

LGCB Board of Directors' Meeting, (Pages 1:1 to 103:24)

1: 1 LOUISIANA GAMING CONTROL BOARD

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4 BOARD OF DIRECTORS' MEETING

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9 Tuesday, December 15, 2009

10

11 Louisiana State Capitol

12 House Committee Room 6

13 Baton Rouge, Louisiana

14

15 TIME: 10:00 A.M.

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1 APPEARANCES:

2

3 DANE K. MORGAN

4 Chairman

5

6 MAJOR CLAUDE MERCER

7 Vice-Chairman

8

9 VELMA ROGERS

10 Board Member

11

12 AYRES BRADFORD

13 Board Member

14

15 ROBERT G. JONES

16 Board Member

17

18 MARK STIPE

19 Board Member

20

21 JERRY JUNEAU

22 Board Member

23

24 JAMES SINGLETON

25 Board Member

3

1 APPEARANCES CONTINUED:

2

3 JACKIE J. BERTHELOT

4 Board Member

5

6 LANA TRAMONTE

7 Executive Assistant to the Chairman

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9 REPORTED BY:

10 SHELLEY G. PAROLA, CSR, RPR

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1 CHAIRMAN MORGAN: All right. 10:00,  
2 call the roll.  
3 THE CLERK: Chairman Morgan?  
4 CHAIRMAN MORGAN: Here.  
5 THE CLERK: Major Mercer?  
6 MAJOR MERCER: Here.  
7 THE CLERK: Miss Rogers?  
8 MS. ROGERS: Here.  
9 THE CLERK: Mr. Bradford?  
10 MR. BRADFORD: Here.  
11 THE CLERK: Mr. Jones?  
12 MR. JONES: Here.  
13 THE CLERK: Mr. Stipe?  
14 MR. STIPE: Here.  
15 THE CLERK: Mr. Juneau?  
16 MR. JUNEAU: Here.  
17 THE CLERK: Mr. Singleton?  
18 MR. SINGLETON: Here.  
19 THE CLERK: Mr. Berthelot?  
20 MR. BERTHELOT: Here.  
21 THE CLERK: Colonel Edmonson? (No  
22 response.) Secretary Bridges? (No  
23 response.)



24 II. COMMENTS FROM THE CHAIR

25 CHAIRMAN MORGAN: Nine present and a

10

1 quorum. We'll we're go on record that

2 this is the hardest working board in the

3 state will all members present in

4 December, so I think that's admirable.

5 It's stormy weather.

6 III. APPROVAL OF THE MINUTES

7 CHAIRMAN MORGAN: Season greetings

8 to all. We have a pretty full agenda,

9 so we'll move on with Item III, Approval

10 of the Minutes. We need a motion that

11 members have read the minutes and

12 everyone's in agreement of the motion to

13 waive formal reading and approval of the

14 minutes.

15 MS. ROGERS: I so move.

16 CHAIRMAN MORGAN: Moved by Miss

17 Rogers. Do we have a second?

18 MR. BERTHELOT: I second.

19 CHAIRMAN MORGAN: Seconded by

20 Mr. Berthelot. Is there any objection?

21 (No response.) Hearing none, revenue

22 reports.

23 IV. REVENUE REPORTS

24 MS. JACKSON: Morning, Mr. Chairman,

25 Board Members. My name is Donna Jackson

1 with the Louisiana State Police Gaming  
2 Audit Section. The riverboat revenue  
3 report for November 2009 is shown on  
4 page one of your handout.

5 During November, the 13 operating  
6 riverboats generated Adjusted Gross  
7 Receipts of \$122,794,135, down  
8 \$9 million or 7 percent from  
9 October 2009, and down almost 18 percent  
10 or \$26 million from November 2008. This  
11 month had one less Saturday than last  
12 November, which could have contributed  
13 to the decrease.

14 Adjusted Gross Receipts for fiscal  
15 year 2009-2010 to date are \$680,651,681,  
16 a decrease of 7 percent or \$47 million  
17 from fiscal year 2008-2009.

18 During November, the State collected  
19 fees totaling \$26,400,739. As of  
20 November 30th, 2009, the State has  
21 collected \$146 million in fees for  
22 fiscal year 2009-2010.

23 Next is the summary of the  
24 November 2009 gaming activity for  
25 Harrah's New Orleans found on page

12

1 three. During November, Harrah's  
2 generated \$27,889,998 in gross gaming  
3 revenue, a decrease from October of

4 9 percent or \$2.8 million, and a  
5 decrease of \$3 million or almost 10  
6 percent from last November. Fiscal year  
7 to date gaming revenues for 2009-2010 to  
8 date are \$141,620,959, down \$5.8 million  
9 or four percent from fiscal year  
10 2008-2009.

11 During November, the State received  
12 \$4,931,507 in minimum daily payments.  
13 As of November 30th, 2009, the State has  
14 collected \$25,150,684 in fees for fiscal  
15 year 2009-2010.

16 Slots at the Racetracks revenues are  
17 shown on page four. During November,  
18 the four racetrack facilities combined  
19 generated Adjusted Gross Receipts of  
20 \$28,262,697, a decrease of 7 percent or  
21 \$2 million from last month, and a  
22 19 percent or \$6.7 million decrease from  
23 last November. Adjusted Gross Receipts  
24 for fiscal year 2009-2010 to date are  
25 \$158,034,539, a decrease of one percent

13

1 or \$1.8 million from fiscal year  
2 2008-2009.

3 During November, the State collected  
4 fees totaling \$4,287,451. As of  
5 November 30th, 2009, the State has  
6 collected \$23,973,840 in fees for fiscal

7 year 2009-2010.

8 Are there any questions?

9 CHAIRMAN MORGAN: Other than it  
10 continues to go down, which is not --

11 MS. JACKSON: In November it's not  
12 typically one of the stronger months.  
13 It's down more than before.

14 CHAIRMAN MORGAN: Any questions for  
15 Miss Jackson? (No response.) Thank  
16 you.

17 MR. BOSSIER: Good morning, Chairman  
18 Morgan and Board Members. My name is  
19 Jim Bossier with the Louisiana State  
20 Police Gaming Audit Section. I'm  
21 reporting video gaming information for  
22 November 2009, as shown on page one of  
23 your handout.

24 Sixteen new licenses were issued  
25 during November: Ten bars, five

14

1 restaurants and one truck stop.

2 Twenty-three applications are currently  
3 pending in the field: Eleven bars,  
4 eleven restaurants and one device owner.

5 During November 2009, the Gaming  
6 Enforcement Division assessed \$11,500  
7 and collected \$14,000 in penalties.

8 There are currently \$500 in outstanding  
9 penalties. Please refer to page two of

10 your handout.

11 There are presently 15,800 video  
12 gaming devices activated at 2,280  
13 locations. Net device revenue for  
14 November 2009 was \$46,359,681, a \$3.8  
15 million decrease or 7.6 percent when  
16 compared to the net device revenue for  
17 October 2009, and an \$11.1 million  
18 decrease or 19.4 percent when compared  
19 to November 2008.

20 Net device revenue for fiscal year  
21 2010 to date is \$244,049,614, a \$31.5  
22 million decrease or 11.4 percent when  
23 compared to net device revenue for  
24 fiscal year 2009. Page three of your  
25 handout shows a comparison of net device

15

1 revenue.

2 Total franchise fees collected for  
3 November 2009 were \$13,830,098, a \$1.1  
4 million decrease when compared to  
5 October 2009, and a \$3.3 million  
6 decrease when compared to November 2008.

7 Total franchise fees collected for  
8 fiscal year 2010 to date are  
9 \$72,633,161, a \$5.9 million or  
10 11.2 percent decrease when compared to  
11 last year's franchise fees. A  
12 comparison of franchise fees is shown on

13 page four of your handout.

14 Does anybody have any questions?

15 CHAIRMAN MORGAN: Any questions?

16 (No response.) Thank you.

17 V. COMPLIANCE REPORTS

18 CHAIRMAN MORGAN: Item V, the

19 Compliance Reports.

20 MS. BROWN: Good morning, Chairman

21 Morgan, Board Members. I'm Assistant

22 Attorney General, Mesa Brown, and today

23 I'll present the staff report on

24 racetrack casino licensees' compliance

25 with statutory employment and

16

1 procurement conditions for the third

2 quarter of 2009.

3 The third quarter reports are taken

4 from figures reported by the four

5 racetracks to the Louisiana Gaming

6 Control Board. In the third quarter of

7 2009, approximately 1,750 people were

8 employed by the industry. Of that

9 number, 1,518 were Louisiana residents;

10 871 were minorities, and 1,047 were

11 women.

12 I'll begin with employment. All

13 licensees either met or exceeded their

14 statutory condition of hiring 80 percent

15 of Louisiana residents with the

16 exception of one licensee, Delta Downs  
17 Racetrack & Casino. Delta Downs  
18 achieved 70.8 percent of employees as  
19 Louisiana residents out of the required  
20 80 percent.

21 With regards to minority and female  
22 employment, all licensees either met or  
23 exceeded their voluntary condition goals  
24 with the exception of Harrah's Louisiana  
25 Downs. They fell short of their goal of

17

1 60 percent female employment by  
2 achieving 52 percent.

