

LGCB Board of Directors Meeting, (Pages 1:1 to 117:24)

1: 1

2

3

4 LOUISIANA GAMING CONTROL BOARD

5

6

7 BOARD OF DIRECTORS' MEETING

8

9

10

11

12 Tuesday, October 20, 2009

13 House Committee Room 1

14 Louisiana State Capitol

15 Baton Rouge, Louisiana

16

17

18

19 TIME: 10:00 A.M.

20

21

22

23

24

25

2

1 APPEARANCES:

2 DANE K. MORGAN

3 Chairman
4
5 VELMA ROGERS
6 Board Member
7
8 AYRES BRADFORD
9 Board Member
10
11 ROBERT G. JONES
12 Board Member
13
14 MARK STIPE
15 Board Member
16
17 JERRY JUNEAU
18 Board Member
19
20 JAMES SINGLETON
21 Board Member
22
23 JACKIE J. BERTHELOT
24 Board Member
25

3

1 APPEARANCES CONTINUED:
2 MAJOR MIKE NOEL
3 Ex-Officio Board Member
4
5 LANA TRAMONTE

6 Executive Assistant to the Chairman

7

8 REPORTED BY:

9 SHELLEY G. PAROLA, CSR, RPR

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

4

1 PAGE

2 I. CALL TO ORDER 6

3 II. COMMENTS FROM THE CHAIR 7

4 III. APPROVAL OF MINUTES 8

5 IV. REVENUE REPORTS 8

6 V. PRESENTATION ON ELECTRONIC

MONITORING SYSTEM 14

7

8 VI. CASINO GAMING ISSUES

9 A. Consideration of renewal of the

10 riverboat license of Louisiana

11 Riverboat Gaming Partnership

12 d/b/a DiamondJacks Casino &

13 Resort 38

14 B. Consideration of Petition by

15 PNK(Baton Rouge) for third

16 amendment to License Condition

17 15(b) for Extension of Time

18 regarding completion of

19 Approved Project 50

20 C. Consideration of Certificate

21 of Compliance for the

22 Riverboat Gaming Vessel

23 Alternate Inspection Program

24 for Louisiana-1 Gaming, L.P.,

25 d/b/a Boomtown Harvey 66

5

1 PAGE

2 D. Consideration of petition by

3 Columbia Properties New

4 Orleans, L.L.C., for transfer

5 of interest in Belle of Orleans,

6 L.L.C., d/b/a Amelia Belle

7 Casino 69

8 VII. PROPOSED SETTLEMENTS/APPEALS FROM

9 HEARING OFFICERS' DECISIONS

10 1. In Re: American's Cajun

11	Restaurant, Inc. d/b/a	
12	Copeland's No. 5500209686	
13	(proposed settlement)	105
14	2. In Re: Tracy D. Williams – No.	
15	P040039653 (proposed	
16	settlement)	108
17	3. In Re: Holmes Seafood, Inc.,	
18	d/b/a Holmes Seafood Restaurant	
19	- No. 2600215484 (proposed	
20	settlement)	109
21	4. In Re: Nan, Incorporated, d/b/a	
22	Randazzo's Deli & Catering – No.	
23	2600213600A (appeal)	110
24	VIII. PUBLIC COMMENTS	114
25	IX. ADJOURNMENT	114

6

1 I. CALL TO ORDER

2 CHAIRMAN MORGAN: Good morning.

3 Call the roll, please.

4 THE CLERK: Chairman Morgan?

5 CHAIRMAN MORGAN: Here.

6 THE CLERK: Miss Rogers?

7 MS. ROGERS: Here.

8 THE CLERK: Mr. Bradford?

9 MR. BRADFORD: Here.

10 THE CLERK: Major Mercer?

11 CHAIRMAN MORGAN: Yeah, he's out

12 sick, had a --

13 THE CLERK: Mr. Jones?

14 MR. JONES: Here.
15 THE CLERK: Mr. Stipe?
16 MR. STIPE: Here.
17 THE CLERK: Mr. Juneau?
18 MR. JUNEAU: Here.
19 THE CLERK: Mr. Singleton?
20 MR. SINGLETON: Here.
21 THE CLERK: Mr. Berthelot?
22 MR. BERTHELOT: Here.
23 THE CLERK: Colonel Edmonson?
24 MAJOR NOEL: Major Noel for Colonel
25 Edmonson.

7

1 THE CLERK: Secretary Bridges? [No
2 response.]

3 CHAIRMAN MORGAN: We do have a
4 quorum.

5 II. COMMENTS FROM THE CHAIR

6 CHAIRMAN MORGAN: I have just few
7 comments. Myself, Mr. Juneau and Mr.
8 Bradford had an opportunity to go to
9 Shreveport after the last meeting and
10 had very good discussions; we toured
11 each property up there and had very good
12 interaction with the management of the
13 property. So we very much appreciate
14 it. And in between now and the next
15 meeting, I plan on touring Lake Charles
16 and have the respective board members

17 attend those meetings with me, and also
18 in New Orleans.

19 So we would encourage candid
20 discussion. We're here to listen and to
21 help; and I think all had benefited, and
22 State Police plan on meeting with them
23 in the latter part of this week to
24 further discuss our streamlining
25 initiatives and then hopefully with the

8

1 Attorney General's Office.

2 III. APPROVAL OF MINUTES

3 CHAIRMAN MORGAN: We'll go to item
4 III, Approval of the Minutes. Have the
5 members had an opportunity to review the
6 minutes?

7 MS. ROGERS: I move that we approve
8 the minutes.

9 MR. JUNEAU: I second.

10 CHAIRMAN MORGAN: We have a motion
11 to approve the minutes. Any opposed?

12 [No response.] All in favor say "aye."

13 * * *

14 CHAIRMAN MORGAN: Aye.

15 MS. ROGERS: Aye.

16 MR. BRADFORD: Aye.

17 MR. JONES: Aye.

18 MR. STIPE: Aye.

19 MR. JUNEAU: Aye.

20 MR. SINGLETON: Aye.

21 MR. BERTHELOT: Aye.

22 CHAIRMAN MORGAN: The item's
23 approved.

24 IV. REVENUE REPORTS

25 CHAIRMAN MORGAN: Item IV, Revenue
9

1 Reports.

2 MS. JACKSON: Good morning, Chairman
3 Morgan, Board Members, my name is Donna
4 Jackson with the Louisiana State Police
5 Gaming Audit Section.

6 The riverboat revenue report for
7 September 2009, is shown on page one of
8 your handout. During September, the 13
9 operating riverboats generated Adjusted
10 Gross Receipts of \$132,126,985, down
11 5 percent or almost \$7 million from last
12 month. September revenues are
13 historically lower than August which had
14 one more gaming day. Compared to
15 September 2008, this month's revenues
16 are up 13.8 percent or \$16 million;
17 although, the statewide effects of
18 Hurricanes Gustav and Ike somewhat
19 skewed the comparison.

20 As a reminder, all casinos except
21 those in the Shreveport/Bossier City
22 were closed from two to five gaming days

23 last September due to Hurricane Gustav,
24 while the Lake Charles area properties
25 had to close an additional three to five

10

1 gaming days due to Hurricane Ike.

2 Adjusted Gross Receipts for fiscal
3 year 2009-2010 to date are almost \$426
4 million, a decrease of 2 percent or
5 \$9 million from fiscal year 2008-2009.

6 During September the State collected
7 fees totaling \$28 million. As of
8 September 30, 2009, the State has
9 collected over \$91 million in fees for
10 fiscal year 2009-2010.

11 Next is a summary of the
12 September 2009 gaming activity for
13 Harrah's New Orleans found on page
14 three. During September, Harrah's
15 generated \$25,434,395 in gross gaming
16 revenue, a decrease of \$2.6 million or
17 9 percent from last month, but an
18 increase of \$2.2 million or almost
19 10 percent from September 2008, which
20 had only 25 days of operation. Fiscal
21 year-to-date gaming revenues for
22 2009-2010 are \$83,057,404, down
23 4 percent or \$3 million from fiscal year
24 2008-2009.

25 During September, the State received

1 \$4,931,507 in minimum daily payments.

2 As of September 30th, 2009, the State
3 has collected \$15 million in fees for
4 fiscal year 2009-2010.

5 Slots at the Racetracks revenues are
6 shown on page four. During September,
7 the four racetrack facilities combined
8 generated Adjusted Gross Receipts of
9 \$30,576,663, a decrease of \$2 million or
10 6.4 percent from last month, but an
11 increase of \$7 million or 30 percent
12 from September 2008, when racetracks
13 were closed from four to eight days due
14 to the hurricanes. Adjusted Gross
15 Receipts for fiscal year 2009-2010 to
16 date are \$99 million, an increase of
17 8 percent or \$7.7 million from fiscal
18 year 2008-2009. During September the
19 State collected fees totaling
20 \$4,638,480. As of September 30th, 2009,
21 the State has collected \$15 million in
22 fees for fiscal year 2009-2010.

23 Are there any questions?

24 CHAIRMAN MORGAN: We're following
25 the normal trends?

1 MS. JACKSON: Yes, sir.

2 CHAIRMAN MORGAN: Okay. Any

3 questions? You covered it all, thank
4 you. Video gaming --

5 MR. BOSSIER: Good morning, Chairman
6 Morgan and Board Members. My name is
7 Jim Bossier with the Louisiana State
8 Police State Police Gaming Audit
9 Section. I'm reporting video gaming
10 information for September 2009, as shown
11 on page one of your handout.

12 During September 2009, seventeen new
13 licenses were issued; nine bars, five
14 restaurants, two truckstops and one
15 device owner. Twenty-two applications
16 are currently pending in the field;
17 thirteen bars, six restaurants, one
18 truckstop and two device owners.

19 During September 2009, the Gaming
20 Enforcement Division assessed \$1,354 in
21 penalties. The Gaming Enforcement
22 Division also collected \$1,500 in
23 penalties, and there are currently
24 \$3,105 in outstanding penalties. Please
25 refer to page two of your handout.

13

1 There are presently 14,602 video
2 gaming devices activated at 2,291
3 locations. Net device revenue for
4 September 2009, was \$47,124,517, a
5 \$1.6 million decrease or 3.3 percent

6 when compared to the net device revenue
7 for August 2009, and a \$745,000
8 decrease, or 1.6 percent, when compared
9 to September 2008. Net device revenue
10 for fiscal year 2009-2010 to date is
11 \$147,514,679, a \$10 million decrease or
12 6.4 percent when compared to Net device
13 revenue for fiscal year 2008-2009. Page
14 three shows a -- page three of your
15 handout shows a comparison of net device
16 revenue.

17 Total franchise fees collected for
18 September 2009, were \$14,029,183, a
19 \$455,000 decrease when compared to
20 August 2009, and a \$195,000 decrease
21 when compared to September 2008. Total
22 franchise fees collected for fiscal year
23 2009 to 2010 to date are \$43,867,604, a
24 \$2.8 million or 6.1 percent decrease
25 when compared to last year's franchise

14

1 fees. A comparison of franchise fees is
2 shown on page four of your handout.

3 Does anybody have any questions?

4 CHAIRMAN MORGAN: Any questions?

5 [No response.] Thank you.

6 V. PRESENTATION ON ELECTRONIC MONITORING SYSTEM

7 CHAIRMAN MORGAN: We're at Item V,

8 Presentation of Electronic Monitoring

9 System. In our continuing effort to
10 brief the board on regulatory controls
11 that the State Police have and the
12 Attorney General, we asked that the
13 State Police present this relative to
14 video gaming monitoring, and I think
15 you'll find it very informative. If the
16 members want to move down to be able to
17 see the screen, certainly feel free to
18 do so.

19 MR. COURVILLE: Chairman Morgan,
20 Board Members, my name is Norbert
21 Courville. I'm the IT Technical
22 Supervisor for the Gaming Enforcement
23 Division, primarily focused on the video
24 poker section. Today I'd like to tell
25 you folks about the central system that

15

1 connects -- has connectivity with all
2 the poker machines in the State of
3 Louisiana, how it functions; how it came
4 to be.

5 In 1992, we were tasked with
6 bringing in a system that would provide
7 connectivity to all the video poker
8 machines during the start-up period.
9 RFP was put out, request for proposal,
10 and it was awarded to a company based
11 out of Reno, which was known as IGT,

12 International Gaming Technology. And
13 that system remained functional, and it
14 was upgraded in 1999 and remained so
15 until -- functioned until September
16 2007.

