18 certainly anecdotal evidence that that  
19 does happen.

20           So, I mean, you have to run the  
21           business, and we're not in the business  
22           of running your business; but we expect  
23           you to make those decisions based on  
24           trying to get to that goal.

25           MR. SCHWARTZ: Yes, sir.

55

1           CHAIRMAN JONES: And we're sensitive  
2           to the challenges, and I'm going to  
3           permit Mr. Duty to speak on behalf of  
4           the industry at large when you leave the  
5           table. But, Board Members, any  
6           questions for Sam's Town?

7           MR. SCHWARTZ: And we certainly  
8           understand that -- oh, I'm sorry.

9           MS. BERRY: I was going to say, he  
10          basically answered my question. My  
11          question is basically, if you could give  
12          us an idea of how much is available  
13          versus you can't use them because they  
14          charge too much. You know, is that the  
15          main issue?

16          MR. SCHWARTZ: I think it's more  
17          just the size of the company. We buy a  
18          lot of product, and a lot of the smaller  
19          companies just really can't -- can't  
20          service a bunch of big operations. They  
21          just don't have the facility to store  
22          it, to process it, and that was one of

23 the problems we had is that we had  
24 somebody taking care of some stuff, but  
25 when they got our delivery, it was

56

1 several container loads; and they just  
2 don't have the manpower to unload the  
3 containers when the truck arrived. So  
4 they just said, we don't want to be  
5 bothered with this because we just don't  
6 have the staff on standby for that once  
7 a month delivery or twice a month  
8 delivery.

9 So they just -- they really have to  
10 grow with you. Maybe slower is better  
11 than trying to load too much up. I  
12 think maybe the produce vendor that we  
13 tried to give them all six properties in  
14 the area, five in Louisiana and one in  
15 Mississippi, it was maybe just too much  
16 too soon. Maybe we should have focused  
17 on the ones that they were closest to  
18 and maybe could deliver but...

19 MS. BERRY: And that issue would  
20 affect the minority procurement and the  
21 women-owned business also, I'm assuming,  
22 the same issue.

23 MR. SCHWARTZ: Yeah, it seems to be  
24 more on the minority side than the  
25 women's sides, but the acquisition seems

1 to be with the midsize companies; and  
2 that's where the challenge is these  
3 days.

4 And I wanted to mention one of the  
5 things the Chairman mentioned. You  
6 know, some of them, you know, we end up  
7 paying a premium for some of that.  
8 There's been some cases where we got a  
9 better deal, too, so...

10 CHAIRMAN JONES: That's good.

11 MR. SCHWARTZ: -- that's worked out,  
12 too, searching and sourcing as well.

13 CHAIRMAN JONES: You know, it seems  
14 to me, just from visiting with some of  
15 your general managers and general  
16 managers around the state, it's more of  
17 an issue of availability. You know,  
18 that businesses have to be available  
19 for -- you know, you may have a minority  
20 business that sells transmissions.  
21 Well, you don't use very many  
22 transmission, all right.

23 So you have to have things or  
24 services or products that are  
25 contemporaneous with what you need in

1 running your business, whether it's, you  
2 know, flowers or meat or liquor or, you

3 know, produce or whatever the product  
4 is. So it's really the lack of  
5 availability in those areas that you  
6 need the services and products, kind of  
7 based on what I've seen.

8 MR. SCHWARTZ: Right, and a few  
9 years ago -- many years ago, probably  
10 five or more, we did a lot of homework  
11 as an association looking at the various  
12 market and the available vendors in the  
13 categories that we buy, and sort of, you  
14 know, looked at the distribution of  
15 vendors in the product categories that  
16 we spend, and they're way  
17 underrepresented than a 35 percent goal  
18 such as the Horseshoe or 30 percent goal  
19 in Shreveport.

20 Wade Duty has it, I'm sure. He may  
21 have already shared it with you over the  
22 years. It's old data, but it's based on  
23 previous census. But it was kind of  
24 eyeopening what the availability was in  
25 some of these markets, especially the

59

1 more remote areas. So Wade can provide  
2 that for you, if you'd like it, and  
3 thank you for your time. We're going to  
4 do better.

5 CHAIRMAN JONES: Any other

6 questions? [No response.] We thank you  
7 for being here.