3 With regards to minority and female  
4 procurement, both Delta Downs and  
5 Louisiana Downs exceeded minority and  
6 female procurement goals. Evangeline  
7 Downs exceeded its female procurement  
8 goal but was slightly short of achieving  
9 its minority procurement goal with 3.19  
10 out of 5 percent; Fair Grounds Race  
11 Course also exceeded its female  
12 procurement goal but was short of  
13 meeting its minority procurement goal by  
14 achieving 3.81 out of 5 percent.

15 Are there any questions?

16 CHAIRMAN MORGAN: I had a question:  
17 Looking at Harrah's total numbers,  
18 Harrah's Louisiana Downs, it shows 197

19 employees and compared to, for instance,  
20 Boyd who had listed 789 with about the  
21 same amount of gaming devices. Is there  
22 a difference in reporting of the  
23 numbers?

24 MS. BROWN: Well, Mr. Chairman,  
25 we're currently in the process of making

18

1 inquiries to the racetracks to determine  
2 how each one is calculating the numbers  
3 and to make sure that everyone is being  
4 consistent. If we determine or find  
5 that there are any inconsistencies in  
6 the reporting, we'll make that part of  
7 our project and streamline the process.

8 CHAIRMAN MORGAN: Well, I think  
9 Mr. Payne's coming up behind us, so  
10 maybe we'll have him address the  
11 employment numbers. That was the only  
12 one that looked out of the ordinary.

13 MR. JONES: I had a question. In  
14 the last section, page ten -- I think  
15 this is the Louisiana Downs -- no, Fair  
16 Grounds -- it gives a percentage of  
17 Louisiana residents employed in the  
18 gaming, and the numbers are not  
19 percentages. Would you look at page  
20 ten, there.

21 MS. BROWN: Okay.



22 MR. JONES: It's, like, 183,190.  
23 That's not percentages. I think that's  
24 the numbers as opposed to the  
25 percentages. Am I looking at it wrong?

19

1 MS. BROWN: No. I see what you're  
2 saying. It looks like it was just an  
3 error in their reporting. What I can do  
4 is meet with them, you know, to  
5 discuss --

6 MR. JONES: Yeah. I think they gave  
7 the absolute number rather than the  
8 percentage.

9 MS. BROWN: Yeah, it looks like it  
10 was just --

11 MR. JONES: The rest of them are in  
12 line. No big deal, but it just ought to  
13 be reported the way it says.

14 MS. BROWN: Most definitely. Well,  
15 I'll meet with them, and I'll report the  
16 findings at the next board meeting.

17 CHAIRMAN MORGAN: Questions?

18 MR. STIPE: Can I ask two?

19 CHAIRMAN MORGAN: Yes.

20 MR. STIPE: On that same vendor, on  
21 page 15 -- sorry, same facility.

22 MS. BROWN: Fair Grounds?

23 MR. STIPE: Yes, ma'am. Is that a  
24 particular -- in the first answer on

25 that page, is that a particular vendor

20

1 that they're referring to in their  
2 answer on the third line of their answer  
3 at the top?

4 MS. BROWN: I'm really not sure.  
5 But what I can do is talk to them, and I  
6 can find out if that's a specific  
7 vendor.

8 MR. STIPE: And then following up on  
9 Harrah's Louisiana Downs, they talk  
10 about the reasonable price concept. Do  
11 you know -- I guess, could you explain  
12 what that is to me?

13 MS. BROWN: I really don't know, but  
14 the reasonable price concept -- where is  
15 that terminology located?

16 MR. STIPE: It's in that Harrah's --  
17 hold on. Section two and really the  
18 next to last question.

19 MS. BROWN: Okay.

20 MR. STIPE: I'd give you the page  
21 number, but I don't see it for that  
22 section. It's the next to last question  
23 in that section. Just if you could  
24 check on that.

25 MS. BROWN: Oh, I'll check on it,

21

1 and, again, I'll report the findings to

2 the Board at the next meeting.

3 Any other questions?

4 CHAIRMAN MORGAN: Any other  
5 questions? (No response.) Okay, thank  
6 you.

7 VI. CASINO GAMING ISSUES

8 A. Update on Harrah's Entertainment

9 CHAIRMAN MORGAN: We're up to Item  
10 VI, Casino Gaming Issues, Update on  
11 Harrah's Entertainment. I think we  
12 have --

13 MR. PAYNE: Morning, Chairman,  
14 Members of the Board. It's great to be  
15 here. I'm John Payne. I am the  
16 President of the Central Division for  
17 Harrah's Entertainment, which entails  
18 our properties in Louisiana,  
19 Mississippi, Iowa, Missouri, Indiana and  
20 Illinois. I base my division right down  
21 the road in New Orleans.

22 To my right is Geno Iafrate. Geno's  
23 the general manager of our Bossier City  
24 facilities, so our Horseshoe facility in  
25 Bossier City, and, of course, Louisiana

22

1 Downs, which he is prepared to answer  
2 the questions that you ask.

3 And to my left is Jim Hoskins. Jim  
4 is the general manager of our New

5 Orleans facility. He's excited to be  
6 here. He wanted me he to say, "Who  
7 Dat." It was his idea, by the way.

8 MR. IAFRATE: Is that the first time  
9 that's been on the record?

10 MR. PAYNE: I'm not sure. We're  
11 excited to be here this morning. As I  
12 told the Chairman a few months ago, I  
13 have been the President of the Central  
14 Division and had that based in New  
15 Orleans for the past three years, and I  
16 just have not had the opportunity to  
17 come over and speak with you all.

18 And we don't have anything in  
19 particular on your agenda this morning  
20 other than to make sure you know who we  
21 are; and I'm sure there will be times  
22 when we're up here when we have a longer  
23 agenda, but we simply wanted to say  
24 hello, tell you that we're very  
25 committed to the State of Louisiana.

23

1 As I've told the Chairman, we have  
2 three properties in the state. Next  
3 year we should generate, roughly, about,  
4 \$750 million out of these three  
5 facilities, and they've all been marquis  
6 properties for our company. We continue  
7 to invest in these properties next year.

8       Geno has money to refurb our hotel.  
9       That hotel has been a home run for us at  
10       Horseshoe. We've had a tough year at  
11       Horseshoe with the loss of a lot of our  
12       Dallas business, a lot going over to the  
13       American Facilities in Oklahoma. But  
14       they've repositioned the property, and  
15       we look for great things out of that  
16       property as we move on to 2010.

17       Jim's the same way. As you've seen  
18       the numbers coming out of New Orleans,  
19       New Orleans has been very similar to  
20       many of the destination markets that  
21       you've seen around of the United States,  
22       whether that's Atlantic City or whether  
23       that's Las Vegas. Fortunately they have  
24       not seen that downturn in our business,  
25       but we do get over 50 percent of our

24

1       business nationally. And when the  
2       national business continues to decline,  
3       it has had an impact on our New Orleans  
4       business.

5       But, again, we continue to have  
6       plans to reinvest. We plan to continue  
7       to finish off our Fulton Street project  
8       this next year, which we -- has been a  
9       home run with our hotel and many  
10       restaurants, and we are looking forward

11 to 2010.

12 Now, we don't think 2010 is going to  
13 be a home run. We think 2010 is going  
14 to follow the trends of 2009, but that  
15 our organization is well positioned to  
16 get us through this tough year and move  
17 on for growth in 11 and 12.

18 So with that said, I know Geno  
19 wanted to say, one, thank you while he's  
20 got the floor, and then we're open for  
21 any questions that you might have.

22 MR. IAFRATE: I did, Mr. Chairman, I  
23 wanted to thank the Members of the Board  
24 and certainly the Enforcement Division.  
25 A month or so ago we had a pretty

25

1 difficult time at Louisiana Downs with  
2 the storms and some threats to the  
3 levee; and we underwent a temporary  
4 closure, and I just think the  
5 cooperation and the swift actions from  
6 the enforcement division were admirable  
7 and greatly appreciated.

8 So I just wanted to publicly say  
9 thank you to both the Board and the  
10 Enforcement Division for their help  
11 during that time.

12 CHAIRMAN MORGAN: In concert with  
13 that, I'd like to commend you and

14 Harrah's because of showing the  
15 responsibility to put your patrons and  
16 the safety of your employees first,  
17 because without an order or a directive  
18 of the Board or the Division, you  
19 willingly saw the risk and decided to,  
20 in the best interest, shut down and took  
21 those measures, and so that's very  
22 commendable.

23 MR. IAFRATE: Thank you,  
24 Mr. Chairman.

25 MR. PAYNE: There was a question,

26

1 Chairman, about Louisiana Downs  
2 regarding the employment numbers, and I  
3 thought Geno, before we open for any  
4 questions, would just address that.

5 CHAIRMAN MORGAN: I think the  
6 employment numbers and one other -- if  
7 you can address Mr. Stipe's question,  
8 also.