17 In 2004, the Department of Public
18 Safety started the procurement process
19 for a replacement system, as the
20 hardware was becoming outdated and some
21 of its components were no longer
22 manufactured. 2005, DPS & C awarded the
23 central system bid to a Rhode Island
24 based company known as GTECH. GTECH
25 corporation then tasked their subsidiary

16

1 company, Spielo, with the development of
2 their new hardware and software for the
3 system. Spielo was a company based out
4 of Canada.

5 DPS & C went live with the new
6 system in January of 2007, and thus we
7 began the transition from the IGT to the
8 GTECH system. The transition was
9 completed on September 30th, 2007. The
10 current system is now fully functional
11 and remains under contract with DPS & C
12 until 2015.

13 All machines currently communicate
14 on the GTECH central system with the IGT

15 proprietary IS-IS protocol, and what our
16 protocol is, is a communication language
17 between the machines, the site
18 controllers -- which I'll tell you more
19 of in a second -- and the actual central
20 system.

21 So I just wanted to kind of touch on
22 that a little bit. It's an important
23 fact that, basically, we have machines
24 out there running on a GTECH system
25 communicating with proprietary IGT

17

1 protocol.

2 Basically, this diagram shows the
3 configuration for the central system.
4 We have a IBM host mainframe at our data
5 processing center on Independence
6 Boulevard. We hook through the
7 department's network to work stations in
8 State Police headquarters, and then
9 through phone connectivity, we dial out
10 and we connect to site controllers,
11 which are the diagram at the bottom
12 left, the photo. And every location has
13 at least one site controller. The site
14 controller connects through fiberoptics
15 to each poker machine.

16 The site controller is in constant
17 communication with the poker machines,

18 and then we have phone connectivity
19 between the host central system and the
20 site controllers at each location.

21 Basically, the back of the unit is
22 configured like this. We have com
23 ports, and there's a pigtail. The
24 diagram at the bottom left here shows a
25 pigtail that connects to a com port on

18

1 the back of the site controller. Each
2 com port -- there is a com port two and
3 a com port five, as they're labeled, can
4 support up to 25 machines on that fiber
5 loop.

6 So, basically, what we have at the
7 photo on the bottom left is fiberoptics
8 leaving the pigtail, which is connected
9 to the com port in the back of each site
10 controller, and it connects serially to
11 each of the poker machines within that
12 location. Like I said, up to 50 poker
13 machines, 25 per com port.

14 Basically, what we have is the
15 fiberoptics transmit out of the site
16 controller into each machine serially.
17 So, basically, it functions like old
18 Christmas lights. If there's a
19 fiber-optic break anywhere in the loop,
20 the whole loop is going to go down. It

21 has to support a complete string of
22 communications through the site
23 controller, out the site controller and
24 all the way back. And like I said, the
25 site controller does communicate

19

1 constantly with the poker machines.
2 It's asking questions and receiving data
3 constantly. Then the site controller at
4 the right, it communicates, like I said,
5 through phone lines back to the central
6 system in a dial-up configuration. The
7 photo at the bottom left shows a typical
8 com port within the poker machine for
9 fiber-optic connectivity.

10 Basically, what the central system
11 does is allow for a controlled wide area
12 distribution of poker machines. All the
13 poker machines are enabled and disabled
14 through the system. The machines cannot
15 function without proper connectivity or
16 the proper commands from the central
17 system that's controlled by State
18 Police. The system checks and confirms
19 the software in each game under various
20 different conditions. When the machines
21 are brought up daily, it checks the
22 software in the machines, and anytime
23 certain commands are initiated such as

24 door opens, it is commanded then to
25 check the signature for its uniqueness

20

1 and compares with the central system.

2 So we know by that that the software
3 in that poker machine matches what's in
4 our database on the central system side
5 of it, and then we know that that
6 machine will not function unless it's a
7 direct comparison of the software in the
8 machine with what's in the central
9 system. And it also serves basically as
10 the primary database for all
11 device-related tracking. Anything to do
12 with devices from the moment they come
13 into the State of Louisiana, to them
14 being on-line, until they're destroyed
15 or sold out of state, are tracked in
16 this GTECH database.

17 Basically, the system also then
18 determines all the critical metering and
19 accounting information. It is not just
20 a functionality -- provides
21 functionality to the machines. It is a
22 critical part of providing the daily
23 dollar amounts. Each day the central
24 system communicates with every site
25 controller in the State, and then all

21

1 the dollar amounts are uploaded to the
2 central system. Bi-monthly the Division
3 then sweeps electronically all device
4 owner bank accounts for the proper
5 amount of fees, franchise and device
6 operational. Franchise fees are the
7 percentage of the net revenue, and
8 device operational fees are specified in
9 law as fees to operate on a yearly
10 basis. And the photo is a diagram of an
11 example of a sweep that would be mailed
12 to a device owner prior to the
13 electronic sweep of their account,
14 notifying them of the amount of money
15 that we will sweep.

16 Reports are executed in the system
17 which detail dates and times of events.
18 Anytime that something occurs at the
19 machine, it is known as an event.
20 Anytime there's a main door open, a
21 logic door open, a error on the CPU, or
22 any kind of events at the machine level
23 are reported through the site controller
24 back to the central system and are
25 stored in our database and are known as

22

1 events. And we look at these things for
2 investigative purposes and to patron
3 disputes, we look at these for those

4 reasons.

5 And, also, another critical part of
6 the central system and its database that
7 it provides for us, is that we can also
8 see and track every cash-out of every
9 ticket and every poker machine. Here's
10 an example of a machine that basically
11 had -- on October 2nd at 7:18 p.m.,
12 somebody cashed out a hundred dollar
13 ticket, and basically where it shows
14 toward the bottom left of it, it's not
15 validated. There's two ways to confirm
16 at the location if the cash-out ticket
17 is a valid ticket or not.

18 The site controller can validate it;
19 and what happens is when somebody cashes
20 out a ticket at a poker machine, the
21 poker machine immediately goes to the
22 site controller, asks it for a unique
23 validation number, and the site
24 controller provides that back. So,
25 basically, it says, here's your

23

1 validation number for a hundred dollars,
2 print it on your ticket. Then when the
3 ticket is cashed out of the poker
4 machine, the player brings it to a
5 tenant, and they can go to the site
6 controller and validate that that

7 hundred dollar ticket does match with
8 what's inside the site controller for a
9 validation value.

10 So a lot of the three machine
11 locations do not choose to use this
12 functionality. They have -- they feel
13 that the players are the same players;
14 they don't not trust them. The
15 truckstops usually will validate a
16 ticket.

17 So this, basically, shows a ticket
18 that was not validated at the site
19 controller but was cashed out on
20 October 2nd at 7:18 for a hundred
21 dollars. Once again, this is used in
22 patron disputes, investigative matters;
23 and it also just shows you just the
24 functionality the system has with the
25 accounting parts.

24

1 Now, basically, currently in our
2 database we maintain 14,458 on-line
3 video poker devices and 5,878 warehouse
4 devices owned by 272 licensed device
5 owners. The database currently supports
6 74 versions of software for the machines
7 with 39 versions currently active.

8 Basically, out of 14,000 machines
9 that are out there running, they're

10 running 39 different versions of
11 software in the poker machines. The
12 software in the poker machines
13 determines payout percentages, what
14 games are available to play to the
15 patrons. The diagram -- the photo on
16 the right shows basically a storage
17 media device within a poker machine.
18 Generally, they're stored -- the
19 software's stored on these things here
20 known as EPROMS, but they're getting --
21 the technology is changing. The poker
22 side is a little further behind on the
23 technology than some of the casino
24 sides, but where it was primarily based
25 on EPROMS. But we're starting to see

25

1 submissions for flash drives, CD-ROMS
2 and drives within the poker machines.
3 Basically, what I have in this
4 diagram here is the machine, model
5 number and layout for the State
6 currently, and this shows active
7 machines. What's in yellow -- and this
8 is an important thing here -- is what's
9 in yellow is basically a hardware
10 product which is currently supported by
11 a manufacturer. What's in red is a
12 product that's still running and exists

13 in the State of Louisiana, but the
14 manufacturer -- original manufacturer of
15 that product has dropped support of it.
16 They're not -- no longer providing
17 software or hardware support for the
18 product. It leads me to this slide
19 right here. Basically, outdated
20 product, which these three machines show
21 an example of outdated product, still
22 account for 57.44 percent of our market.

23 In 2003, when we were beginning to
24 think about changing out the central
25 system, that value was as high as

26

1 80 percent. 80 percent of our market at
2 one time was outdated, unsupported
3 product, and that's now down to
4 57.44 percent. The problem with
5 outdated product is there's no software
6 available for upgrades. We've had
7 recent problems when the government has
8 changed the \$5 bill for when -- during
9 legislation when there's things that are
10 done that change the configuration of
11 video poker, these machines are not able
12 to keep up with that technology or those
13 statute changes. Replacement parts
14 become hard to find. These all have CRT
15 monitors. Most of the product we're

16 seeing now, the new ones are coming in
17 LCD screens, and the concern that we
18 have in the industry, as well, is
19 that -- that there once again, the
20 future technology, these machines will
21 not be able to support it.

22 So it's talking about the IS-IS
23 protocol. If it ever comes to the point
24 in 2015 when we're out of this system
25 that we lose the support of that IS-IS

27

1 protocol, it would require a software
2 upgrade to these machines. There is no
3 software upgrade available for these
4 machines.

5 So that was a big problem when we
6 were switching the central systems in
7 2004, 2005, and it's something I want to
8 make you aware of. As of now, it's not
9 going to be a problem until 2015, but I
10 think it's never early enough to start
11 thinking about that. So 57 percent of
12 the product out there does not support
13 any future technology.

14 Basically, what we do with our
15 database in the central systems, we also
16 maintain a fully functional laboratory.
17 See, we have got four site controllers
18 in the top image. We have one of every

19 kind of poker machine that exists in the
20 State of Louisiana; and, basically, what
21 we do in that laboratory is we test all
22 hardware and software for compliance
23 with the rules and laws and for
24 communication with the real host central
25 system. We have an independent testing

28

1 lab that does compliance testing for us
2 based out of New Jersey known as GLI,
3 Gaming Laboratories International. GLI
4 does the initial testing to calculate
5 payoff percentage for us. They run
6 through test script against our rules
7 and our laws. Then they send us a
8 recommendation of approval; then we
9 bring it into our lab, hook it to a real
10 central system with the real site
11 controller, and we run it through test
12 script, as well, and put it on beta; and
13 then that's basically the format for
14 getting hardware or software approved
15 for updates to product that's out there.

16 Basically, also what the central
17 system provides for us is the database
18 of the 5,800 machines scattered
19 statewide with the 272 device owners,
20 and we use the data in the database to
21 periodically go out and inspect and

22 verify the video poker machines that are
23 in stored locations.

24 In July 1st, 1999, some of you will
25 remember the vote out which occurred --

29

1 the vote which occurred in 1996 for the
2 parishes that voted out video poker. In
3 July 1st of 1999, we turned off the
4 parishes that were voted no, and it
5 produced over 9,000 poker machines in
6 storage in people's warehouses, which
7 has also been a big part of why we have
8 so much outdated product, because it
9 produced a lot of spare parts to keep
10 the other parishes and other machines up
11 and running.

12 Basically, also what we do with the
13 central system in the lab is we have --
14 we do forensic and investigative
15 support. We assist the State Police
16 enforcement unit with verifying the
17 legality and compliance of any equipment
18 that has been brought in that may or may
19 not be in compliance with the laws. We
20 also, basically, provide to the industry
21 and to the Department, we provide device
22 and system technology training. We
23 provide transfer document training for
24 the paperwork.

25 Basically, anytime that a poker

30

1 machine is moved from point A to point
2 B, there is a piece of paper, a document
3 that supports that move. We also teach
4 the industry enrollment procedures;
5 basically, what is common to every poker
6 machine, the fiber-optics, the site
7 controller, procedurally and the loss.
8 We also do provide for the department
9 new employee orientation.

10 That's all I have. If there's any
11 questions, I'll be glad to answer them.

12 CHAIRMAN MORGAN: Thank you very
13 much. I'd like to comment, too, and
14 commend you and the staff at State
15 Police, because with the new version, I
16 understand that with the latest version,
17 I understand it's state of the art, and
18 particularly incorporated a lot of audit
19 aspects that help protect the revenue
20 for the State.

21 MR. COURVILLE: Yes, sir.

22 CHAIRMAN MORGAN: It's very
23 commendable. Any --

24 MS. ROGERS: Yeah. You made mention
25 about the 57 percent of the outdated

31

1 software. Are plans being made for the

2 2015?

3 MR. COURVILLE: The industry has
4 been changing out at about a 4 percent
5 per year rate, and if they continued at
6 4 percent, it would be below 30 percent
7 in 2015. We do talk to the industry a
8 lot. They're very much aware of it.