8 MR. SCHWARTZ: Thank you.

9 CHAIRMAN JONES: Wade, did you want  
10 to just take a moment for the industry  
11 perspective on this, if you don't mind.

12 MR. DUTY: Good morning, Board  
13 Members, my name is Wade Duty. I'm the  
14 Executive Director of the Louisiana  
15 Casino Association and really nothing  
16 new to add, maybe a little more detail  
17 on some of the points that previously  
18 have been mentioned.

19 The Chairman is correct.  
20 Availability continues to be the number  
21 one challenge that all properties in the  
22 state face. With respect to the  
23 homework that Mr. Schwartz mentioned,  
24 every five years the U.S. Census Bureau  
25 produces a summary of U.S. business

60

1 activities. Every ten years they do the  
2 population census, and the last time we  
3 looked at that issue we were using the  
4 data from the 2010 evolution of that  
5 census information.

6 The short answer is this: With  
7 respect to minority availability  
8 statewide, the number should be

9 somewhere between 9.7 and 12 percent,  
10 not 35. Thirty-five was a number that  
11 was selected for licensing purposes  
12 before this industry even existed. It  
13 was something that the licensee chose,  
14 and other licensees have chosen other  
15 figures, whether it's 15 percent, 20  
16 percent. The capacity, particularly  
17 with respect to minority companies,  
18 demonstratively simply is not there.

19 So the companies that are achieving  
20 their goals are to be commended for  
21 that. The companies that are falling  
22 short are certainly putting forth more  
23 than is a good faith effort, and in some  
24 cases paying premium prices to do it.  
25 But, again, capacity remains the number

61

1 one challenge.

2 Vendor identification also is an  
3 issue; however, we have worked for years  
4 to cast the net far and wide, and I  
5 think we've gotten much better in  
6 identifying vendors or even prospective  
7 vendors. There is an element that is  
8 kind of a self-perpetuating problem,  
9 however. If you select a vendor,  
10 minority, Louisiana or women-owned or  
11 some cases all three, and you work with

12 them to the point where they grow their  
13 business and are successful, then they  
14 get plucked from you and absorbed by a  
15 larger company that doesn't satisfy any  
16 of those categories. So that does  
17 happen. It is not the primary factor,  
18 but, again, the availability of the  
19 vendors.

20 Something else that we have seen at  
21 the Association level, we began hosting  
22 minority vendor and Louisiana vendor and  
23 women-owned vendor fairs in 2004. These  
24 are events that we scheduled before,  
25 usually in the spring, and we hosted the

62

1 event no charge. We provided booth  
2 setups no charge. We provided reduced  
3 hotel rooms at below corporate rates.  
4 We provided food no charge, and our  
5 first one we had 187 participants. We  
6 overflowed the Bossier City Civic  
7 Center. We had people setting up in  
8 hallways and in the lobby.

9 Fast forward to 2017, which was our  
10 most recent event, and it was held in  
11 Opelousas because, as previously has  
12 been noted, it's the geographic center  
13 of Louisiana. It's mutually and  
14 convenient from everywhere, has an



15 on-site hotel and has excellent meeting  
16 facilities. We had 19 vendors, 19.

17 So what we've seen for the last  
18 three cycles of our vendor fair is a  
19 reduction by half of the number of  
20 participants. Our formula has remained  
21 the same, and, in fact, I think we've  
22 been even more responsive because we  
23 used to rotate to the various  
24 riverboat markets in the state, Lake  
25 Charles, Shreveport, New Orleans, Baton

63

1 Rouge. But we consistently heard from  
2 the smaller vendors, particularly, that  
3 it was hard for them to shut down their  
4 shop for a one-and-a-half, two-day trip  
5 to a vendor fair, so we tried to  
6 centrally locate it. We also changed  
7 our format with respect to the workshops  
8 that we offered and the exhibit four  
9 times to try and accommodate these, but,  
10 again, participation continued to  
11 decline to the point where it is -- it  
12 is not a sustainable event.