9 MR. IAFRATE: The employment  
10 numbers, I believe, are reported in  
11 error. We'll double-check that with the  
12 audit division. A typical employment  
13 number at Louisiana Downs in non-racing  
14 season is between 500 and 550, and  
15 during racing season, that number will  
16 be between 600 and 650 -- 650 employees.

17 So not sure where the 170 number is  
18 coming from, but we'll work with the  
19 audit division and double-check that.

20 CHAIRMAN MORGAN: If you're  
21 reporting, we might need more clarity on  
22 what you're reporting just as long as,  
23 you know, all the properties are  
24 reporting the same. If it's strictly  
25 related to the slot aspects of the

27

1 licensee, that's fine. We'll ask the  
2 A.G.'s Office.

3 Mr. Stipe, was your question with  
4 regard to Harrah's?

5 MR. STIPE: I think it was the  
6 reasonable price concept for vendors.

7 MR. IAFRATE: I don't have that  
8 document in front of me, but I suspect  
9 it is related to the Harrah's  
10 utilization of national pricing  
11 contracts. But we can double-check and  
12 give you a formal answer on that.

13 MR. STIPE: That would be great.

14 CHAIRMAN MORGAN: You just brought  
15 him for looks?

16 MR. HOSKINS: That's me. I'm "Who  
17 Dat." It's going well. A lot of fun in  
18 New Orleans right now. It is. We have  
19 a big game this weekend; and as you



20 know, we beat Atlanta, and we have a  
21 buy. And that's a big, big push for the  
22 City, great notoriety. And that's what  
23 we need right now to get our name out  
24 there, and certainly it helps out a lot.

25 But things are going well in New  
28

1 Orleans. I mean, it's been a tough  
2 year, and I think John summed it up  
3 really well looking at our operation.

4 CHAIRMAN MORGAN: Well, I had an  
5 opportunity to visit with -- with a  
6 couple of the board members to your  
7 property, and, you know, I compliment  
8 you. Very, very nice property in New  
9 Orleans.

10 MR. PAYNE: Thank you.

11 MR. IAFRATE: Thank you.

12 CHAIRMAN MORGAN: Any questions for  
13 Harrah's?

14 MR. SINGLETON: Yes.

15 CHAIRMAN MORGAN: Hang on one  
16 second.

17 MR. SINGLETON: I was still curious  
18 when we met a couple weeks ago, and I  
19 know you talked about the hotel and how  
20 it's done. And I think when y'all first  
21 came into being, I guess, the hotel was  
22 a major concern -- the Hotel/Motel,

23 Restaurant Association in New Orleans.  
24 But I think from what I understood from  
25 your comment, that if y'all had more

29

1 hotel rooms, then you could increase the  
2 amount of business that was coming into  
3 the city. Did I hear you correctly?

4 MR. PAYNE: You did. In my job  
5 there's not many times you get to say  
6 things are home runs. Building that  
7 hotel in New Orleans has been a home run  
8 for us. As I mentioned on your trip,  
9 this is our number one hotel in our  
10 company. You know, we've got 50 casinos  
11 worldwide. The service scores out of  
12 this hotel are the best in the company.  
13 It was awarded one of the top hundred  
14 hotels in America in its first year a  
15 couple years back, and it runs at 98  
16 percent occupancy.

17 As I think you all know, we are  
18 restricted by an MOU to 450 rooms for  
19 that hotel. A casino of this size could  
20 support 1,500 to 2,000 rooms. If you go  
21 to a place in Las Vegas of this size,  
22 you know, they'll have 3,000 rooms;  
23 they'll have 2,000 rooms, some will have  
24 4,000 rooms.

25 So this is a facility that we fill

1 every night. Try to get a room any  
2 weekend, and you're going to call and  
3 you're going to be rejected to get in.  
4 So we would love over the next coming  
5 years to rework our MOU with the  
6 Hotel/Motel Association and be able to  
7 have more hotel rooms in the city. We  
8 think we can continue to grow tourism if  
9 we had that opportunity.

10 MR. SINGLETON: Do you have an  
11 idea -- I guess, we're not lobbyists or  
12 anything like that and have no business  
13 getting in there, but I'm curious from a  
14 number perspective: If you had, say,  
15 1,500 rooms, what is the calculation you  
16 have in terms of what money would come  
17 to the state in terms of additional  
18 fees? I'm sure you've looked at that.

19 MR. PAYNE: We have. I would be  
20 hesitant to throw those numbers out  
21 there right now. I think it's not only  
22 the amount of revenue we get on the  
23 gaming side; it would be the tourism  
24 business that we'd bring to the  
25 restaurants, as well, as well as the

1 convention business or small businesses  
2 we could bring. But I can get you back

3 on the exact number of that.

4 But there's no question that this is  
5 a facility that does, you know, between  
6 28 and \$35 million in gaming revenue. I  
7 wouldn't be surprised adding a hotel of  
8 that size we could get up near the  
9 \$40 million a month in gaming revenue if  
10 we had those amount of hotel rooms,  
11 depending on the economic turnaround,  
12 obviously. I wouldn't promise that in  
13 2010.

14 MR. SINGLETON: Thank you.

15 MR. PAYNE: But in years to come, we  
16 believe this is a city and property that  
17 can grow.

18 CHAIRMAN MORGAN: Any other  
19 questions? Thank you.

20 B. Consideration of request by Catfish Queen  
21 Partnership in Commendam d/a/a Belle of  
22 Baton Rouge Casino for Reconfiguration  
23 of Gaming Space

24 CHAIRMAN MORGAN: Item B,  
25 Consideration of request by Catfish

32

1 Queen Partnership in Commendam, Belle of  
2 Baton Rouge Casino for Reconfiguration  
3 of Gaming Space. Morning.

4 TROOPER SINANAN: Morning, Chairman  
5 Morgan and Members of the Board. My

6 name is Trooper Matthew Sinanan with the  
7 Louisiana State Police, and I'm here in  
8 reference to the Belle of Baton Rouge is  
9 requesting a change in their designated  
10 gaming area. The request for  
11 reconfiguration is for a total decrease  
12 in slot machines from 1,011 to 925,  
13 which is a total decrease of slot  
14 machines of 86 slot machines. The table  
15 games will increase from 23, which is up  
16 from -- up three table games from their  
17 previous 20, and the total poker games  
18 will be six instead of five.

19 The overall changes in the  
20 designated gaming area will decrease the  
21 gaming area from 28,494 square feet to  
22 28,324 square feet, which is a total  
23 decrease of 170 square feet in the  
24 designated gaming area. The changes  
25 also include a cage being converted into

33

1 a players club.

2 There were numerous changes to the  
3 overall configuration, so it would be  
4 pretty lengthy to list them all, but the  
5 entire floor change -- floor make-up  
6 would change throughout the entire  
7 vessel. The floor plans were prepared  
8 by Jim Weisblog (phonetic), with Lay,

9 Pitman & Associates. Lieutenant  
10 Commander R. J. Jenkins of the United  
11 States Coast Guard did approve the  
12 changes, and the Division has reviewed  
13 the proposed floor changes and concur  
14 with Mr. Weisblog and the Coast Guard.

15 So if you have any questions, I'll  
16 be glad to answer them. I also have  
17 members from the Belle of Baton Rouge  
18 here if you need anything answered.

19 MR. CARLOS: Good morning, Mr.  
20 Chairman, Members of the Board, I'm  
21 Brett Carlos, the of Director of  
22 Compliance. I have also with me Rusty  
23 Mugen (phonetic), our project director.  
24 If you have any questions, we're  
25 definitely here to answer them.

34

1 CHAIRMAN MORGAN: Any questions? Do  
2 we have a motion to approve the  
3 reconfiguration?

4 MR. BRADFORD: So moved.

5 CHAIRMAN MORGAN: Moved by Mr.  
6 Bradford.

7 MR. JUNEAU: Second.

8 CHAIRMAN MORGAN: Seconded by  
9 Mr. Juneau. Is there any objection?  
10 (No response.) Hearing none, it's  
11 approved.

12 C. Consideration of request by Churchill  
13 Downs Louisiana Horseracing Company,  
14 L.L.C., for Approval for Second Amended  
15 and Restated Credit Agreement

16 CHAIRMAN MORGAN: Item C,  
17 Consideration of Request by Churchill  
18 Downs Louisiana Horseracing Company,  
19 LLC, for Approval of Second Amended and  
20 Restated Credit Agreement.

21 MR. GROS: Morning, Mr. Chairman,  
22 Board Members, my name is Collin Gros  
23 with the Louisiana State Police Gaming  
24 Audit Section. Licensee Churchill Downs  
25 Louisiana Horseracing Company, LLC,

35

1 seeks board approval for its parent,  
2 Churchill Downs, Incorporated, to amend  
3 its current \$120 million amended and  
4 restated credit agreement.

5 The new agreement would increase the  
6 \$120 million credit agreement up to  
7 \$375 million. The \$375 million figure  
8 would consist of a \$225 million line of  
9 credit, a \$50 million oversubscription  
10 feature. Churchill may at its option  
11 request that the facility be increased  
12 up to \$50 million if the lender's  
13 commitments for the facility exceed \$225  
14 million in the aggregate.