9 Basically, a big problem that
10 occurred in 2004, when we were procuring
11 the new GTECH -- well the system that
12 became the new GTECH system, was that
13 there was 80 percent of the market
14 supported was on a proprietary protocol,
15 which we didn't know would be available.
16 State purchasing said we could not list
17 that protocol in the procurement process
18 because it was a -- proprietary to one
19 vendor, and that would screw the bidding
20 process. So it could not be considered,
21 the IS-IS protocol.

22 So, basically, the industry was --
23 and the Department was very concerned
24 about that if the protocol would not be
25 available, 80 percent of the product out

32

1 there would not be upgradable because it
2 was no longer supported. So right now,
3 there's a lot of talks with the
4 manufacturers that are currently

5 providing product. Anytime we talk to
6 industry, we remind them that this is a
7 serious concern. That just because the
8 protocol became available to us, that
9 IGT did grant us permission to use it,
10 that we should consider that, you know,
11 it may or may not be available next
12 time, and it is an old and outdated
13 protocol. And one of the things that
14 the industry is talking about is that
15 some of the newer protocols allow for
16 more game plays. This protocol limits
17 to 12 games per machines, Jacks R
18 Better, Deuces Are Wild. Where some of
19 the other newer protocols allow for a
20 hundred or 200 different types of games.

21 So the industry is -- we make sure
22 that they're reminded periodically that,
23 you know -- it's at a cost. Poker
24 machines are very expensive. They're
25 \$10,000 plus, and some of the new

33

1 product that we're seeing is as much as
2 \$20,000. So we feel like they're
3 moving. You know, like I said, at the
4 rate now, they would not be out of the
5 old product at the end of 2015, but
6 it's -- you know, they're aware of it,
7 and we hope that they maybe pick that up

8 a little bit.

9 MS. ROGERS: And we are on their
10 list of priorities?

11 MR. COURVILLE: Yes, ma'am. Yes, it
12 is -- that is one -- you know, the
13 central system, like I said, is procured
14 through 2015; and it could be that the
15 IS-IS protocol could be made available
16 after that and there is no problem, or
17 it could be that we just extend the
18 2015. We're not sure how that's going
19 to pan out in eight years from now.

20 MS. ROGERS: Thanks.

21 CHAIRMAN MORGAN: Mr. Jones.

22 MR. JONES: Yeah, a couple
23 questions. Is there an average payout?
24 If you took all of the machines and took
25 an average, say, for every hundred

34

1 dollars that's bet, how much does a
2 machine pay out?

3 MR. COURVILLE: The last time I
4 calculated, it was based somewhere
5 around 92.3 percent. The law and rules
6 specify that the machines should pay out
7 80 to 94 percent.

8 MR. JONES: Eighty to 94?

9 MR. COURVILLE: Right. Primarily,
10 like I said, Gaming Laboratories

11 International does the calculations for
12 us on that, and most software that we
13 get from poker machines comes in as
14 close to 94 percent as they can.

15 Basically, what that says, if you bet a
16 dollar and win a dollar -- if you get
17 two jacks and you win your dollar back,
18 you just won a hundred percent.

19 So the player sometimes doesn't feel
20 like they've really done anything, but
21 they've won a hundred percent. And,
22 basically, based on actual play
23 statewide the last I've looked at -- I
24 don't look at the dollar amounts a
25 lot -- but it was around 92.3 percent

35

1 payback based on dollars won divided by
2 dollars played.

3 MR. JONES: Can you look at each
4 individual machine and, like, if one
5 machine is paying off at the rate of
6 120 percent over a period of time, do
7 you ever see stuff like that?

8 MR. COURVILLE: Yes, sir. Yes, we
9 can look at individual software down to
10 the individual game on that software.
11 So we can look at Jacks R Better on a
12 specific version of software on a IGT
13 model machine, and we can see based on

14 actual play what the dollars won are and
15 the dollars played. And we can run
16 reports that show if it's 85 percent or
17 92 percent. Yes, those are on the
18 central system and available.

19 MR. JONES: Just curious, there was
20 a case in Lake Charles -- and this was a
21 long time ago, eight or ten or twelve
22 years ago -- I don't remember how
23 long -- but there was a particular
24 machine that a fella figured out if he
25 bet one unit, it would pay him as though

36

1 he had bet three units, and he was
2 making a pretty good living off of
3 those. I think it was a Bally's
4 machine; I'm not sure. But it had
5 defective software in it; and he was
6 doing really well until he told all his
7 buddies and then everybody started doing
8 it, and they figured it out. Are you
9 familiar with that particular --

10 MR. COURVILLE: Yes, sir, I was
11 around. There was a lot of chip changes
12 done immediately after to get that
13 product off the street. Yes. It was,
14 basically, a very unique defect in the
15 software that if a person went into a
16 help screen and did -- reviewed the pay

17 tables, if they went to a certain
18 position back into the play mode, the
19 machine took the pay table from the help
20 screen and applied it to the game play;
21 but the person was actually not betting
22 what the pay table had stated.

23 So they were betting a quarter, but
24 the pay table was showing you're betting
25 \$2. And that's basically what was

37

1 happening. The games functioned
2 normally. It's just that he was betting
3 a quarter, and the system -- the machine
4 thought that he was betting \$2. And he
5 was reaping the benefits.

6 So a pair of jacks in a Jacks R
7 Better game was paying him \$2 to his
8 quarter instead of a quarter to his
9 quarter. And then what happened is
10 that, well, just as you stated, the
11 person bragged about it; and then in a
12 matter of about 24 hours, it spread like
13 wildfire, and it caused the department
14 to start looking at things when the
15 device owner said there's something
16 going wrong.

17 MR. JONES: But you didn't find it
18 out before by monitoring?

19 MR. COURVILLE: No, sir, uh-huh. It

20 was, basically, through the device
21 owners who monitor their machines
22 closely, and then they contacted us.
23 Then we'd run reports; and we verified
24 numbers, and we immediately saw it was a
25 problem and shut that particular game

38

1 down. And that's the thing with the
2 central systems. We can shut down Jacks
3 R Better on a chip set on a machine, or
4 we can shut the whole machine down. The
5 machines have to have the functionality
6 and connectivity to the central system.

7 So when we find a problem with a
8 specific game or a specific chip set
9 software version, we can shut it down
10 immediately.

11 CHAIRMAN MORGAN: Any other
12 questions? [No response.] How long
13 have you been in Gaming?

14 MR. COURVILLE: October 5th was 17
15 years.

16 CHAIRMAN MORGAN: I'm glad you're
17 there.

18 MR. COURVILLE: Thank you.

19 CHAIRMAN MORGAN: Thank you very
20 much.

21 VI. CASINO GAMING ISSUES

22 A. Consideration of renewal of the riverboat

23 license of Louisiana Riverboat Gaming
24 Partnership d/b/a DiamondJacks Casino &
25 Resort

39

1 CHAIRMAN MORGAN: Item VI, Casino
2 Gaming Issues, Consideration of the
3 renewal of the riverboat license of
4 riverboat -- Louisiana Riverboat Gaming
5 Partnership doing business as
6 DiamondJacks Casino & Resort.

7 MR. GAUTREAUX: Good morning,
8 Chairman, Members of the Board. My name
9 is Leonce Gautreaux, Assistant Attorney
10 General. Here with me today is Senior
11 Trooper Donnie Guitreaux and Auditor
12 Maggie Malone. Also here on behalf of
13 the licensee is their local counsel,
14 Joseph Bradley, and Michael Kelley who
15 is the President of Legends Gaming.

16 Before you today is the five-year
17 renewal for Louisiana Riverboat Gaming
18 Partnership, which does business as
19 DiamondJacks Casino up in Bossier. The
20 current license expires on December 9th
21 of this year. The five-year term will
22 be extended to December 9th of 2014.

23 Just briefly, and most of you may
24 remember, at the July meeting, the Board
25 approved certain transfers which

1 resulted in a reallocation of equity
2 interest in Legends Gaming, who is the
3 ultimate parent of the licensee and
4 certain amendments and modifications to
5 its loan agreements. These were both
6 done in conjunction with Legends'
7 confirmed Chapter 11 plan of
8 reorganization.

9 Under that plan, a \$6 million equity
10 infusion was to be made, and new loan
11 agreements were to be entered and filed
12 with the court. The closing of those
13 agreements was September 18th, but
14 the -- but they were made retroactive to
15 August 31st of this month, which would
16 be the effective date of the plan of
17 reorganization.

18 So they are -- they have now
19 completed all the requirements that they
20 had to to make that plan effective date
21 on August 31st. I'm told that they made
22 all required payments of the plans to
23 the secured creditors and the unsecured
24 creditors, so I just wanted to give you
25 an update on that.

1 Now Maggie Malone will give you her
2 report.

3 MS. MALONE: Good morning, Chairman
4 Crain [sic] and Board Members. My name
5 is Maggie Malone with the Louisiana
6 State Gaming and Audit Section.

7 Legends acquired DiamondJacks on
8 July 31st, 2006, along with another
9 property in Vicksburg. DiamondJacks
10 Bossier and DiamondJacks Vicksburg are
11 the only assets held by Legends and its
12 only revenue producing entities. From
13 the date of opening through 2008,
14 DiamondJacks has consistently ranked
15 third or fourth in gaming revenues in
16 the Shreveport/Bossier market regardless
17 of changes in competition.

18 As shown on the chart on page six,
19 even though revenues begin trending down
20 under previous ownership in 2005 and
21 2006, this property has maintained its
22 overall position in the
23 Shreveport/Bossier market under Legends
24 ownership, as described on page three.

25 And as was presented to the Board in

42

1 July and described by Leonce, Legends
2 underwent bankruptcy reorganization. As
3 part of the reorganization, Legends
4 significantly restructured its debt and
5 increased equity contribution

6 requirements. Legends' overall debt
7 increase, due to financing interest
8 costs, accrued during the bankruptcy
9 period. This, in turn, led to increased
10 debt allocated to DiamondJacks.
11 Although bankruptcy negotiations led to
12 the cancellation of Legends' management
13 agreement with DiamondJacks, Legends
14 will continue providing essential
15 administrative and financial services
16 without receiving compensation.

17 The charts on page ten show Legends
18 has invested, approximately,
19 18.6 million in capital improvements at
20 DiamondJacks since acquisition in 2006,
21 and plans to invest approximately
22 \$3 million each year for 2010 through
23 2013.

24 In conclusion, no financial issues
25 came to our attention to preclude the

43

1 Board from approving the DiamondJacks'
2 license for a period of five years
3 effective December 9, 2009, and I will
4 turn it over to Donnie Guitreaux.

5 SENIOR TROOPER GUITREAU: Good
6 morning, Chairman Morgan, I'm Senior
7 Trooper Donnie Guitreaux with the State
8 Police Gaming Enforcement Division, and

9 I was assigned to conduct the
10 investigation regarding the license
11 renewal of Legends Gaming, LLC.

12 An updated background investigation
13 was conducted on Legends Gaming, its
14 subsidiaries and its personnel. This
15 consisted of inquiries through Federal,
16 State and local law enforcement
17 agencies, computerized criminal history
18 databases, financial and civil
19 institutions, and gaming regulatory
20 agencies. Tax clearances were obtained
21 from the Internal Revenue Service and
22 the Louisiana Department of Revenue to
23 ensure the applicants are current in
24 their tax filings.

25 An updated background investigation

44

1 was conducted on Legends Gaming, its
2 subsidiaries and key personnel. I
3 discovered no information which would
4 adversely affect the suitability of the
5 applicants.

6 MR. GAUTREAU: You should have a
7 proposed resolution that was submitted
8 which is the traditional resolution on
9 the renewals which would be for a
10 five-year renewal commencing
11 December 9th, 2009, subject to all the

12 conditions that are currently in place
13 on their license.

14 CHAIRMAN MORGAN: Do we have any
15 questions for State Police or the
16 Attorney General's Office?

17 MR. STIPE: Just a couple. Number
18 one, the forecasts that were in the July
19 submission, have those changed at all?
20 Have they made any changes to the
21 forecast in terms of capital
22 expenditures or anything like that?

23 MS. MALONE: Not to my knowledge.

24 MR. STIPE: And then did I hear you
25 say that the management agreement had

45

1 been terminated, and those
2 administrative services were being
3 provided without any charges? Did I
4 hear that correctly?

5 MS. MALONE: That is correct. One
6 of the terms of the bankruptcy agreement
7 was that the management agreement be
8 terminated. That was --

9 MR. STIPE: And do you know whether
10 there are any changes in the forecast?
11 I mean, would they be better to speak to
12 that?