13 So that is something that we now  
14 shifted out to the properties. You've  
15 already heard from the prior commenters  
16 that they're participating more in  
17 regionalized or local area events. One

18 thing that we heard from vendors at the  
19 2017 event is, hey, it's not really  
20 worth our while to come to just a casino  
21 only event. We want to come where the  
22 petrochemical companies are and the tech  
23 companies and all that, which is kind of  
24 a 180 degree change from where we began  
25 in 2004. They wanted specific industry

64

1 events, I think because there was a  
2 belief that casinos have unlimited sums  
3 of money that they're willing to spend  
4 on any effort. So we're now at the  
5 other end of the scale where they want a  
6 broader industry spectrum to participate  
7 in.

8 So I don't know if that answered any  
9 questions, but that is the state of  
10 affairs as to where we are today.

11 CHAIRMAN JONES: Well, I came to the  
12 last three vendor fairs, and I would  
13 agree with your assessment that, you  
14 know, it's been anemic representation  
15 for the business community; and you had  
16 people there who were willing and able  
17 to help them through the paperwork.  
18 These are the things you need to do. It  
19 was pretty -- it was a workshop more  
20 than anything else. Plus all the

21 properties set up booths, and, you know,  
22 wanted to engage people who had  
23 something to offer.

24 So I credit the Association with  
25 taking the lead there and trying to

65

1 bring in, to crossmatch those who  
2 have or who want to get involved as a  
3 minority business with the properties  
4 who need the minority business.

5 So if I heard you correctly, you're  
6 not going to have a general fair this  
7 year. It's just the properties who will  
8 be reaching out in a more regional way?

9 MR. DUTY: That's correct. Because  
10 of the continuing decrease in  
11 participation -- at every event we've  
12 ever hosted, we had representation from  
13 every casino. In 2017, we actually had  
14 more casino staff than we had vendors  
15 that were staring at each other at that  
16 point.

17 CHAIRMAN JONES: I thought so.

18 Yes, Dr. Gaston.

19 MR. GASTON: I'd like to follow up  
20 on your remarks, because I'd like to  
21 commend Mr. Duty for his report; and  
22 availability is a concern, and it's a  
23 concern throughout Louisiana. I'm very

24 proud, though, that the casino groups  
25 are working on this. I wish the rest of

66

1 Louisiana is working as hard as the  
2 casino to take care of this situation,  
3 and I would commend all of y'all for the  
4 information we learned today, plus the  
5 report that you sent out last week.  
6 It's very interesting, and God bless  
7 y'all.

8 CHAIRMAN JONES: Thank you, Bobby.

9 Are there any questions of Mr. Duty  
10 before he leaves the table? [No  
11 response.] Thank up very much.

12 MR. DUTY: Thank you.

#### 13 VII. CONSIDERATION OF PROPOSED SETTLEMENT

14 1. In Re: KS Ventures, Inc., d/b/a Buffa's Bar &  
15 Lounge - No. 3601114197

16 CHAIRMAN JONES: We'll now move to  
17 Consideration of Proposed Settlement.

18 This is in regard this KS Ventures,  
19 Inc., doing business as Buffa's Bar &  
20 Lounge, No. 3601114197. This is a  
21 proposed settlement.

22 Good morning again.

23 MR. GATHE: Good morning, Chairman  
24 Jones, Board Members. I'm Assistant  
25 Attorney General Jeremy Gathe present

67

1 before the Board in the matter of the  
2 settlement of KS Ventures, Inc., doing  
3 business as Buffa's Bar & Lounge.

4 The settlement addresses the late  
5 submission of annual forms and fees that  
6 are required to be submitted before  
7 July 1st of each year. This Type 1  
8 licensee did not submit its annual forms  
9 and fees until January 8th, 2018, which  
10 gave rise to a violation of gaming law.

11 The civil penalty contained in the  
12 settlement is \$750, which is an amount  
13 that is well established for violations  
14 of this type. The settlement has been  
15 signed by the hearing officer and is now  
16 before the Board for final approval.

17 And I can take any questions at this  
18 time.

19 CHAIRMAN JONES: Any questions on  
20 the proposed settlement?

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

22 CHAIRMAN JONES: Dr. Gaston and Mr.  
23 Bradford.

24 Any objection? Without objection,  
25 the motion carries. The settlement is

68

1 approved. Thank you very much.