15           And the final component, a  
16           \$100 million accordion feature. At any  
17           time Churchill may, with the concept of  
18           the agent, J.P. Morgan, Chase Bank, in a  
19           request to increase the facility by up  
20           to \$100 by obtaining commitments from  
21           the lenders or other entities.

22           Churchill enjoys a very strong  
23           financial position with a minimal amount  
24           of long-term debt on its balance sheet.

25           Historically, Churchill has grown its

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1           revenue through acquisition and internal  
2           development with minimal deployment of  
3           debt. Projections provided by Churchill  
4           anticipate continued strong cash  
5           position and healthy revenue growth  
6           rates in conjunction with its continued  
7           conservative utilization of debt.

8           In conclusion, no financial issues  
9           came to our attention to preclude the  
10           Board from approving Churchill's second  
11           amended and restated credit agreement.

12           Thank you.

13           Are there any questions?

14           CHAIRMAN MORGAN: Do we have any  
15           questions of the Division? Is the  
16           licensee here?

17           MR. GROS: There is a representative



18 if anybody has any questions.

19 CHAIRMAN MORGAN: I don't know if

20 there's any questions of the licensee.

21 If not, I'll entertain a motion. Is

22 there a motion to --

23 MR. SINGLETON: I move we approve.

24 CHAIRMAN MORGAN: Motion to approve

25 by Mr. Singleton.

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1 MR. JONES: Second.

2 CHAIRMAN MORGAN: Seconded by

3 Mr. Jones. Is there any objection? (No

4 response.) It's approved. Good to hear

5 a company's financially strong.

6 D. Consideration of Petition by Pinnacle

7 Entertainment, Inc., for Modification

8 of Approved Project and Certain License

9 Conditions

10 CHAIRMAN GAUDIN: Consideration of

11 Petition by Pinnacle Entertainment,

12 Inc., for Modification of Approved

13 Project and Certain License Conditions.

14 MR. ORLANSKY: Morning, Mr.

15 Chairman, Members of the Board. Thank

16 you for having us here today. I'm Larry

17 Orlansky on behalf of Pinnacle

18 Entertainment and PNK (SCB), LLC, the

19 licensee for the Pinnacle Sugarcane Bay

20 project in Lake Charles.

21 With me today from Pinnacle  
22 Entertainment are Jack Godfrey,  
23 Executive Vice-President, Secretary and  
24 General Counsel to my right, and to his  
25 right, Cliff Kortman, Executive

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1 Vice-President for Construction and  
2 Development with Pinnacle Entertainment.

3 Before we get started, I do want to  
4 thank your staff, Mr. Chairman, as well  
5 as the Attorney General's Office and the  
6 State Police for working with us through  
7 some of these issues and in fashioning  
8 them as we proceeded throughout this  
9 project and other projects.

10 We're before you today on a petition  
11 to modify the approved project and  
12 certain license conditions relating to  
13 Sugarcane Bay. The petition addresses  
14 three modifications. First is the  
15 configuration in terms of the  
16 orientation of the riverboat gaming  
17 vessel to the other elements of the  
18 project, which Mr. Kortman will talk in  
19 more detail about in just a minute.

20 The other is the condition regarding  
21 the date of completion for the project,  
22 to make that date June 30th, 2011, just  
23 over 18 months from today; and third is

24 an adjustment in the required  
25 expenditure amount. Before Mr. Kortman

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1 makes a presentation regarding the  
2 details of the project and these  
3 specific modifications, it might be  
4 helpful, Mr. Chairman, to give just a  
5 little background, as we have some board  
6 members who were not here the last time  
7 we spoke about Sugarcane Bay.

8 Just as background, the license for  
9 Sugarcane Bay previously was held by a  
10 subsidiary of Harrah's and was used to  
11 operate one of the two Harrah's boats in  
12 Lake Charles. Downtown on Lake Charles,  
13 it was one of the side-by-side casino  
14 boats that they had there. Pinnacle  
15 acquired from Harrah's the two entities  
16 that held those two licenses back in  
17 November of 2006, with this Board's  
18 approval; and with the Board's approval,  
19 the name of Harrah's entity that held  
20 this particular license was changed from  
21 Harrah's Lake Charles to PNK (SCB).  
22 The other license, of course, is being  
23 utilized for Pinnacle's Baton Rouge  
24 project.

25 A referendum to allow the change of

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1 berth of this license from downtown Lake  
2 Charles to a site on the Calcasieu River  
3 adjacent to L'Auberge du Lac was  
4 approved in an election by the voters of  
5 Calcasieu Parish back in November of  
6 '06. In June of 2007, this board  
7 approved the architectural design and  
8 blueprints for the project, and  
9 construction commenced in October of  
10 2008.

11 As you will hear in more detail, the  
12 modifications that are proposed today  
13 will require submission of new  
14 architectural blueprints and plans of  
15 design, and we've asked for a date to be  
16 set for that requirement for  
17 approximately 60 days from today, and  
18 then a date of June 30th, 2011, for  
19 completion of the project.

20 The other proposed revision which  
21 will be addressed is the change of the  
22 expenditure amount from \$350 million, as  
23 set forth in Condition 15, to  
24 \$300 million.

25 And one clarification, Mr. Chairman,

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1 that we made a little different from the  
2 petition that we followed up with a  
3 letter last week, was originally when we

4 drafted the petition, we suggested a  
5 two-step deadline whereby the June 30th,  
6 2011, would be the deadline for the  
7 hotel and the other amenities with the  
8 goal of -- earlier goal for the  
9 riverboat gaming vessel. We've now  
10 modified that after discussions with the  
11 Attorney General's Office to ask for the  
12 entire approved project -- completion  
13 date for the entire project of  
14 June 30th, 2011, with the recognition  
15 that if the riverboat gaming vessel  
16 is -- reaches a substantial completion  
17 level and is suitable for gaming  
18 operations, in the sole discretion of  
19 the Board and the State Police input,  
20 that Pinnacle could petition at that  
21 time, possibly, for an earlier opening  
22 date. But that the approved project  
23 deadline that we're asking for today is  
24 one consistent deadline, which seemed to  
25 make more practical sense.

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1 So now I'd like to turn it over to  
2 Mr. Kortman to address the particulars  
3 of this modification.

4 MR. KORTMAN: Morning, Mr. Chairman  
5 and Board Members. Thank you for having  
6 us this morning. What you have before

7 you is just sort of an update on what  
8 we're doing with Sugarcane Bay. If I  
9 could just walk you through that, maybe  
10 that's the best way to handle that, and  
11 then we can try to address any questions  
12 that you might have.

13 After you open your cover page  
14 there, the first plan that you see there  
15 highlighted in yellow is the original  
16 Sugarcane Bay concept. We just thought  
17 it was important for you to have that  
18 for reference only just to sort of get  
19 the context of where Sugarcane Bay  
20 versus where it's going to be today.

21 On the second page, you'll see the  
22 new site plan showing the orientation of  
23 the casino boat, and then the new  
24 position of the hotel. Just so that  
25 everyone is clear: The majority of the

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1 amenities that were in the Sugarcane Bay  
2 project are still in this project.  
3 Certainly the amenities that are laid  
4 out in the condition are in this  
5 project. So the project has not  
6 materially changed from that  
7 perspective.

8 Subsequent pages basically show you  
9 the hotel layout. On the ground floor

10 of the hotel, we have eight garden  
11 suites. If you've been to the  
12 property -- I think, Mr. Chairman,  
13 you've been to the property; I think you  
14 even viewed some of the garden suites in  
15 the existing L'Auberge du Lac hotel.

16 We think that concept makes sense  
17 for this project, also, so we'll be  
18 having garden suites on the ground  
19 floor. You may have also had a chance  
20 to look at the second floor suites.  
21 We'll have the same type second floor  
22 suites in the hotel on the second level,  
23 and then our tower will be typical rooms  
24 with some suites in the corners.

25 So when the building changes

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1 configuration, then, obviously, those  
2 are suites in the corners, and that's  
3 similar to what we did in L'Auberge in  
4 the original planning.

5 The intent of the Sugarcane Bay  
6 hotel is to be complementary to  
7 L'Auberge du Lac. It's going to be  
8 different, and it certainly is going to  
9 be complementary. It's a little bit of,  
10 you know, play on words, but the fit and  
11 finish will be equal to, if not better  
12 than, L'Auberge, but certainly as you

13 recognize, hotels need freshening up  
14 after some period of time. So some of  
15 the finishes in the new Sugarcane Bay  
16 will be fresher but certainly keeping  
17 with the design quality and intent of  
18 what we did originally at L'Auberge.

19 Your next -- turn the page there and  
20 you'll see an entry from -- a  
21 perspective from the entry road. Just  
22 to show the orientation of the hotel,  
23 the new hotel and where we're going to  
24 configure it, it's just, again, we're in  
25 planning stages of this, so these are

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1 artistic renderings at this point. As  
2 we mentioned earlier, what I mentioned  
3 earlier, we'll be submitting revised  
4 blueprints subject to your approval  
5 today. I'm just saying we can do that  
6 in a timely manner.