13 MR. GAUTREAUX: There are no
14 changes.

15 MR. STIPE: That's okay.

16 CHAIRMAN MORGAN: I was going --

17 MS. MALONE: Michael Kelly could
18 address you.

19 CHAIRMAN MORGAN: Any other
20 questions? Why don't we have
21 Mr. Brantley and Mr. Kelly. Why don't
22 you introduce yourselves for the record,
23 please.

24 MR. KELLY: Good morning, Mr.
25 Chairman and Members of the Board,

46

1 again, I'm Mike Kelly, the President and
2 CEO of Legends Gaming and its
3 affiliates.

4 MR. BRANTLEY: I'm Joseph Brantley,
5 the local and general counsel.

6 MR. STIPE: I'm sorry. My question
7 was -- I know you were here earlier this
8 year with some forecasts and projections
9 for the operation of the facility, and
10 my understanding is those forecasts and
11 projections are still what is in place?
12 There aren't any changes?

13 MR. KELLY: They have not changed.

14 MR. STIPE: That's all I have.

15 Thank you.

16 CHAIRMAN MORGAN: You talk more than
17 this in my office, so...

18 MR. BRANTLEY: I think the one thing
19 I'd like to point to the Board -- I
20 think we pointed it out last -- when you
21 hear the term "bankruptcy," that's
22 sometimes a very negative connotation.
23 In this particular case, the company
24 decided strategically to go into a
25 protective Chapter 11 in March of 2008,

47

1 primarily because -- not that it was any
2 payment default whatsoever. There has
3 never been a payment default by this
4 licensee.

5 There was an EBITDA issue, and there
6 was a creditor that indicated a desire
7 to take over the company. And as a
8 protective measure, we filed the Chapter
9 11 in Shreveport in the Western
10 District, and all bills were paid during
11 the entire bankruptcy proceeding. Every
12 fee was paid, all unsecured creditors
13 paid and, again, never missed a payment
14 during the entire time.

15 Legends Gaming and DiamondJacks have
16 won significant awards throughout the
17 southern gaming region for their
18 operation and patronage and patron
19 satisfaction; and they've done an
20 outstanding job, notwithstanding the

21 fact that they had to go through
22 something that was a little stressful.

23 MR. KELLY: Just to go with what
24 Mr. Brantley was saying, this was never
25 a cash flow issue for the company. It

48

1 was a covenant -- a technical covenant
2 default, and we've continued to operate
3 the business in accordance with our
4 original plans that we submitted to this
5 board several years ago, as demonstrated
6 by our commitment to continue to upgrade
7 the property and continue to expend CapX
8 dollars, and will continue to do so on a
9 go-forward basis, as well. And we
10 respectfully request your approval today
11 to continue to operate in the State of
12 Louisiana.

13 CHAIRMAN MORGAN: Thank you. Are
14 there any questions?

15 MS. ROGERS: All bankruptcy
16 conditions have been met, and that's
17 all?

18 MR. KELLY: The bankruptcy was
19 voluntary on our part, and the end
20 result, in a Reader's Digest version,
21 was a restructuring of the loans for
22 interest rates. No creditors were asked
23 to take a discount. No debt was written

24 off and nobody was not paid in full.

25 Again, this has never been a cash

49

1 flow issue. This was strictly a
2 covenant issue, with a technical term in
3 the loan agreements.

4 CHAIRMAN MORGAN: Any other
5 questions? [No response.] And do we
6 have a motion to adopt a resolution
7 approving the renewal of the license for
8 DiamondJacks or another motion?

9 MR. BRADFORD: So moved.

10 CHAIRMAN MORGAN: Motion by Mr.
11 Bradford.

12 MR. JUNEAU: Second.

13 CHAIRMAN MORGAN: Seconded by Mr.
14 Juneau. A roll call vote.

15 THE CLERK: Miss Rogers?

16 MS. ROGERS: Yes.

17 THE CLERK: Mr. Bradford?

18 MR. BRADFORD: Yes.

19 THE CLERK: Mr. Jones?

20 MR. JONES: Yes.

21 THE CLERK: Mr. Stipe?

22 MR. STIPE: Yes.

23 THE CLERK: Mr. Juneau?

24 MR. JUNEAU: Yes.

25 THE CLERK: Mr. Singleton?

50

1 MR. SINGLETON: Yes.

2 THE CLERK: Mr. Berthelot?

3 MR. BERTHELOT: Yes.

4 THE CLERK: Chairman Morgan?

5 CHAIRMAN MORGAN: Yes.

6 Congratulations.

7 B. Consideration of Petition by PNK (Baton Rouge)

8 for Third Amendment to License Condition 15(b)

9 for Extension of Time Regarding Completion of

10 Approved Project.

11 CHAIRMAN MORGAN: Item B,

12 Consideration of the Petition by PNK

13 (Baton Rouge) for Third Amendment to

14 License Condition 15(b) for Extension of

15 Time Regarding Completion of Approved

16 Project. Introduce yourselves for the

17 record.

18 MR. ORLANSKY: Good morning, Mr.

19 Chairman, Members of the Board, Larry

20 Orlansky on behalf of Pinnacle

21 Entertainment and PNK Baton Rouge

22 Partnership, and with me today are Jack

23 Godfrey, Executive Vice-President and

24 Secretary and general counsel for

25 Pinnacle; Cliff Kortman, President of

51

1 Pinnacle Design and Construction; and

2 Carlos Ruisanchez, Executive

3 Vice-President, Strategic Planning

4 Development.

5 As you know, last month we were
6 before you on a petition for
7 modification of condition relating to
8 progress deadlines and a request to
9 establish certain milestones for this
10 approved project in Baton Rouge. It
11 addressed not only a specific item
12 relating to submission of construction
13 contracts, but also proposed some other
14 milestones or dates by which Pinnacle
15 would make certain submissions and
16 accomplish certain tasks within their
17 control during the course of this
18 project.

19 At that time, the Board, as you
20 recall, passed a resolution requiring
21 that Pinnacle submit a supplemental
22 petition providing additional
23 information, which we did two weeks ago.
24 That supplemental petition, which I know
25 you've all had a chance to review,

52

1 provides extensive and detailed
2 information, we believe, that
3 specifically addresses the areas raised
4 in the Board's September 15 resolution.

5 And just very briefly, those
6 included, number one, an outline of

7 plans to progress towards completion of
8 the approved project; number two, a time
9 line of all past and future events
10 regarding all permits required from the
11 Army Corps of Engineers; number three, a
12 time line of past and future events
13 regarding all permits or approvals
14 required from state and local
15 authorities; and the fourth, a
16 comprehensive narrative of all steps
17 taken towards completion of the project
18 since September of '07. And, in fact,
19 our submission included information
20 going back to November '06, which is the
21 date when Pinnacle acquired from
22 Harrah's the entities that hold the
23 licenses used for Sugarcane Bay and for
24 this Baton Rouge project.

25 So we're here before you today on

53

1 the supplemental petition that sets
2 forth milestones and dates for
3 accomplishment of certain tasks, and I'm
4 going to turn it over first to
5 Mr. Kortman in just a minute, but I just
6 wanted to clearly identify the items
7 that are set forth and what we request
8 that you approve today. Specifically,
9 the milestone dates proposed are

10 October 22nd, submission of final
11 engineering drawings to the Corps of
12 Engineers; November 26th, submission of
13 structural vessel documents from the
14 main deck down to the qualified third
15 party inspector; February 26th, issuance
16 of a request for proposals for
17 construction contracts; and March 31st,
18 to enter into all the necessary
19 contracts for the approved project and,
20 of course, submit them to you for review
21 and approval.

22 So we would request that you approve
23 those items today, which would result in
24 a modification of Condition 15(b)
25 consistent with those items.

54

1 At this point, Mr. Chairman, I'd
2 like to turn it over to Cliff Kortman
3 who is going to give some more detail
4 and also give a status report on other
5 matters.

6 MR. KORTMAN: Thank you, Larry.
7 Thank you for having us here this
8 morning, Chairman -- I won't call you
9 Crane -- but it was certainly nice to
10 meet you a couple of weeks ago and give
11 you an update on some of the things that
12 we had been working on. I wanted also

13 just to inform you and the other
14 commissioners and staff this morning
15 that we're driving piles in Lake
16 Charles, which is pretty exciting for
17 us.

18 So that's an event that started
19 yesterday. I know that Mr. Jones was
20 out at the site about a week ago. And
21 we're off to a little bit of a slow
22 start, but at least we have got piles in
23 the ground. And I think that's an
24 encouraging thing for us, and it
25 certainly should be an encouraging thing

55

1 for all involved.

2 CHAIRMAN MORGAN: How many did you
3 have to drive? You told me.

4 MR. KORTMAN: About 2,300 all in, so
5 -- but we've got a few in the ground
6 right now, and we're casting like crazy
7 right now. We've got a few, you know,
8 site things that we're going to be
9 working on. This next week we've got
10 another rig coming, so we're going to
11 get caught up here pretty quick on pile
12 production, but we'll have two rigs
13 going within the next couple of weeks.
14 And it's pretty exciting to see the
15 progress. We've waited a long time to

16 get started on this, and we're glad to
17 see it happening.

18 I also just wanted to inform you and
19 update you on the drawing submission
20 that we made last Friday. I know it's
21 not part of the condition. I apologize
22 for the amount of paper. I think it was
23 delivered to your office on Friday, and
24 I'm sorry.

25 CHAIRMAN MORGAN: I haven't looked

56

1 at it yet.

2 MR. KORTMAN: I'm sorry it was such
3 a big bundle, but it was just we wanted
4 to go ahead and give you an updated set
5 of plans, you know, based on our
6 previous discussion and in accordance
7 with what Leonce asked us to submit.

8 So we did that last Friday. And
9 this week, October 22nd, we're
10 submitting our final engineering
11 drawings with the Corps. That meeting
12 -- well, I believe there's a meeting set
13 for Thursday. I will confirm that and
14 report back to Mr. Watts, also, and we
15 plan on keeping you fully informed going
16 forward on any meetings of that nature.

17 So if there's anything else I can
18 update you on or talk about, feel free

19 to -- oh, I also wanted to sort of talk
20 a little bit about, this morning, that
21 even though the conditions call for
22 contract approval in March, we
23 anticipate that we will be going out for
24 an RFP for the vessel construction prior
25 to that time.

57

1 Obviously, we'll submit that
2 contract for approval. We believe that
3 we'll be ready in December to go out to
4 the shipyards for pricing with a hope
5 that we would be under construction
6 before the March deadline with the
7 marine portion of the work for Baton
8 Rouge.

9 So that's just a quick update, and
10 if there's any other questions, I'd be
11 happy to answer your questions. I'll
12 turn it over to Jack here in just a
13 minute.

14 CHAIRMAN MORGAN: We'll wait and ask
15 questions, if you don't mind, after your
16 full presentation.

17 MR. GODFREY: Yes, Mr. Chairman,
18 Members of the Board, administrative
19 staff, Leonce, thank you, Jack Godfrey
20 appearing for Pinnacle.

21 I echo Cliff's comments. We

22 appreciate very much the chance to
23 appear in front of you today, and we
24 also appreciate the opportunity to have
25 been able to present to you a summary of

58

1 the many, many things that we've done
2 with respect to the Baton Rouge project.
3 We knew all of this information, but we
4 think it was a great idea by you and the
5 Board, Mr. Chairman, to allow us to
6 summarize it in written form so we have
7 a templet going forward and you can see
8 the many, many things that we have
9 accomplished in what can only be termed
10 a very challenging environment.

11 To summarize the request for relief
12 that we've made, we will submit the
13 construction contract by March 31, and
14 as Cliff indicated, although it's not
15 part of the conditions, a very important
16 contract that we will be entering into
17 in advance of that date relates to the
18 construction of the vessel. And this
19 construction project is very similar to
20 L'Auberge in that respect, because we
21 have a separate contract for the
22 construction of the vessel, and then, of
23 course, the construction contract for
24 the site work. So we continue to move

25 forward and make significant progress on

59

1 this.

2 To put this in context, if the Board
3 sees fit to grant our petition today,
4 and assuming that you put the
5 construction contract on the April 20,
6 2010, agenda, we would commence
7 construction on the site pursuant to the
8 condition by May 20, 2010, and so we
9 appreciate very much your attention
10 today.

11 We're all here to answer any
12 questions you might have regarding this
13 petition, and we respectfully request
14 that you do grant the relief that we
15 have requested.

16 CHAIRMAN MORGAN: And on that time
17 line, that would put you opening in the
18 latter part of 2011?

19 MR. GODFREY: As currently planned,
20 and as you know, Mr. Chairman,
21 construction projects sometimes
22 experience unexpected bumps in the road.
23 I can't say that that wouldn't happen in
24 this case, but we'll be moving just as
25 quickly as we can to satisfy that

60

1 condition.