2 MR. GATHE: Thank you.

3 CHAIRMAN JONES: Before we adjourn,

4 I want to give you just a quick snapshot  
5 of what's going on across the street  
6 over there in that building. There's  
7 somewhere in the neighborhood of 32  
8 gaming bills that have been introduced  
9 this year, and that's the most gaming  
10 legislation that's been introduced in  
11 one session since 1991.

12 As you know, the Board will take no  
13 position for or against any bills, and  
14 we'll offer information if requested to  
15 do so. But it's not -- it's our  
16 position that we're going to carry out  
17 the policy -- public policy. One of the  
18 things you're going to hear about is the  
19 casino in New Orleans' contract will not  
20 expire for another six years or  
21 thereabouts, and there is a proposal  
22 that they've introduced that's going to  
23 be heard today or tomorrow that would  
24 permit them to go ahead and sign another  
25 contract for the state, and in exchange

69

1 for that and in advance of the deadline,  
2 they would invest somewhere in the  
3 neighborhood of \$350 million in  
4 non-gaming amenities, a new hotel tower  
5 and other things down around the casino.

6 I understand that the Speaker of the

7 House is the author of the bill. He's  
8 presenting it, so they seem to have done  
9 their political legwork in introducing  
10 it.

11 With respect to riverboats, as you  
12 know, we -- I chaired the Riverboat  
13 Gaming Task Force. We made two very  
14 simple and fairly conservative  
15 recommendations. Those will be heard  
16 tomorrow by some judiciary leaders.  
17 There's also a couple of bills dealing  
18 with a petition that's been filed before  
19 the Board to move a licensed property to  
20 Tangipahoa Parish.

21 Video poker has, about, half a dozen  
22 or ten different bills dealing with  
23 various aspects of that business. I  
24 know that the Slots at the Tracks'  
25 facilities -- I don't know that

70

1 they're -- I don't know if there's a  
2 coalition with those two, but I know  
3 that there have been a number of bills  
4 that have been introduced that would  
5 impact those facilities.

6 And then there are two major  
7 proposals, one to authorize a statewide  
8 referendum on sportsbook pending the  
9 decision from the U.S. Supreme Court in

10 the Christie case out of New Jersey,  
11 which will come probably within the next  
12 30 to 45 days, and another by Senator  
13 Martiny, I believe, to authorize mobile  
14 gaming in conjunction with brick and  
15 mortar casinos around the state.

16 So there's a lot going on. I'm  
17 probably not going to be there because I  
18 don't have business there unless I'm  
19 called to be there, and, Board Members,  
20 if anybody asks you, say, whatever the  
21 legislature wants do.

## 22 VIII. ADJOURNMENT

23 CHAIRMAN JONES: If there are no  
24 other issues or questions, I'll  
25 entertain a motion to adjourn. Miss

71

1 Berry, Mr. Bradford.

2 Without objection, we stand  
3 adjourned. Thank you very much.

4

5

6

7

8

9

10

11

12



13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25

72

1 REPORTER'S PAGE

2

3 I, SHELLEY PAROLA, Certified Shorthand

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

5 officer before whom this sworn testimony was

6 taken, do hereby state:

7 That due to the spontaneous discourse of this

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

9 used to indicate pauses, changes in thought,

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

11 for a Court Reporter's transcription of a

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

13 that words or phrases have been left out of this

14 transcript;

15 That any words and/or names which could not

16 be verified through reference materials have been  
17 denoted with the word "(phonetic)."

18

19

20

21

22

23

24 SHELLEY PAROLA

Certified Court Reporter #96001

25 Registered Professional Reporter

73

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 March 19,

7 2018, as taken by me in Stenographic machine

8 shorthand, complemented with magnetic tape

9 recording, and thereafter reduced to transcript,

10 to the best of my ability and understanding, using

11 Computer-Aided Transcription.

12 I further certify that I am not an

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

14 am neither related to nor employed by any attorney

15 or counsel connected with this action, and that I

16 have no financial interest in the outcome of this

17 action.

18       Baton Rouge, Louisiana, this 10th day of  
19 April, 2018.

20

21

\_\_\_\_\_

22

SHELLEY G. PAROLA, CCR, RPR

CERTIFICATE NO. 96001

23

24