7 A couple pages further on, you'll  
8 see an interior perspective. It's the  
9 one -- it's the first interior  
10 rendering. If you sort of pay close  
11 attention to that, you'll notice that  
12 there's some chandeliers that sort of  
13 are different in the center of that  
14 drawing that are -- there's two  
15 chandeliers coming forward in the plan,



16 and that's to show the distinction  
17 between the L'Auberge du Lac Casino and  
18 the new Sugarcane Bay Casino.

19 As you can see, the fit and finish  
20 is similar but a little bit different,  
21 and this is a section cut through where  
22 we would propose that the casinos be  
23 adjacent to each other. So it's just an  
24 interior rendering showing that  
25 connection.

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1 Included just for reference are some  
2 other interior renderings, and, again,  
3 as you can tell from the renderings, the  
4 fit and finish is quite similar to  
5 L'Auberge, again, very complementary,  
6 but in keeping with that original theme  
7 that we had for the project. However,  
8 it's been modified slightly so that  
9 it's -- it makes a little more sense due  
10 to its adjacency to L'Auberge du lac.

11 And then the last drawing that we  
12 gave you in there is just a section to  
13 show the two distinct riverboats.  
14 Obviously, these are two distinct  
15 riverboats. They will be in two  
16 distinct basins. They will share a  
17 common divider wall; but they will have  
18 its own pumping system, and the water

19 level itself is actually going to be  
20 slightly different than the water level  
21 that the existing cofferdam has.

22 So with that, if you have any  
23 questions, I'll be glad to entertain any  
24 questions or thoughts.

25 CHAIRMAN MORGAN: First, I had the

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1 opportunity to tour the property  
2 recently, and it's absolutely phenomenal  
3 what you've done in Lake Charles and  
4 compliment the company because it's top  
5 shelf. It's a wonderful property.

6 So I'm excited that y'all have  
7 decided to continue the project, but I  
8 will defer to any board members. I'd  
9 like for the Attorney General's Office  
10 to possibly come up for a few questions,  
11 but I'll ask the Board, do they have any  
12 questions of you first.

13 MR. JONES: One question: Will you  
14 use the same reception area for both  
15 hotels for the new wing as well as the  
16 other one?

17 MR. KORTMAN: Yes, sir. As you  
18 know, under the old plan we have -- that  
19 function was very distinctly different,  
20 different location, different front  
21 desk, different everything, different

22 keys, different hotel experience. This  
23 will allow us to share some common  
24 infrastructure. It's difficult when you  
25 come to the property for the first time,

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1 if you had a separate location to figure  
2 out where to go, two separate porte  
3 cocheres, two separate checks-in. This  
4 helps us manage the property a little  
5 better.

6 We think it's, again, very important  
7 for us to protect the asset that we have  
8 in Sugarcane Bay. We certainly love the  
9 concept of our project, but we also need  
10 to make sure that we have a project that  
11 keeps both of these licenses, you know,  
12 cash flow positive and is a good return  
13 on investments.

14 So to answer your question, we are  
15 sharing some of the infrastructure, and  
16 we think that's an important thing for  
17 us to have.

18 MR. BRADFORD: Mr. Chairman, I've  
19 got one question: The June 2011 date  
20 that you're now asking for completion of  
21 the boat and the hotel is realistic?

22 MR. KORTMAN: Yes, sir.

23 MR. BRADFORD: That's kind of a drop  
24 dead thing in your mind?

25 MR. KORTMAN: Yes, sir. Subject to

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1 your approval today -- I won't say the  
2 wheels are in motion, but pursuant to  
3 your directive today, we are ready to  
4 get these hulls underway quickly. The  
5 plan is that the hulls will be  
6 constructed similar to the way they were  
7 constructed with L'Auberge du Lac. If  
8 you remember -- some of you will  
9 remember this; some of you won't --  
10 that's basically a tri-hull.

11 So there's three hulls that work as  
12 the base platform for L'Auberge du Lac.  
13 This particular project has a four-hull  
14 platform. Those hulls are ready to go.  
15 We've already put some money down to  
16 procure two more hulls for this  
17 particular project. We went at risk on  
18 ourself, by ourselves to do that, but we  
19 want to move this project along as  
20 quickly as possible.

21 We do want to point out that we have  
22 79 piles in the ground because we did  
23 proceed with construction in earnest.  
24 We met with the port yesterday, and  
25 we're under -- we're having discussions

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1 about what happens with those piles. We

2 certainly can take them out, but the  
3 port may decide to let us actually leave  
4 those in place subject to some other  
5 things that may be down in the future.

6 CHAIRMAN MORGAN: That was your RV  
7 park before, so they shouldn't have any  
8 trouble with RVs parking there.

9 MR. KORTMAN: No, no problem at all.

10 MR. JONES: I have another question,  
11 just two things: What -- to compare you  
12 with Harrah's here, what's your  
13 occupancy rate been this year?

14 MR. KORTMAN: I don't have the  
15 specific numbers in front of you. I  
16 will tell you that our occupancy is very  
17 high on the weekends. We're in the  
18 high, you know, 90s on the weekends.  
19 Because we do have a thousand rooms,  
20 mid-week we have seen some loss in  
21 occupancy. It's just, like, we're not  
22 any different than anyone else. I mean,  
23 people are tightening their belts, and  
24 they're not coming as often and as  
25 frequently as we'd like to see them

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1 coming.

2 In general, I think our occupancy  
3 runs in the low 90s in total. We're  
4 sold out on the weekends, but we could

5 certainly use a little more business  
6 mid-week. We think with the  
7 repositioning of the hotel, the addition  
8 of the multipurpose room which would  
9 allow us to make better use of our  
10 ballroom -- as you know today, our  
11 ballroom goes out of service on Thursday  
12 for shows that happen on Saturday. It's  
13 inconvenient. It gets out of the rental  
14 pool in a hurry that way, and we don't  
15 have the opportunity to really drive the  
16 convention and meeting business as we  
17 really would like to do.

18 So with the addition of the  
19 multi-purpose room, this should allow us  
20 to drive more business for that mid-week  
21 customer, and that's what our hope is  
22 and what our plan is.

23 MR. JONES: One other question --  
24 and I don't know if one of y'all can do  
25 this in just a few, but the negotiations

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1 that are going on between y'all and the  
2 City of Lake Charles relative to you and  
3 the property on the lake front that used  
4 to be the site of the old casino -- can  
5 you kind of give us in a nutshell where  
6 that stands and how you hope to get it  
7 resolved?

8 MR. KORTMAN: Yeah, Mr. Jones, we  
9 met with the mayor and his staff  
10 yesterday. We updated them on the  
11 status of Pinnacle and its management,  
12 and we discussed the variety of issues  
13 including that one which you just  
14 raised. We've had an ongoing dialogue  
15 with the mayor and his staff about what  
16 we do with that property; and we haven't  
17 come to any final conclusions, but we  
18 have pledged our cooperation in  
19 continuing to work with the City of Lake  
20 Charles on potential solutions.

21 As you know, we have some issues  
22 that we have to resolve related to that  
23 property, including the lawsuit, pending  
24 lawsuit, and the City is very aware of  
25 that and appreciative of our position on

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1 that. We'll continue to vigorously  
2 defend against that lawsuit, but we  
3 believe that we can ultimately reach a  
4 reasonable resolution with the City that  
5 will be value added, both for Pinnacle  
6 and the City of Lake Charles.

7 We suggested an ultimate solution  
8 maybe of transfer the property and  
9 everything in between, including,  
10 perhaps, a hybrid where some interim

11 servitudes or approvals are granted the  
12 City so that they can utilize that  
13 property for future development plans  
14 that they may have. But we're in  
15 discussions with them, and we're  
16 confident that we'll be able to reach an  
17 agreement that will be mutually  
18 acceptable to Pinnacle and the City of  
19 Lake Charles.

20 MR. JONES: But you can't reach the  
21 agreement until the lawsuit is resolved?

22 MR. KORTMAN: Well, the lawsuit is  
23 certainly an impediment to that. I  
24 don't know that ultimately it will  
25 prevent us from reaching an agreement

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1 with the City, but it's something that  
2 we have to pay close attention to. And  
3 any final decisions that we make, we'll  
4 have to take that lawsuit into  
5 consideration so that we don't do  
6 anything that would have an adverse  
7 effect on Pinnacle or the City for that  
8 matter.

9 MR. JONES: Has a trial date been  
10 set on that?

11 MR. KORTMAN: No, it hasn't. It's  
12 basically -- although there are still  
13 some proceedings in federal court, we



14 recently received a favorable decision.  
15 We, at some point, will commence  
16 discovery in a state court action; and  
17 like I said, it's anyone's guess as to  
18 how long that might take, but we'll  
19 continue to defend our position in that  
20 lawsuit.

21 MR. JONES: And the trial site will  
22 be Lake Charles?

23 MR. KORTMAN: No, the venue is in  
24 New Orleans.

25 CHAIRMAN MORGAN: Anyone else?

55

1 MR. BRADFORD: I had a question.

2 CHAIRMAN MORGAN: Mr. Bradford.

3 MR. BRADFORD: This is to Cliff, I  
4 think, concerning the hotel: What are  
5 the existing number of rooms at the  
6 L'Auberge, and what is the number of the  
7 new rooms that are going to be at the  
8 Sugarcane Bay?