2 CHAIRMAN MORGAN: Are you just there
3 for the money?

4 MR. RUISANCHEZ: Among other things.

5 MR. GODFREY: He's our financial
6 guy.

7 CHAIRMAN MORGAN: The money guy.
8 I'm sure the Board might have some
9 questions. Questions any board members?

10 MR. JONES: Speaking of the money,
11 you will have to have another round of
12 financing before you can start
13 construction, right?

14 MR. RUISANCHEZ: That is correct.
15 We -- since the last time we came before
16 the Board, we have -- actually, it was
17 the time before the last time, we had
18 completed a \$450 million bond offering.
19 A large chunk of that went to actually
20 repay existing bonds that had some
21 covenant issues as it related to taking
22 on these projects. We have also amended
23 our bank facility in order to allow for
24 an extension of maturity. Our bank
25 facility expires at the end of next

61

1 year, and we clearly don't want to be in
2 construction during that.

3 And we're currently in the process
4 -- through that bond deal, we have the

5 money secured for the Sugarcane Bay
6 project, and as such, we have started
7 driving piles, as Mr. Kortman mentioned.
8 And we expect that there will be another
9 round of financing that will be done
10 before the -- what we deem the Baton
11 Rouge start in earnest, driving piles
12 and the like, in order to make sure that
13 we have the money to finish it, which
14 has been the mantra of the company and
15 is something that has served us well
16 through these times.

17 MR. JONES: What's your general cost
18 estimate on what it's going to cost you?

19 MR. RUISANCHEZ: Well, the bond deal
20 that we did was at eight and
21 seven-eighths.

22 MR. JONES: I'm talking about the
23 facility in Baton Rouge.

24 MR. RUISANCHEZ: Oh, the total cost
25 of the facility? Well, until we have a

62

1 guaranteed maximum price contract, it
2 will be tough to estimate that, but I
3 think the condition calls for
4 \$250 million. I'd be pretty safe to say
5 that it will be in excess of that. I
6 can't tell you definitively what amount
7 that will be at the end of the day.

8 MR. JONES: I had one other
9 question. I didn't understand some of
10 the terminology. It said the court
11 turned down the casino based on the
12 cofferdam concept. Is that what
13 L'Auberge is? Is that what you call a
14 cofferdam?

15 MR. KORTMAN: Yes, sir. And I
16 apologize for that terminology, because
17 it is a little confusing. What we
18 proposed on the west side of the levee
19 in Baton Rouge was an elevated structure
20 that was a concrete bathtub. I hate to
21 use that kind of expression, but that's
22 basically what we submitted initially.
23 There were a number of problems related
24 to that. It was -- there was some
25 capacity issues, adjacencies to the

63

1 levee, et cetera. What -- the design
2 migrated from that into a system where
3 we have submergible barges.

4 So we don't actually have a coffer
5 cell situation in the Baton Rouge
6 project. What happens when the flood
7 waters come is our lower barges are
8 flooded. They go underwater. Our
9 anchoring system puts us in a buoyant
10 positive situation, but we're

11 effectively free floating inside a
12 berth-in basin. But when the flood
13 waters come, that basin floods; the
14 barges flood, and then we're in a
15 restrained system after that. And I can
16 explain the engineering details if you'd
17 like me to.

18 MR. JONES: You have got a lot more
19 variance in the cracked water levels.

20 MR. KORTMAN: Yes, sir.

21 MR. JONES: I think Sugarcane Bay is
22 going to be like L'Auberge?

23 MR. KORTMAN: It's very similar.
24 The only difference is that we're using
25 a concrete structure there for the boat.

64

1 I'm sure that ABS can tell you about it.
2 They're here today, and I think we've
3 had lots of discussion about it. We
4 have two properties currently that have
5 concrete hulls. They work very well.
6 They've been cost effective for us to
7 build during these times when steel
8 prices have been going crazy, so...

9 MR. JONES: That's all I have.

10 CHAIRMAN MORGAN: Anyone else? I'd
11 like to say I'm very satisfied with the
12 submission. It answered a lot of the
13 questions that I had being a new board

14 member. I appreciate the due diligence
15 that you put into the response, and
16 representing this area I'm excited to
17 potentially have construction start for
18 development purposes.

19 We have a petition before us.
20 Leonce, anything before we start?

21 MR. GAUTREAU: I have submitted a
22 rather long proposed resolution; but it
23 does amend the condition under the terms
24 as Mr. Orlansky described, and it also
25 adds a provision -- a last provision

65

1 which asks them to come back in January
2 of 2010 and March of 2010 and give the
3 Board an update of their progress.

4 CHAIRMAN MORGAN: And in addition, I
5 think State Police is going to
6 participate in the meetings with the
7 Corps and the local officials just to
8 monitor progress on behalf of the Board.

9 If the Board would entertain a
10 motion to adopt the resolution to the
11 extension of time regarding completion
12 of the approved project, is there a
13 motion?

14 MR. JONES: I'll so move.

15 MR. JUNEAU: Second.

16 CHAIRMAN MORGAN: Motion Mr. Jones,

17 seconded by Mr. Juneau. Roll call vote.

18 THE CLERK: Miss Rogers?

19 MS. ROGERS: Yes.

20 THE CLERK: Mr. Bradford?

21 MR. BRADFORD: Yes.

22 THE CLERK: Mr. Jones?

23 MR. JONES: Yes.

24 THE CLERK: Mr. Stipe?

25 MR. STIPE: Yes.

66

1 THE CLERK: Mr. Juneau?

2 MR. JUNEAU: Yes.

3 THE CLERK: Mr. Singleton?

4 MR. SINGLETON: Yes.

5 THE CLERK: Mr. Berthelot?

6 MR. BERTHELOT: Yes.

7 THE CLERK: Chairman Morgan?

8 CHAIRMAN MORGAN: Yes.

9 MR. GODFREY: Thank you very much.

10 C. Consideration of Certificate of

11 Compliance for the Riverboat Gaming

12 Vessel Alternate Inspection Program for

13 Louisiana-1 Gaming, L.P., d/b/a Boomtown

14 Harvey

15 CHAIRMAN MORGAN: Item C,

16 Consideration of Certificate Compliance

17 for the Riverboat Gaming Vessel,

18 Alternate Inspection Program for

19 Louisiana-1 Gaming doing business as

20 Boomtown Harvey.

21 What role is Cliff playing in this?

22 MR. GAUTREAU: It's Boomtown Harvey
23 today. Leonce Gautreaux, Assistant
24 Attorney General. I have to say that
25 I'm here today as a poor substitute as

67

1 Michael Tyler in our office, but he had
2 a prior commitment, so I'll step in for
3 him.

4 With you -- before you today is the
5 request from Louisiana-1 Gaming Limited
6 Partnership, which does business as
7 Boomtown Casino in Harvey, to be
8 accepted into the alternate riverboat
9 inspection program. ABSC, which I have
10 Mr. John Francic here from ABSC -- is
11 the Board approved third party
12 inspector -- conducted an inspection in
13 accordance with the alternate riverboat
14 inspection standards which were
15 previously adopted by the Board and
16 issued its report.

17 Mr. Francic is here today to give
18 you an update on that report.

19 MR. FRANCIC: Morning, Chairman and
20 Board Members, I'm here to present the
21 inspection results of the Boomtown Belle
22 Two Casino.

23 On September 16th, an inspection was
24 conducted onboard the riverboat gaming
25 vessel, Boomtown Belle, in accordance

68

1 with the State's alternative riverboat
2 gaming guidelines.

3 Mr. Chairman, this was supposed to
4 be a joint inspection with the Coast
5 Guard and ABSC, but the Coast Guard
6 didn't show up on this inspection, so I
7 guess they had other plans. But we
8 proceeded with the inspection anyhow,
9 and the overall condition of the vessel
10 was great. We had outstanding
11 participation with the crew. There was
12 no deficiencies noted. It went all
13 well, and so I did talk with Kevin
14 Maylor (phonetic) the Coast Guard
15 District Eight Rep who's overseeing the
16 transfer from the Coast Guard to the
17 State; and he was fine with everything,
18 as long as we were happy with what went
19 on during the inspection. He was
20 satisfied with that.

21 So it's recommended that the
22 Boomtown Belle Two be placed into the
23 State's alternative program at this
24 time?

25 CHAIRMAN MORGAN: Anything, Cliff?

1 MR. KORTMAN: No.

2 CHAIRMAN MORGAN: Any questions by
3 any board member?

4 MR. GAUTREAUX: And I think a
5 certificate has been submitted --

6 CHAIRMAN MORGAN: Yeah.

7 MR. GAUTREAUX: -- for this.

8 CHAIRMAN MORGAN: So we would
9 entertain a motion to approve the
10 certificate of compliance.

11 MR. BERTHELOT: I'll make a motion
12 we accept.

13 CHAIRMAN MORGAN: Ms. Rogers and Mr.
14 Berthelot. Is there any objection? [No
15 response.] Hearing none, it's approved.
16 Thank you.

17 D. Consideration of Petition by Columbia
18 Properties New Orleans, L.L.C., for Transfer
19 of Interest in Belle of Orleans, L.L.C., d/b/a
20 Amelia Belle Casino

21 CHAIRMAN MORGAN: Okay. Item D is
22 Consideration of Petition by Columbia
23 Properties New Orleans, L.L.C., for
24 Transfer of Interest of Belle of
25 Orleans, L.L.C., doing business as

1 Amelia Belle Casino.

2 MR. GAUTREAUX: Leonce Gautreaux,

3 Assistant Attorney General. Hopefully,
4 this is the last time you'll have to
5 hear from me today.

6 CHAIRMAN MORGAN: You ought to get a
7 pay raise.

8 MR. GAUTREAUX: Also with me today
9 is Sergeant Jeff Watts from the
10 Louisiana State Police and Auditor
11 Maggie Malone. I'd also like to point
12 out that we have in attendance Mr. Paul
13 West and Mr. Joseph Brantley, who are
14 counsel for Peninsula Gaming; Mr. Brent
15 Stevens, who is the CEO; Miss Natalie
16 Schramm, who is the CFO; and Natalie
17 Guillory, who is the Compliance Director
18 at Old Evangeline Downs. And they do --
19 wanted me to let you know that they do
20 want to make a short presentation, too.

21 Before you is a petition for a
22 transfer of an ownership interest. The
23 Belle of Orleans is the riverboat
24 licensee which operates in Amelia. The
25 current ownership interest is held by

71

1 Wimar Tahoe. The petition is to
2 transfer that ownership interest to
3 Peninsula Gaming.

4 On June 18, 2009, a purchase
5 agreement was entered between Columbia

6 Properties, who is the direct owner of
7 the Amelia Belle Casino, and AB
8 Acquisition, L.L.C., and Peninsula
9 Gaming Partners. The proposal is to
10 acquire the interest in the Belle for
11 \$106.5 million, plus or minus some
12 working capital adjustments. If this
13 transaction goes through, then AB
14 Acquisition will be -- will acquire the
15 membership interest in the Amelia Belle.

16 Particularly, the mechanics of the
17 transaction is Columbia Properties will
18 transfer this membership interest
19 directly to AB Acquisition through an
20 assignment and assumption agreement.
21 Thereafter, AB Acquisition will merge
22 with Peninsula Gaming, with Peninsula
23 Gaming being the surviving entity.

24 So upon closing, Belle will be
25 directly owned by Peninsula Gaming.

72

1 Closing is subject to several conditions
2 which must be satisfied or waived, which
3 includes receipt of the approval of this
4 board. The outside date for closing
5 now, I believe, is set for November 3rd.

6 Peninsula will be -- if this
7 transaction is approved and closed,
8 Peninsula will be acquiring the

9 licensee. It will also be inheriting
10 the local fee agreement with St. Mary
11 Parish and will be obligated to continue
12 making those payments. It will also
13 inherit all the existing conditions to
14 the licensee, which will remain in
15 place.

16 Peninsula currently operates the
17 racetrack in Opelousas which is known as
18 Evangeline Downs, and also has two
19 casinos in Iowa. As you can tell from
20 the report, there have been some
21 operation issues which have led to
22 violations with -- at Evangeline Downs,
23 violations of the regulations and ICs.
24 We have met with the people at Peninsula
25 and have proposed to adopt a compliance

73

1 committee -- an independent compliance
2 committee to assist them in getting
3 these issues under control. I think
4 that proposal is submitted to you as
5 part of the report and also attached to
6 the conditions. I'll discuss that a
7 little bit more after the State Police
8 and auditor make their presentations.