9 MR. GODFREY: Okay, the original  
10 L'Auberge was 750 rooms; and then we did  
11 a 250 room expansion, which they now  
12 have a total of right at a thousand  
13 rooms for L'Auberge. The original  
14 Sugarcane Bay condition was 400 rooms,  
15 and this is 400 rooms in the new hotel,  
16 also.

17 MAJOR MERCER: Your total investment  
18 originally was \$350 million and your  
19 addition is \$300 million. Are you  
20 actually cutting anything out of the  
21 proposal, or are you just citing this  
22 amount of money by restructure,  
23 redesigning?

24 MR. GODFREY: We certainly have  
25 realized some savings as it relates to

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1 the bricks and mortar of doing this  
2 reconfiguration. You can look at the  
3 plan, and you can make that  
4 determination yourself.

5 One of the things that we're very  
6 sensitive to is return on investment.  
7 Like any company is, that's a paramount  
8 decision in going forward with  
9 development plans, and, you know, we  
10 think that reducing our total amount of  
11 investment is -- by a marginal, soft  
12 amount, little amount, is the right  
13 thing to do.

14 I would tell you that we did not  
15 include capitalized interest; we did not  
16 include contingencies; we did not  
17 include cash loads, which there are some  
18 things that, you know, allow us to  
19 include those numbers. I think probably

20 for the benefit of all, it's probably  
21 important for us to give you a clean  
22 accounting of what we think the total  
23 investment is, and I think we'd be happy  
24 to do that.

25 MR. KORTMAN: Yes, this will be a

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1 base minimum investment, and as I and  
2 others from the Pinnacle team have told  
3 you over the last several months, is you  
4 have been very patient with us and  
5 considered our various requests. We've  
6 been working in a very, very challenging  
7 development environment, and we work  
8 very hard to diligently move our  
9 projects forward and to keep our  
10 commitments to the State of Louisiana.

11 And our board of directors has  
12 reaffirmed commitment. And so what  
13 we're doing is trying to do this  
14 particular project in a reasonable way  
15 that will not only deliver the project  
16 that we promised, but will be a project  
17 that will last and provide value to the  
18 State of Louisiana and Pinnacle and our  
19 shareholders into the future. We're  
20 looking at challenges -- potential  
21 challenges from neighboring states.  
22 We're taking that into consideration,

23 and we're very excited into the redesign  
24 and think that what we're bringing to  
25 you today is a plan for an, actually,

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1 stronger project than was previously  
2 designed.

3 And as this process has evolved, we  
4 hope you'll agree with us, but that's  
5 our commitment to the State of  
6 Louisiana. And we're trying our best to  
7 keep it and do it in a way that makes  
8 the most sense where all parties are  
9 concerned.

10 CHAIRMAN MORGAN: You can stay  
11 there. Leonce, I had a question or two  
12 for you --

13 MR. GAUTREAUX: Okay.

14 CHAIRMAN MORGAN: -- if you want to  
15 stay there.

16 MR. GUATREAUX: Yeah.

17 CHAIRMAN MORGAN: You've had an  
18 opportunity, you and the Attorney  
19 General's Office, to look at the  
20 proposal, the configuration of the  
21 vessel adjacent to -- I think when  
22 people think of adjacent, they think  
23 next to -- but being behind the current  
24 vessel. Is that permissible under --

25 MR. GUATREAUX: Yeah. There's no

1 preclusion for the -- I will say for the  
2 concept of having the boats  
3 side-by-side, but I will say right now,  
4 we only have the concept. Until we get  
5 further details to see exactly how they  
6 look as far as the integration of the  
7 two vessels, that will be something that  
8 will -- we will and State Police have to  
9 keep up to make sure they're two  
10 separate and distinct vessels side by  
11 side, which I think is -- basically is  
12 what Harrah's had when they originally  
13 had it downtown.

14 CHAIRMAN MORGAN: And I think my  
15 question lies more with the local option  
16 issue.

17 MR. GUATREAU: Yes, it's -- the  
18 local option was approve to a site  
19 adjacent to the current L'Auberge du Lac  
20 site, which this is adjacent to the  
21 current L'Auberge du Lac resort. I  
22 think it uses that language.

23 CHAIRMAN MORGAN: Okay. Having been  
24 in the boots on the ground regulation  
25 side of it, you're going to have some

1 challenges, operational issues that I'm  
2 sure you'll work through those.

3 MR. KORTMAN: We understand that,  
4 Mr. Chairman. We look forward to  
5 working with you and your staff on  
6 those.

7 CHAIRMAN MORGAN: Okay. Are there  
8 any questions for the Attorney General's  
9 Office? Any more questions?

10 There's a resolution that was  
11 prepared by the Attorney General's  
12 Office. It's the Board's pleasure. If  
13 you agree with the resolution, we need a  
14 motion to approve the resolution.

15 MR. JONES: I'll be glad to make a  
16 motion to approve.

17 CHAIRMAN MORGAN: Mr. Jones makes a  
18 motion to adopt the resolution.

19 MR. JUNEAU: Second.

20 CHAIRMAN MORGAN: Seconded by  
21 Mr. Juneau, and, Miss Tramonte, will you  
22 read the resolution into the record.

23 THE CLERK: On the 15th day of  
24 December, 2009, the Louisiana Gaming  
25 Control Board did, in a duly noticed

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1 public meeting, consider the issue of  
2 PNK Sugarcane Bay's petition to modify  
3 an approved project and certain license  
4 conditions, and upon motion duly made  
5 and seconded, the Board adopted the

6 following resolution:

7 Be it resolved that the introductory  
8 paragraph to the statement of conditions  
9 be amended replaced as follows: PNK  
10 Development Seven, and PNK  
11 Entertainment, Inc., and PNK Sugarcane  
12 Bay, LLC, hereby expressly accept, agree  
13 and stipulate to the following  
14 conditions to the license of PNK  
15 Sugarcane Bay, LLC, to conduct riverboat  
16 gaming operations:

17 Said license previously issued by  
18 Louisiana State Police Riverboat Gaming  
19 Division and renewed by its successor,  
20 the Louisiana Gaming Control Board, as  
21 part of the approval of the transfer of  
22 ownership interest in licensee and  
23 approval of modification of berth site,  
24 licensee and transferee hereby agree to  
25 the follow as additional conditions on

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1 the Sugarcane Bay license.

2 Be it further resolved that  
3 Condition Seven of the Statement of  
4 Conditions to Riverboat Gaming License  
5 be modified and replaced with the  
6 following Condition Seven: To offer the  
7 kind, amount and scope of non-gaming  
8 activities on the riverboat shore and

9 support facilities and all other  
10 amenities, including a 400 room hotel as  
11 approved by Louisiana Gaming Control  
12 Board on August 15th, 2006, and as  
13 described and amended in licensee's  
14 petition to modify approved project and  
15 certain license conditions filed  
16 December 8th, 2009, and presented to the  
17 Louisiana Gaming Control Board on  
18 December 15th, 2009.

19 Be it further resolved that  
20 Condition 14C of the Statement of  
21 Conditions to Riverboat Gaming License  
22 be modified and replaced with the  
23 following Condition 14C: Construction  
24 of the approved project which commenced  
25 October 31st, 2008, shall be

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1 substantially completed on or before  
2 June 30th, 2011. Commenced construction  
3 or commencement of construction shall be  
4 that time when excavating and grading  
5 work began for purpose of preparing any  
6 foundations related to the approved  
7 project. Additional time may be granted  
8 by the Louisiana Gaming Control Board in  
9 its sole and absolute discretion upon  
10 timely request for good cause shown.  
11 Failure to meet this deadline or to



12 timely receive an extension may result  
13 in forfeiture of all privileges to the  
14 license.

15 If completion of the gaming  
16 operations of the approved project  
17 occurs prior to June 30th, 2011,  
18 Sugarcane Bay may petition the Board for  
19 modification to Condition Eight to allow  
20 it to open the gaming operations, which  
21 request may be considered by the  
22 Louisiana Gaming Control Board in its  
23 sole and absolute discretion.

24 Be it further resolved that  
25 Condition 15 of the Statement of

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1 Conditions to Riverboat Gaming License  
2 be modified to require a minimum  
3 investment of \$300 million in the  
4 approved project.

5 Be it further resolved that on or  
6 before February 16th, 2010, licensee  
7 shall submit to the Board updated  
8 architectural blueprints and a detailed  
9 plan of design and construction of the  
10 approved project as modified by the  
11 licensee in its December 15th, 2009,  
12 presentation of the Board.

13 This done and signed in Baton Rouge,  
14 Louisiana, this 15th day of December,

15 2009.

16 CHAIRMAN MORGAN: Will you call the  
17 roll, please.

18 THE CLERK: Major Mercer?

19 MAJOR MERCER: Yes.

20 THE CLERK: Miss Rogers?

21 MS. ROGERS: Yes.

22 THE CLERK: Mr. Bradford?

23 MR. BRADFORD: Yes.

24 THE CLERK: Mr. Jones?

25 MR. JONES: Yes.

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1 THE CLERK: Mr. Singleton?

2 MR. SINGLETON: Yes.

3 THE CLERK: Mr. Berthelot?

4 MR. BERTHELOT: Yes.

5 THE CLERK: Chairman Morgan?

6 CHAIRMAN MORGAN: Yes. It passes.

7 Congratulations. One thing before you  
8 get away. Could you within -- before  
9 the end of the year get me an updated  
10 budget for this project?

11 MR. KORTMAN: Yes, sir.

12 CHAIRMAN MORGAN: Thank you.

13 E. Consideration of Certificate of  
14 Compliance for the Riverboat Gaming  
15 Vessel Alternate Inspection Program for  
16 Grand Palais Casino, License No.  
17 RO11000841

18 CHAIRMAN MORGAN: Item E,  
19 Consideration of Certificate of  
20 Compliance for the Riverboat Gaming  
21 Vessel Alternate Inspection Program for  
22 Grand Palais Casino, license number  
23 R011000841.

24 MR. TYLER: Chairman Morgan, Board  
25 Members, I am Assistant Attorney General

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1 Michael Tyler, and today I am joined by  
2 John Francic of ABSC and Joey Lalonde of  
3 Isle of Capri.

4 Today we come before you seeking  
5 acceptance of the Alternate Inspection  
6 Report of Grand Palais as performed and  
7 prepared by ABSC, as well as the  
8 issuance of a certificate of compliance  
9 for Grand Palais' vessel.

10 Since the adoption of the Alternate  
11 Riverboat Inspection Standards by the  
12 Board, various licensees have inquired  
13 with ABSC about surrendering their U.S.  
14 Coast Guard issued certificate of  
15 inspection and opting into the Louisiana  
16 Gaming Control Board's Alternate  
17 Riverboat Inspection Program.

18 On or about November 30th, 2009,  
19 Grand Palais began the process of having  
20 its vessel become an official alternate

21 inspection vessel. For more information  
22 on this process and the findings of the  
23 alternate inspection of the Grand  
24 Palais's vessel, I turn this  
25 presentation over to John Francic of

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1 ABSC.

2 MR. FRANCIC: Morning, Mr. Chairman,  
3 and Board Members. My name is John  
4 Francic with ABS Consulting, and I'm  
5 here to present the riverboat inspection  
6 results for the Isle of Capri Casino.

7 On November 30th, 2009, the United  
8 States Coast Guard and ABS Consulting  
9 inspectors did conduct a joint safety  
10 inspection onboard the riverboat Grand  
11 Palais and found the riverboat to be in  
12 compliance with the State's alternative  
13 riverboat gaming inspection program.  
14 The inspectors had nothing but full  
15 cooperation from the crew and staff of  
16 Isle of Capri Casinos. The vessel was  
17 in excellent condition; the vessel's  
18 firefighting system, emergency lighting  
19 and egress routes were inspected and  
20 found to be in compliance. This joint  
21 annual inspection was completed without  
22 any deficiencies noted and is considered  
23 acceptable for the intended purpose of

24 determining more riverboat gaming vessel  
25 in the State's Alternative Program.

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1 MR. TYLER: We now present these  
2 findings to this honorable board for  
3 approval and request that upon approving  
4 the inspection report, the Board will  
5 more for the issuance of compliance to  
6 Grand Palais.

7 CHAIRMAN MORGAN: Are there any  
8 questions? Do we have a motion to  
9 approve and issue the certificate of  
10 compliance?

11 MS. ROGERS: I so move.

12 CHAIRMAN MORGAN: Moved by Miss  
13 Rogers.

14 MR. JONES: Second.

15 CHAIRMAN MORGAN: Second by  
16 Mr. Jones, is there any objection? (No  
17 response.) Hearing none, it's approved.

18 F. Consideration of Certificate of  
19 Compliance for the Riverboat Gaming  
20 Vessel Alternate Inspection Program  
21 for Isle of Capri Lake Charles -  
22 License No. R011700174

23 CHAIRMAN MORGAN: Item F.  
24 go ahead and introduce it.

25 MR. TYLER: Chairman Morgan, Board

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1 Members, once again, I'm Assistant  
2 Attorney General Michael Tyler, and  
3 again I'm joined by John Francic of ABSC  
4 and Joey Lalonde of Isle of Capri.  
5 Today we come before you seeking the  
6 acceptance of the Alternate Inspection  
7 Report for Isle of Capri's vessel, the  
8 Isle of Capri Lake Charles.

9 On or about December 1st, 2009, Isle  
10 of Capri Lake Charles began the process  
11 of having its vessel become an official  
12 alternate inspection vessel. For more  
13 on this process and the findings of the  
14 alternate inspection of Isle of Capri's,  
15 vessel, I turn this presentation over to  
16 John Francic of ABSC.

17 MR. FRANCIC: Mr. Chairman, Board  
18 Members, again, the riverboat inspection  
19 results for the Isle of Capri's Casinos:  
20 On December 1st, 2009, United States  
21 Coast Guard and ABS Consulting  
22 inspectors did a joint safety inspection  
23 onboard the riverboat Crown Casino, and  
24 found the riverboat to be in compliance  
25 with the State's Alternative Riverboat

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1 Gaming Inspection Program.

2 Again, this full cooperation with  
3 the crew and staff found the Isle of

4 Capri vessel in full compliance. The  
5 vessel's firefighting system, emergency  
6 lighting and egress routes were  
7 inspected and found to be in compliance.  
8 This joint annual inspection was  
9 completed without any deficiencies noted  
10 and is considered acceptable into the  
11 State's Alternate Riverboat Gaming  
12 Program.

13 MR. TYLER: We now present these  
14 findings to this honorable board for  
15 approval and request that upon approving  
16 the inspection report, the Board will  
17 move for the issuance of a certificate  
18 of compliance to Isle of Capri of Lake  
19 Charles.

20 CHAIRMAN MORGAN: Mr. Lalonde, I'm  
21 sorry. I didn't recognize you at the  
22 last one. When you're winning, do you  
23 want to say anything?

24 MR. LALONDE: No, sir. Thank you  
25 very much.

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1 CHAIRMAN MORGAN: Good seeing you.

2 MR. LALONDE: Yes, sir.

3 CHAIRMAN MORGAN: Do we have any  
4 questions for the second thing? Do we  
5 have a motion to approve issuance of the  
6 certificate of compliance?

7 MR. BERTHELOT: So moved.

8 CHAIRMAN MORGAN: Motion by  
9 Mr. Berthelot, seconded by Mr. Juneau.  
10 Do we have any objection? (No  
11 response.) Hearing none, it's issued,  
12 approved. Thank you.

13 And we have -- the next one is  
14 Eldorado Casino in Shreveport.  
15 G. Consideration of Certificate of  
16 Compliance for the Riverboat Gaming  
17 Vessel Alternate Inspection Program for  
18 Eldorado Casino Shreveport - License  
19 No. RO13600005

20 MR. TYLER: Chairman Morgan, Board  
21 Members, once again, I'm Assistant  
22 Attorney General Michael Tyler, and I'm  
23 joined by John Fransic of ABSC and Jeff  
24 Barbin on behalf of Eldorado Casino  
25 Shreveport.

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1 Today we come before you seeking the  
2 acceptance of the Alternate Inspection  
3 Report as Eldorado as performed and  
4 prepared by ABSC, as well as issuance of  
5 certificate of compliance for Eldorado  
6 Casino Shreveport's vessel.

7 On or about October 20th, 2009,  
8 Eldorado Casino Shreveport began the  
9 process of having its vessel become an



10 official alternate inspection vessel.  
11 For more information on this process and  
12 the findings of the alternate inspection  
13 of the Eldorado Casino Shreveport's  
14 vessel, I turn this presentation over to  
15 John Fransic of ABSC.

16 MR. FRANSIC: Mr. Chairman, Board  
17 Members, I'll begin: John Fransic, ABS  
18 Consulting. I'm here to present the  
19 riverboat inspection results for the  
20 Eldorado Resorts Casino.

21 On October 20th, 2009, United States  
22 Coast Guard and ABS Consulting  
23 inspectors did conduct a joint safety  
24 inspection onboard the riverboat  
25 Hollywood Dreams and found the riverboat

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1 to be in compliance with the State's  
2 Alternative Inspection Program with the  
3 exception of the fire dampers.

4 The Coast Guard issued a reported  
5 deficiency, and it was cleared on  
6 December 2nd, 2009. The vessel's  
7 firefighting system, emergency lighting  
8 and ingress routes were found to be in  
9 compliance. The full cooperation of the  
10 crew and staff cleared some of the  
11 deficiencies on the spot to making the  
12 inspection process go smoothly.

13           The vessel was considered acceptable  
14           for the State's Alternative Riverboat  
15           Inspection Program.

16           MR. TYLER: We now present these  
17           findings to this honorable board for  
18           approval, and request upon approving the  
19           inspection report, the board will move  
20           for the issuance of a certificate of  
21           compliance to Eldorado Casino  
22           Shreveport?