9 MS. MALONE: Good morning, Chairman
10 Morgan and Members of the Board. My
11 name is Maggie Malone, Corporate

12 Securities Auditor. Leonce covered the
13 Amelia Belle transfer of ownership with
14 the exception of the funding for the
15 acquisition and Peninsula's planned
16 capital improvements of Amelia Belle. I
17 will touch on the acquisition funding
18 and capital expenditures and point out
19 the significant financial aspects of the
20 organizational restructure and
21 refinancing transactions.

22 Peninsula Gaming has committed to
23 making \$6 million in capital
24 improvements at Amelia Belle once the
25 acquisition is consummated. The table

74

1 on page ten provides a breakdown of the
2 planned expenditures, the largest of
3 which is for slot machines. In
4 conjunction with the financing for the
5 acquisition of the Amelia Belle,
6 Peninsula completed a corporate
7 restructuring by eliminating two
8 subsidiaries and bringing all its
9 subsidiaries, including Amelia Belle,
10 under the direct ownership of Peninsula
11 Gaming. This structure in large part
12 was done to accommodate the refinancing
13 and the bond issue.

14 As shown on page 27, in August

15 Peninsula Gaming issued \$545 million in
16 bonds using most of the proceeds to
17 refinance existing debt, and we used
18 part of the remainder to acquire Amelia
19 Belle. The restructure allowed the
20 bonds to be issued by Peninsula Gaming
21 with all of its subsidiaries, including
22 OED and Amelia Belle as guarantors.
23 Under the previous structure, the debt
24 was separately secured and guaranteed by
25 a combination of Peninsula Gaming's

75

1 facilities.

2 Another component of the refinancing
3 is an amendment to the existing credit
4 facility. As detailed on page 29, the
5 \$65 million revolver availability
6 remains, but the term loan was
7 terminated. The amount previously
8 outstanding under the revolver was
9 repaid with bond proceeds leaving the
10 entire \$65 million available for use by
11 Peninsula Gaming. Peninsula's
12 organizational and financial restructure
13 pulls all its subsidiaries in as
14 borrowers under the amended facility.

15 Page 32 includes information to
16 update the Board as to Peninsula
17 Gaming's progress on OED's event center

18 and the planned hotel. According to the
19 latest monthly report for August, the
20 event center is 8.2 percent complete.
21 Current estimate is that the event
22 center will be completed in February of
23 2010. Funding for the hotel is nearly
24 complete. Peninsula Gaming anticipates
25 that Venance [phonetic], the hotel

76

1 management company and future owner,
2 will break ground in November and
3 complete the hotel by third quarter
4 2010.

5 No financial issues came to our
6 attention to preclude the Board's
7 approval of this transaction. I'll now
8 turn it over to Mr. Watts.

9 SERGEANT WATTS: Good morning,
10 Chairman Morgan, Members of the Board,
11 I'm Sergeant Jeff Watts with the
12 Louisiana State Police Gaming
13 Enforcement Division. I was assigned to
14 conduct an updated background
15 investigation of Peninsula Gaming
16 Partners. This updated background
17 investigation is in conjunction with the
18 Peninsula Gaming petition to acquire the
19 Amelia Belle.

20 Peninsula Gaming was found suitable

21 on December the 11th, 2007, as part of
22 the Evangeline Downs five-year license
23 renewal to conduct gaming operations in
24 Louisiana. This updated background
25 investigation included the suitability

77

1 determination of key personnel currently
2 serving as officers and directors of
3 Peninsula Gaming Partners. Key
4 personnel were required to submit a
5 Louisiana renewal affidavit because each
6 officer and director has previously been
7 found suitable.

8 The determination of suitability was
9 a result of inquires through state and
10 federal law enforcement agencies.
11 Inquiries were also made to gaming
12 regulatory agencies across the country.
13 All applicants were found to be current
14 in the filing of state and federal
15 taxes.

16 In addition to the suitability
17 determination of officers and directors,
18 an updated background investigation was
19 conducted on Peninsula Gaming Partners.
20 This investigation included inquirers
21 made to gaming regulatory agencies
22 across the country. Tax clearances were
23 obtained from the IRS and the Louisiana

24 Department of Revenue to ensure that the
25 entities were current in their tax

78

1 filings. A list of substantial
2 regulatory violations issued against
3 Peninsula Properties by the Gaming
4 Enforcement Division were reviewed and
5 included in the investigative report. A
6 list of substantial regulatory
7 violations received from other gaming
8 jurisdictions which resulted in action
9 being taken against Peninsula was also
10 attached.

11 An updated background investigation
12 was conducted on Peninsula Gaming
13 Partners, its subsidiaries and the
14 officers and directors of the companies.
15 Other than the numerous regulatory
16 violations mentioned in the
17 investigative report, I discovered no
18 information which would adversely affect
19 the suitability of Peninsula, its
20 subsidiaries, its officers or directors
21 which would bring into question the
22 suitability of the license or preclude
23 any of the aforementioned individuals or
24 entities from maintaining a gaming
25 license issued by the Gaming Control

79

1 Board or preclude the approval of the
2 transfer of interest.

3 MR. GAUTREUX: In conclusion, I'd
4 like to go back to the proposed
5 conditions that have -- and I will point
6 out have been agreed to and accepted by
7 Peninsula Gaming. The first condition
8 you'll see there, I believe Maggie said
9 earlier, they have stated that they're
10 going to make a \$6 million capital
11 improvements investment in Amelia Belle,
12 and we went ahead and put that as a
13 condition to require that \$6 million
14 investment.

15 The second condition is the
16 establishment of the compliance
17 committee, with just some of the
18 highlights: Two of the three members
19 have to be independent, one with some
20 experience in gaming regulation.
21 There's a regular meeting and reporting
22 requirements and a chance for all
23 documents and minutes and information
24 that's developed with the compliance
25 committee to be turned over and reviewed

80

1 by the Division, requirements to meet on
2 issues regarding compliance and offer
3 suggestions to Peninsula management.

4 There's also a requirement for a
5 property compliance director who will
6 report directly to the compliance
7 committee on issues that are happening
8 at the property.

9 And then the third condition is one
10 which requires Peninsula to employ an
11 internal auditor specific to the State
12 of Louisiana, meaning that that internal
13 auditor can't have shared
14 responsibilities within the other gaming
15 jurisdictions that they have, but will
16 be specific to the property or
17 properties if they should be approved in
18 Louisiana.

19 CHAIRMAN MORGAN: I have a few
20 questions, and then we'll hear from
21 them. Maggie, on page 12 of the report,
22 it speaks to Mr. Stevens and
23 Mr. Luzich's consulting agreements, and
24 it indicates that Mr. Stevens' is not a
25 written agreement. What exactly does he

81

1 do for this amount of money?

2 MS. MALONE: My understanding is
3 that he handles a lot of the financial
4 decisions; decisions that have to do
5 with the operation of the overall
6 company with regard to the operations of

7 the properties in Iowa and Louisiana.
8 He handles transactions that have to do
9 with the board of managers.

10 CHAIRMAN MORGAN: And in June in the
11 amount of \$6 million?

12 MS. MALONE: I believe that is --
13 Miss Schramm, as of yesterday, notified
14 us that there was a typo in some
15 information that she had sent to us.

16 CHAIRMAN MORGAN: We'll get the
17 licensee to address that in just a
18 minute.

19 On page 28, you indicated a
20 potential conflict of interest with
21 regards to the Jefferies Company. Can
22 you elaborate?

23 MS. MALONE: Jefferies is the
24 majority participant in the financing,
25 and significant officers and

82

1 decision-makers in Jefferies --
2 Mr. Stevens is a part of that company,
3 Jefferies. So there could be potential
4 conflicts with regard to the interests
5 of Jefferies and the interests of OED
6 and Peninsula Gaming.

7 CHAIRMAN MORGAN: I have some other
8 questions, but I'll defer to the board
9 members right now. Any questions for

10 State Police?

11 MR. STIPE: In terms of the
12 management agreement, the management
13 services agreement, there are
14 administrative services provided to
15 whom? I mean, how does this -- is the
16 management services agreement
17 structured, or are there administrative
18 services provided by the holding company
19 to these particular entities, or...

20 MS. MALONE: That is my
21 understanding that -- maybe can
22 Mr. Stevens?

23 MR. GAUTREAUX: Sure.

24 MR. STIPE: I'll direct it to him,
25 then.

83

1 CHAIRMAN MORGAN: Any other
2 questions for State Police or the
3 Attorney General's Office? We'll have
4 the licensee come up.

5 Good morning.

6 MR. WEST: Good morning, Mr.
7 Chairman, Board Members. My name is
8 Paul West with the Law Firm of
9 McGlinchey Stafford representing
10 Peninsula Gaming. With me today to my
11 right is Brent Stevens, the CEO and
12 Chairman of the Board of Peninsula.

13 Next to Brent is Natalie Guillory, the
14 Director of Compliance with Evangeline
15 Downs; next to her is Natalie Schramm,
16 CFO of the Peninsula Gaming. We also
17 have Mike Howard, who is the GM of
18 Evangeline Downs, and Joseph Brantley,
19 who is my co-counsel in this matter.

20 I think for a number of you, this is
21 the first time you've dealt with
22 Peninsula, so we thought it would be
23 good to give you some background on the
24 company, and I'll turn it over to
25 Mr. Stevens.

84

1 MR. STEVENS: Thank you very much,
2 Paul. Mr. Chairman, thank you for
3 allowing us to have a few minutes this
4 morning, Members of the Board. My name
5 is Brent Stevens, the Chief Executive
6 Officer and Chairman of the Board of
7 Peninsula Gaming. We've prepared some
8 materials that we've shared with you.
9 I'm on page two. If you'll indulge me,
10 I'll spend just a couple of minutes and
11 give you a little bit of background on
12 Peninsula and our operations here in
13 Louisiana.

14 Peninsula's been in business since
15 1999. Today we have three properties

16 that we operate, two in the State of
17 Iowa and one in Louisiana. We employ
18 approximately 2,000 people through those
19 operations. As was mentioned earlier,
20 we did a \$545 million refinancing of our
21 company in July of this year which
22 closed in early August, and we received
23 from Standard & Poor's and Moody's,
24 based on all the steps we've taken and
25 our financial performance, among the

85

1 highest ratings in terms of our credit
2 rating from, again, Moody's and Standard
3 & Poor's concurrent with that
4 transaction.

5 We came to Louisiana in 2001, and we
6 built the first ground-up, raised casino
7 development in the industry which we
8 opened in December of 2003, Evangeline
9 Downs. We opened that project three
10 months early. Today we have 662
11 employees at that operation, 100 percent
12 Louisiana based. We spent \$130 million
13 on that development during 2002 and
14 2003. In short, it's been a tremendous
15 economic development cornerstone for St.
16 Landry Parish and for the local
17 community of Opelousas.

18 If you'll please turn to page three,

19 I'll give you a quick overview of the
20 operation and the -- really the snapshot
21 of what the parish looked like, what the
22 local community looked like in terms of
23 economic development. On the left is
24 2002 before we arrived. A fallow farm
25 field in a fairly, fairly quiet

86

1 community that today, if you look to the
2 right, does have tremendous economic
3 development surrounding it with large
4 retail operators, a Wal-Mart
5 Supercenter, a large distribution center
6 and other thriving small businesses in
7 the community.

8 On page four is a brief history of
9 Evangeline Downs. Not only did we
10 operate the opening operation in
11 December of 2003, we have since
12 augmented that operation with both turf
13 tracks, as well as the racetrack and
14 clubhouse which we opened in 2004, the
15 church track in April of this year, and
16 through our history we've opened a
17 series of OTB facilities, some with
18 video poker.

19 In terms of revenue to the state and
20 parish and purses on page five, over the
21 course of our operating history for the

22 last two years, we've contributed \$205
23 million to the State, the parish and to
24 the purse supplements. Page six, in
25 short, we have reinvested in Evangeline

87

1 Downs; we've reinvested in our local
2 community.

3 In addition to the \$130 million
4 development in 2003, we've spent
5 approximately \$6 million per year
6 reinvesting in both maintenance and
7 construction of the new projects at that
8 facility which, on page seven,
9 includes -- not limited to, but includes
10 our \$4.7 million event center which we
11 will open in January of 2010. It will
12 have approximately a 1,500 seat
13 capacity, will be a tremendous point of
14 excitement for additional amenities
15 building in our facility. And, of
16 course, we've heard the hotel which has
17 taken quite a long time -- we are ready
18 to go on the ground. We have the
19 financing ready; we have a partner that
20 we have done business with in the past,
21 Fender's Construction; the land's being
22 transferred, the financing commitments
23 are in place. We'll be making a small
24 investment in that operation, as well,

25 estimated completion of mid-2010.

88

1 I'd like to just spend a moment on
2 compliance, and then I'm going to turn
3 the presentation over to Natalie
4 Guillory. I want you to all be assured
5 that compliance, from my perspective as
6 the CEO, and training of our employees,
7 is very, very important to me. Having
8 no disruptions, no violations is the
9 goal.

10 I'd like to have Natalie Guillory
11 take it from here. I'll turn it over to
12 you, Natalie.

13 MS. GUILLORY: Chairman Morgan,
14 Board Members, Natalie Guillory,
15 Director of Compliance at Evangeline
16 Downs.

17 On page eight, Regulatory
18 Compliance, Evangeline Downs has
19 established a regulatory compliance
20 program in cooperation with the
21 Louisiana State Police Gaming Division.
22 Included in that program, Peninsula is
23 establishing a compliance committee to
24 independently oversee the compliance of
25 its Louisiana operations. Evangeline

89

1 Downs has required each department to

2 conduct quarterly training of its
3 internal controls, its standard
4 operating procedures, its key controls
5 and its underaged training.

6 We conduct periodic stings to -- to
7 test our underaged gaming procedures, as
8 well as conduct internal audits to
9 ensure our regulatory compliance.

10 Quarterly meetings are held with the
11 auditors, state auditors and our
12 enforcement division to review
13 compliance issues, as well, and in
14 addition to our weekly meetings and our
15 monthly meetings that are held.

16 In addition to our quarterly
17 trainings, Evangeline Downs has
18 partnered with the Pyramid Group, which
19 has been in existence since 1980 and
20 it's a widely recognized organization,
21 to develop our management training
22 program for our supervisors and above.

23 In closing, Peninsula has took it a
24 step further by establishing the
25 Peninsula Leadership Institute, which

90

1 their partnership -- partnershiping
2 [sic] with LSUE, the Eunice Division and
3 the Baton Rouge -- which is a part of
4 the Baton Rouge Division. The objective

5 of that partnership is to train our
6 future leaders in leadership development
7 at a university level. Thanks for your
8 time.

9 MR. STEVENS: That concludes our
10 prepared remarks. One last comment I
11 would like to make, which was in the
12 prior presentation about the management
13 services agreement -- Natalie, what was
14 the amount? There was a typo.

15 MS. SCHRAMM: The amount year to
16 date through June 2009, was -- that
17 number should be \$50,000.

18 CHAIRMAN MORGAN: The ones you wish
19 you had.

20 MR. GAUTREAUX: Right.

21 MR. STEVENS: Right.

22 CHAIRMAN MORGAN: And that's not
23 memorialized in writing? It's just --
24 what do you do?

25 MR. STEVENS: As chairman and the

91

1 CEO, I conduct strategy; I look at
2 acquisitions; I do the capital raising
3 strategy and so forth.

4 CHAIRMAN MORGAN: And how about
5 Mr. Luzich?

6 MR. STEVENS: His primary
7 responsibility as president is the

8 actual physical construction aspect. If
9 you think about our history over the
10 last ten years, we've developed three
11 properties. It's very construction
12 intensive. That's his role.

13 CHAIRMAN MORGAN: I'm going to let
14 the other board members ask questions,
15 but I wanted to make a comment on the
16 compliance committee. Oftentimes these
17 things are presented, and they're window
18 dressing. And I want to make it
19 abundantly clear, you have an inordinate
20 amount of violations at your current
21 property. I have full confidence that
22 you'll have the mechanism in place, but
23 this Board's going to expect that the
24 compliance committee be an active
25 committee and not just something on

92

1 paper that's submitted.

2 MR. STEVENS: It will be.

3 MR. JONES: Just one question: You
4 said you got the highest credit rating
5 by Moody's and S&P. What was the credit
6 rating?

7 MR. STEVENS: Double B, the Double B
8 category.

9 MR. JONES: That's the highest in
10 the gaming?

11 MR. STEVENS: In the gaming sector
12 in the state.

13 MR. STIPE: Who does Miss Guillory
14 report to? Who is her direct report?

15 MS. GUILLORY: General manager.

16 MR. STIPE: Is it -- Mr. Stevens, is
17 it your intention that she would report
18 to the independence -- the independent
19 compliance committee you're
20 establishing?

21 MR. STEVENS: That is right.

22 MR. STIPE: So that would be, she
23 would directly report to this
24 independent compliance committee as
25 being established; is that correct?

93

1 MS. GUILLORY: That's part of the
2 agreement, yes.

3 MR. STEVENS: That's part of the
4 agreement.

5 MR. STIPE: Tell me how you allocate
6 management expenses that are provided by
7 Peninsula? Is it Peninsula? Do I have
8 that right?

9 MR. STEVENS: I believe that is
10 right. Natalie, would you like to take
11 the allocation?

12 MS. SCHRAMM: Yeah, the allocation
13 is divided equally between the four --

14 well, between the four properties.

15 Previously, it was between the three.

16 MR. STIPE: Okay. And is there any
17 plans for you to memorialize that --
18 your consulting agreement? I mean --

19 MR. STEVENS: It's a good question
20 up to this point. It has been verbal,
21 and I've been happy. I've been fine
22 with it being verbal. We'll consider
23 eventually, based on the comments we've
24 heard this morning, putting it in
25 writing.

94

1 MR. STIPE: That's all I have right
2 now.

3 MS. ROGERS: What's your ETA for
4 your compliance committee?

5 MS. GUILLORY: Currently, we're
6 working with the State Police to try and
7 finalize all of the information, but as
8 soon as possible that we can come to an
9 agreement, we will have it completed.

10 MR. GAUTREAUX: And I believe the
11 condition requires, once adopted -- the
12 condition adopted, 30 days.

13 CHAIRMAN MORGAN: Leonce, I need to
14 ask you a question.

15 MR. STIPE: Miss Guillory, one more
16 question: When did you start with the

17 company? How long have you been with
18 the company?

19 MS. GUILLORY: I've been with the
20 company six years.

21 MR. STIPE: And your current
22 position, you took your current
23 position, current title when?

24 MS. GUILLORY: Six years.

25 CHAIRMAN MORGAN: Okay. Any other

95

1 questions? Okay. Thank you very much.
2 We're going to have Mr. Gautreaux come
3 back down one more time.

4 I had a question of Mr. Gautreaux,
5 and I'd like for him to address the
6 Board, because there appears to be three
7 pending administrative issues that are
8 currently against Evangeline Downs, and
9 my question was: Were any of these
10 significant enough where they would
11 affect the overall suitability of the
12 license?

13 MR. GAUTREAUX: And the three
14 pending matters are, again, internal
15 control, regulation violations. The
16 letters have been issued; however,
17 there's been no hearing or no -- no
18 further proceeding in the administrative
19 process, so it's limited on the amount

20 of information we can provide the Board.

21 But there are no suitability issues.

22 They're all internal -- same type,
23 internal control/regulation violations.

24 CHAIRMAN MORGAN: Thank you. Any
25 other?

96

1 MS. ROGERS: Just a comment: This
2 is the most confused report that I've
3 ever had since I've been on the board.

4 CHAIRMAN MORGAN: The most confused?

5 MS. ROGERS: It's confusing.

6 COURT REPORTER: Would you use your
7 microphone, Ms. Rogers.

8 MS. ROGERS: I just said that it was
9 one of the most confusing reports that I
10 have experienced since I've been on the
11 board, for whatever that's worth.

12 CHAIRMAN MORGAN: That's not a good
13 sign, so...

14 MS. ROGERS: What's that?

15 CHAIRMAN MORGAN: That's not a good
16 sign. We need to do a better job, but
17 it is a lot of information.

18 MR. GAUTREAU: We will correct
19 that.

20 CHAIRMAN MORGAN: It's a lot of
21 information to look at, and it's a lot
22 of -- you know, and particularly with

23 the violations, but I feel confident
24 that they will be addressed or you'll be
25 before us.

97

1 Okay. Do we have a --

2 MR. SINGLETON: I'm just a little
3 confused. If you have violations and
4 you're asking us to do something here
5 today, when does the violations get
6 completed or resolved or what have you?

7 CHAIRMAN MORGAN: They have to be
8 adjudicated through the administrative
9 hearing process or else the fine -- the
10 State Police initiate the administrative
11 action. But one reason I wanted
12 Mr. Gautreaux to come up is to ensure
13 that they were not significant enough to
14 where it would be an issue that would
15 affect the license.

16 MR. SINGLETON: Let me ask him to
17 repeat that again, because I'm not even
18 sure I was clear before; that's why.

19 MR. GAUTREAU: I think the question
20 was: Was there any suitability issues
21 in regards to these violations? And
22 there are no suitability allegations.
23 They're all internal control --

24 CHAIRMAN MORGAN: Technical
25 violations.

1 MR. GAUTREAU: -- technical

2 violations.

3 MR. SINGLETON: And that will be
4 between the State Police and your office
5 and financial -- or Evangeline Downs?

6 MR. GAUTREAU: Say that, again,
7 please.

8 MR. SINGLETON: How do they get
9 resolved?

10 MR. GAUTREAU: Oh, it goes through
11 the normal hearing process with the
12 administrative hearing officer where we
13 present the evidence, and the hearing
14 officer determines whether there were
15 violations or not. Or there may be the
16 potential of settling those violations.
17 It would work through the normal
18 administrative hearing process.

19 MR. SINGLETON: Well, what would be
20 bottom line, either a fine or something
21 to that effect?

22 MR. GAUTREAU: A fine, fine or some
23 other settlement.

24 CHAIRMAN MORGAN: Sanctions.

25 MR. GAUTREAU: Sanctions, some type

1 of sanctions that the hearing officer
2 may put on it; or, you know, I don't

3 think this will be the ultimate result,
4 but it could be that we don't prove our
5 case and there's nothing. So those are
6 all options.

7 MR. SINGLETON: But there's no
8 suitability issues as far as you're
9 concerned?

10 MR. GAUTREAU: Not as far as I'm
11 concerned.

12 MR. SINGLETON: Okay.

13 MR. JONES: One other question: One
14 of them dates back to March of last
15 year; how long does it normally take to
16 resolve these things?

17 MR. GAUTREAU: Well, I think there
18 was -- because we knew that there were a
19 couple more in the process, we waited to
20 combine them all in one action. Also,
21 if you remember, there was a settlement
22 in May or June of this year, I believe,
23 where they adopted some remedial
24 measures as far as -- and I think
25 Miss Guillory stated some of those -- as

100

1 far as training, additional training and
2 other things that State Police was going
3 to monitor with them. So there was not
4 time to see if those were working.

5 So that's why these were delayed and

6 put altogether so we can see if, you
7 know, what they agreed to do in May or
8 June, give it some time to see if it's
9 actually working, too, which would
10 assist in the prosecution of these.

11 MR. SINGLETON: What is the urgency,
12 I guess, in approving this today?

13 MR. GAUTREAUX: That is controlled
14 by their purchase agreement that they
15 have with the buyer.

16 MR. SINGLETON: And if we don't
17 approve it, what do you think?

18 MR. GAUTREAUX: If you don't approve
19 it, then they can hash that out between
20 themselves. I think under the current
21 agreement -- and one of the attorneys
22 can come up here and threaten me if I'm
23 wrong -- under the current agreement,
24 non-approval by this board, I think, is
25 grounds for termination of the purchase

101

1 agreement.

2 MR. SINGLETON: Okay.

3 MR. GAUTREAUX: But I'll yield to
4 the attorneys who drafted that.

5 MS. ROGERS: But you are satisfied
6 with your presentation and with your --
7 I guess, your opinion? You're satisfied
8 with what you saw, because you know more

9 about it?

10 MR. GAUTREUX: Obviously, the
11 biggest issue is their violation
12 history. We are giving them a chance
13 with having some independent measure --
14 and I agree with the Chairman; this
15 can't just be window dressing. This has
16 to be a fully functioning compliance
17 committee that can offer them an
18 evaluation of what they're doing and how
19 they can take measures to correct it.

20 Now, I think one of the interesting
21 things that is built into that is our
22 ability and State Police's ability to
23 gather the minutes from these compliance
24 committee meetings, to attend one if
25 they want to, to gather all the

102

1 reports -- the investigative reports and
2 the internal documents that were, and
3 the recommendations that they are making
4 to Peninsula's management to see if
5 they're being followed, and if they're
6 not being adopted and followed and the
7 problems still persist, then we know
8 where the problem is.

9 I think this is just yet another
10 step, and, I guess, us forcing them to
11 get their hands around this situation.

12 And I will say -- and we have talked to
13 them about that, too -- that we will, as
14 this proceeds, require a formal
15 reporting process of how this committee
16 is working and is it doing its job which
17 will be presented to the Board. And I
18 think we're even, you know, talking
19 about -- it hasn't been finalized yet,
20 but on an annual basis so that y'all
21 will know, also, if it is working.

22 CHAIRMAN MORGAN: Doesn't this
23 license come up for renewal in --

24 MR. GAUTREAU: It comes up for
25 renewal in January, which will be the --

103

1 we'll have a small snapshot at that
2 point, but it's not enough time passed.
3 But that's when we were talking about
4 instituting some kind of yearly process
5 regarding an evaluation of this.

6 CHAIRMAN MORGAN: Any other
7 questions?

8 MR. SINGLETON: Mr. Chairman, I just
9 want to say that I'm a little bit
10 uncomfortable in listening to you and
11 listening to him, the violations have
12 been ongoing. It seems like they've had
13 time to correct some of them, and they
14 haven't. I'm going to kind of put this

15 one on you and take your position, I
16 guess, if you feel kind of comfortable
17 with it and doing it, and I'll go along
18 with it on that basis. I'm still
19 somewhat uncomfortable.

20 In January, I understand that
21 they're going to have a license renewal
22 that's coming up, and maybe we need to
23 take whatever time we need between now
24 and January to get as much done as we
25 can to give us some satisfaction that

104

1 they're moving in a different direction
2 to correct the thing. And that's not a
3 long time, but it's enough time for them
4 to show us some progress.

5 CHAIRMAN MORGAN: Well, your
6 observations are right on target, and to
7 answer your question: That's why --
8 I've been around this a long time, and
9 you can come up with these theories and
10 committees, but it gets back to the
11 bottom line of having effective
12 employees and management over that
13 property and you won't really need a
14 compliance committee.

15 So the point is that the compliance
16 committee adds another layer of
17 regulatory oversight. The State Police

18 are going to be expected to be
19 monitoring this property very closely.

20 MR. GAUTREAU: Yes.

21 CHAIRMAN MORGAN: But in January,
22 they will be before us, and it gives us
23 a snapshot. And nothing says that we
24 can't put further conditions on the
25 license at that time if they're not

105

1 falling into compliance.

2 MR. SINGLETON: I judge it by the
3 employees. Whoever you put in charge,
4 and those people are doing their job,
5 you don't have the problem. If they're
6 not doing their job, then we've got a
7 problem.

8 CHAIRMAN MORGAN: Yes, sir.
9 Anything else? Mr. Bradford?

10 MR. BRADFORD: If it's appropriate,
11 at this time, I'd like to make a motion
12 in the matter of Belle of Orleans, that
13 the resolution that is before us be
14 approved.

15 MR. JUNEAU: Second.

16 CHAIRMAN MORGAN: We have a motion
17 to approve seconded by Mr. Juneau.
18 We'll take a roll call, please.

19 THE CLERK: Miss Rogers?

20 MS. ROGERS: Yes.

21 THE CLERK: Mr. Bradford?
22 MR. BRADFORD: Yes.
23 THE CLERK: Mr. Jones?
24 MR. JONES: I've got to abstain
25 because of Wells Fargo's involvement

106

1 with my work.
2 THE CLERK: Mr. Stipe?
3 MR. STIPE: Yes.
4 THE CLERK: Mr. Juneau?
5 MR. JUNEAU: Yes.
6 THE CLERK: Mr. Singleton?
7 MR. SINGLETON: Yes.
8 THE CLERK: Mr. Berthelot?
9 MR. BERTHELOT: Yes.
10 THE CLERK: Chairman Morgan?
11 CHAIRMAN MORGAN: Yes.
12 Thank you.

13 VII. PROPOSED SETTLEMENTS/APPEALS FROM HEARING

14 OFFICERS' DECISIONS

15 1. In Re: American's Cajun Restaurant,
16 Inc., d/b/a Copeland's - No.
17 5500209686 (proposed settlement)
18 CHAIRMAN MORGAN: Item VII, Proposed
19 Settlements/Appeals from Hearing
20 Officers' Decisions. Leonce, are you
21 doing all these, too?
22 MR. GAUTREAU: No, I got relief.
23 CHAIRMAN MORGAN: Number one.

24 MR. SCHMOLKE: Good morning, Mr.
25 Chairman, Members of the Board,
107
1 Assistant Attorney General, Brandt
2 Schmolke, appearing in the matter of
3 American's Cajun Restaurant,
4 Incorporated, doing business as
5 Copeland's. Notice of recommendation of
6 administrative action was instituted
7 against the licensee for failure to
8 report several arrests of its
9 vice-president and 25 percent
10 shareholder, Stanley Ware. The arrests
11 were from June 12th, 1975, possession of
12 marijuana; August 15th, 1981, reckless
13 operation, resisting an officer and
14 operating a vehicle with a suspended
15 licence; May 5th, 2002, careless
16 operation and hit and run; July 20th,
17 2002, operating a vehicle while
18 intoxicated and improper lane usage; and
19 December 3rd, 2008, operating a vehicle
20 while intoxicated.

21 During an interview with an agent of
22 Louisiana State Police, Mr. Ware
23 admitted that he failed to disclose his
24 arrests on '75 and '81 on his video
25 gaming applications submitted in 1997.

1 In addition, Mr. Ware failed to timely
2 notify the Division of the more recent
3 arrests within the ten days required by
4 gaming law.

5 As a settlement to this matter,
6 Mr. Ware agreed to pay \$500 in exchange
7 for the Division dismissing the notice
8 of recommendation of its administrative
9 action.

10 CHAIRMAN MORGAN: Okay. Any
11 questions? [No response.] Do we have a
12 motion to approve the settlement
13 agreement?

14 MR. STIPE: I'll move to approve the
15 settlement.

16 MS. ROGERS: I'll second.

17 CHAIRMAN MORGAN: Stipe moved and
18 Rogers seconded. Any objections? [No
19 response.] Hearing none, it's approved.
20 Number two, Tracy Williams.

21 2. In Re: Tracy D. Williams - No.

22 PO40039653 (proposed settlement)

23 MR. SCHMOLKE: Mr. Williams was
24 arrested for domestic abuse battery
25 June 8th, 2009, and he failed to timely

109

1 notify the Division of this arrest. As
2 a result, administrative action was
3 instituted against Mr. Williams. As

4 part of this proposed settlement, the
5 licensee admitted to the violations and
6 agreed to pay a \$250 civil penalty in
7 connection with this violation. In
8 exchange, the Division agreed to dismiss
9 the notice of recommendation of the
10 administrative action.

11 CHAIRMAN MORGAN: We have a proposed
12 settlement. Do we have a motion to
13 approve?

14 MR. JUNEAU: I'll make a motion.

15 MR. JONES: Second.

16 CHAIRMAN MORGAN: Motion by
17 Mr. Jones, seconded by Juneau -- oh,
18 motion made by Mr. Juneau, seconded by
19 Mr. Jones. Any opposition? [No
20 response.] Hearing none, it's approved.

21 3. In Re: Holmes Seafood, Inc., d/b/a

22 Holmes Seafood Restaurant - No.
23 2600215484 (proposed settlement)

24 CHAIRMAN MORGAN: Number three is
25 Holmes Seafood doing business as Holmes

110

1 Seafood Restaurant. Go ahead.

2 MR. SCHMOLKE: The licensee was
3 found to be operating without a valid
4 ATC permit for a period of four months,
5 and part of the proposed settlement, the
6 licensee admitted to this violation and

7 agreed to pay a civil penalty of \$4,000
8 in exchange for the Division agreeing to
9 dismiss the recommendation of
10 revocation.

11 CHAIRMAN MORGAN: You know my
12 question: Is this the new standard?

13 MR. SCHMOLKE: Yes, sir, it is.

14 CHAIRMAN MORGAN: Okay. Mr. Stipe,
15 you want to make this motion?

16 MR. STIPE: I do. I'd like to
17 approve -- move to approve this.

18 CHAIRMAN MORGAN: Mr. Stipe makes a
19 motion to approve the settlement --

20 MR. JUNEAU: Second.

21 CHAIRMAN MORGAN: -- seconded by
22 Mr. Juneau. Is there any opposition,
23 any question? [No response.] Hearing
24 none, it's approved.

25 4. In Re: Nan, Incorporated, d/b/a

111

1 Randazzo's Deli & Catering - No.

2 2600213600A (appeal)

3 CHAIRMAN MORGAN: Item four in
4 reference to Nan, Incorporated, doing
5 business as Randazzo's Deli & Catering.
6 This is an appeal.

7 MR. SCHMOLKE: Yes, sir. And, also,
8 this morning the licensee contacted my
9 office to let us know that her husband

10 has been diagnosed with cancer again, so
11 they had an appointment with his
12 oncologist today, and that's why they're
13 not present. But they also said that
14 they had sent all the paperwork in to
15 the ATC; and that ATC approved their
16 paperwork, and that it's supposed to be
17 mailing them a permit. I had no way of
18 verifying that today, but that's what
19 she has told us. And that's also why
20 she's not here today because of the
21 oncology appointment.

22 CHAIRMAN MORGAN: How long were they
23 without an ATC permit?

24 MR. SCHMOLKE: They operated for 26
25 months without their permit, and the

112

1 hearing officer pretty much, you know,
2 went out of his way to give them an
3 opportunity to try to correct this
4 between the suspension hearing and the
5 revocation hearing, and as of the
6 revocation hearing, she didn't have her
7 permit. And the hearing officer even
8 held off, I think, almost two months
9 before he rendered a decision giving her
10 an opportunity to try to get that
11 permit. And having not gotten the
12 permit, the hearing officer issued his

13 recommendation to -- I mean, his order
14 to revoke the license.

15 CHAIRMAN MORGAN: What's the
16 pleasure of the Board?

17 MR. BRADFORD: I think I read in
18 this volume of information that the
19 hearing officer was trying to bend over
20 backwards to help them out because if
21 you go through revocation, you have a
22 five-year waiting period before you can
23 be reinstated, and my question today is:
24 Is there any way that the information
25 that you bring this morning, can any of

113

1 that be verified and this issue be
2 tabled until our next board meeting?

3 CHAIRMAN MORGAN: With regard to the
4 ATC permit?

5 MR. BRADFORD: Yes.

6 CHAIRMAN MORGAN: You probably don't
7 have that verification.

8 MR. SCHMOLKE: I have no way of
9 getting that today. I can, you know,
10 get that verification. I have no
11 objection to this being continued to the
12 next board meeting if y'all want to
13 allow her the chance.

14 CHAIRMAN MORGAN: They're not
15 currently operating, right?

16 MR. SCHMOLKE: I do not believe so.
17 They're in, you know, suspended status,
18 or revoked now. They're feeling that.
19 If y'all want to give them the
20 opportunity to appear next month. I
21 will let you know that the Division's
22 position is not going to change.
23 They're going to ask for revocation
24 whether or not she, you know, receives
25 her permit or not.

114

1 CHAIRMAN MORGAN: If they're not
2 operating, it seems fair to give them at
3 least an opportunity for the next board
4 meeting to attend, but I'll leave it up
5 to the pleasure of the Board,
6 considering their medical situation. Is
7 there a motion?

8 MR. BRADFORD: Does it require a
9 motion? I move that this be tabled one
10 month, pushed forward one month,
11 continued.

12 CHAIRMAN MORGAN: Continued to next
13 month; motion by Mr. Mr. Bradford to
14 continue it to next month. Is there a
15 second?

16 MS. ROGERS: I second.

17 CHAIRMAN MORGAN: Seconded by
18 Miss Rogers. Is there any opposition?

19 [No response.] Hearing none, it will be
20 taken up next month. It's approved.

21 VIII. PUBLIC COMMENTS

22 CHAIRMAN MORGAN: Item VIII is
23 Public Comments. [No response.]

24 IX. ADJOURNMENT

25 CHAIRMAN MORGAN: Do we have a
115

1 motion to adjourn?

2 MR. SINGLETON: I make a motion we
3 adjourn.

4 CHAIRMAN MORGAN: Motion by
5 Mr. Singleton. Do we have a second?
6 Mr. Stipe seconds the adjournment?

7 MR. STIPE: Sure.

8 CHAIRMAN MORGAN: Hearing no
9 opposition, we're adjourned.

10

11

12

13

14

15

16

17

18

19

20

21

22
23
24
25

116

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

117

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 October

7 20, 2009, 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 November, 2009.

20

21

22 _____
SHELLEY G. PAROLA, CCR, RPR

CERTIFICATE NO. 96001

23

24