23           CHAIRMAN MORGAN: Mr. Barbin.

24           MR. BARBIN: Good morning, Mr.  
25           Chairman. Happy to answer any questions

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1           you guys have.

2           CHAIRMAN MORGAN: You know something  
3           about this?

4           MR. BARBIN: I know a little bit  
5           about this.

6           CHAIRMAN MORGAN: I know you're a  
7           good attorney. I didn't know you were  
8           good at this.

9           All right, any questions? Do we  
10          have a motion to issue the certificate  
11          of compliance for Eldorado Casino  
12          Shreveport.

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

14          CHAIRMAN MORGAN: Motion by Mr.  
15          Juneau.

16 MR. JONES: Second.

17 CHAIRMAN MORGAN: Seconded by Mr.

18 Jones. Is there any objection? (No

19 response.) Hearing none, it's approved.

20 Thank you.

21 VII. RULEMAKING

22 CHAIRMAN MORGAN: Item VII,

23 Rulemaking. Mr. Wagner.

24 MR. WAGNER: Good morning, sir.

25 CHAIRMAN MORGAN: Morning.

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1 MR. WAGNER: Jonathan Wagner,  
2 Assistant Attorney General. I'm coming  
3 before the Board today requesting that  
4 it vote to institute rulemaking  
5 procedures for a notice of intent for  
6 several rules which were identified by  
7 State Police as requiring necessary  
8 changes. I have provided copies of the  
9 proposed notice of intent to the Board,  
10 and I'm here to avail myself of any  
11 questions any of you may have.

12 CHAIRMAN MORGAN: And just for the  
13 new members, this will be just to  
14 institute the process, and then you  
15 would have to have public hearings?

16 MR. WAGNER: Public hearings are not  
17 always requested, but they're always  
18 available.

19 CHAIRMAN MORGAN: Tell me the  
20 process so the new members will know.

21 MR. WAGNER: Okay. The process is  
22 the Board votes to institute rulemaking  
23 procedures. From there, a notice of  
24 intent is prepared, which has to be  
25 approved by the legislative physical

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1 office. It is also, after that step,  
2 provided to the necessary oversight  
3 committees, as well as the Speaker of  
4 the House and the President of the  
5 Senate.

6 It is then published in the  
7 Louisiana Register, I believe, for 45  
8 days, which directs any interested  
9 person to contact me directly should  
10 they have any questions about the rules.

11 If the questions rise to the level of  
12 public hearings need to be held, the  
13 Board will hold those public hearings or  
14 the oversight committee will call for  
15 them.

16 At that point, the Board can decide  
17 again, after the conclusion of the  
18 hearings, do they want to still continue  
19 with rulemaking for these particular  
20 rules. If so, the process moves forward  
21 and another report is given to the

22 oversight committee letting the --  
23 letting them know that, yes, the Board  
24 did hold hearings; these are the results  
25 of the hearings, and this is why we've

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1 decided to move forward.

2 At that point the oversight  
3 committee can, if necessary, push this  
4 to the governor's desk, and the governor  
5 can ultimately decide. Since I've been  
6 doing rules, that's never happened. No  
7 public hearings have ever been  
8 requested; therefore, the process  
9 typically where I've been involved has  
10 been: Institute rulemaking, make public  
11 notice; I come back to the Board, let  
12 you know that no public hearings were  
13 requested, and then you vote to adopt  
14 the final rule after all delays have  
15 lapsed.

16 CHAIRMAN MORGAN: But this is the  
17 first step.

18 MR. WAGNER: This is the very first  
19 step.

20 CHAIRMAN MORGAN: And these were  
21 requested by the State Police?

22 MR. WAGNER: Yes, sir.

23 CHAIRMAN MORGAN: Okay. Do we have  
24 any questions? Do we have a motion to

25 institute the rulemaking procedures for

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1 the matters in question?

2 MR. SINGLETON: I move.

3 CHAIRMAN MORGAN: Singleton.

4 MR. BRADFORD: Second.

5 CHAIRMAN MORGAN: Seconded by

6 Mr. Bradford. Is there any objection?

7 (No response.) Hearing none, it's been

8 approved to institute the rulemaking.

9 MR. WAGNER: Thank you.

10 CHAIRMAN MORGAN: I didn't mean to

11 catch you on the spot there. You did

12 good.

13 MR. WAGNER: That's okay.

14 VIII. PROPOSED SETTLEMENTS/APPEALS FROM HEARING

15 OFFICERS' DECISIONS

16 1. In Re: Gary Gruenig d/b/a Koz's - No.

17 2604214909 (proposed settlement)

18 CHAIRMAN MORGAN: Item VIII,

19 Proposed Settlements/Appeals from

20 Hearing Officers' General. This is

21 number one. I'll let you introduce the

22 case.

23 MR. SCHMOLKE: Morning, Mr.

24 Chairman, Members of the Board,

25 Assistant Attorney General Brandt

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1 Schmolke appearing in the matter of Gary

2 Gruenig doing business as Koz's, license  
3 number 2604214909.

4 In this matter, the licensee failed  
5 to attend the mandatory Compulsive  
6 Gambling Training Program, and to  
7 resolve this matter, State Police and  
8 the licensee agreed to a \$500 penalty.

9 CHAIRMAN MORGAN: Okay. Are there  
10 any questions? Do we have a motion to  
11 approve the proposed settlement?

12 MR. BRADFORD: So moved.

13 MR. SINGLETON: Second.

14 CHAIRMAN MORGAN: Moved by Mr.  
15 Bradford and seconded by Mr. Singleton.  
16 Is there any objection? (No response.)  
17 Hearing none, that one's approved.  
18 Number two.

19 2. In Re: Vida Boa, LLC, d/b/a Lago - No.  
20 3601215509 (proposed settlement)

21 MR. SCHMOLKE: Again, Assistant  
22 Attorney General Brandt Schmolke  
23 appearing in the matter of Vida Boa,  
24 LLC, doing business as Lago. Again,  
25 this is another matter where the

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1 licensee failed to attend the mandatory  
2 Compulsive Gambling Training Seminar,  
3 and as a result State Police and the  
4 licensee agreed to \$500 penalty.

5 CHAIRMAN MORGAN: Okay. Are there  
6 any questions?

7 MS. ROGERS: And to attend the  
8 next --

9 MR. SCHMOLKE: Yes, ma'am, and to  
10 attend the next available class.

11 MR. SINGLETON: You're saying he  
12 will be? He missed the one, and it's a  
13 \$500 fine and he still has to go?

14 MR. SCHMOLKE: Correct.

15 MR. SINGLETON: So if he missed the  
16 next one --

17 MR. SCHMOLKE: That's up to State  
18 Police as to whether or not they would  
19 want to issue another fine or if they  
20 want to seek, you know, suspension or  
21 revocation at that time. But I believe  
22 they have a class in February and then  
23 one in June. So I don't believe any  
24 action would be taken until sometime  
25 after, you know, the June class if he

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1 would fail to attend that one.

2 MR. SINGLETON: Okay.

3 CHAIRMAN MORGAN: Any other  
4 questions? (No response.) Do we have a  
5 motion?

6 MR. SINGLETON: I move we approve.

7 CHAIRMAN MORGAN: Mr. Singleton



8 makes a motion to approve the proposed  
9 settlement. Is there a second?

10 MS. ROGERS: I second.

11 CHAIRMAN MORGAN: Seconded by  
12 Miss Rogers. Any objection? (No  
13 response.) Hearing none, that's  
14 approved.

15 3. In Re: Hymel's, Inc., d/b/a Hymel's,  
16 Inc. - No. 4700214866 (proposed  
17 settlement)

18 CHAIRMAN MORGAN: Item III is  
19 Hymel's, Incorporated.

20 MS. BOGRAN: Chairman Morgan, Board  
21 Members, I'm Olga Bogran from the  
22 Attorney General's Gaming Division. I'm  
23 here in the matter of Hymel's. This  
24 settlement arises from the licensee's  
25 failure to timely attend the required

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1 Compulsive Gaming Seminars. It's  
2 similar to the two cases that just  
3 preceded this. The \$500 civil penalty  
4 is consistent with the penalties levied  
5 against other licensees under similar  
6 circumstances, and this settlement is  
7 before you for final approval.

8 CHAIRMAN MORGAN: Okay. Any  
9 questions?

10 MR. BRADFORD: I move for approval.

11 CHAIRMAN MORGAN: We have a motion  
12 by Mr. Bradford to approve.

13 MR. JUNEAU: Second.

14 CHAIRMAN MORGAN: Seconded by  
15 Mr. Jones.

16 THE CLERK: Juneau.

17 CHAIRMAN MORGAN: Juneau. Is there  
18 any objection? Hearing none, it's  
19 approved. Thank you.

20 4. In Re: Oasis Foods, Inc. - No.

21 PO81001078 (proposed settlement)

22 CHAIRMAN MORGAN: Item four is Oasis  
23 Foods, Incorporated.

24 MR. HEBERT: Good morning, Chairman,  
25 Members of the Board. Christopher

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1 Hebert representing the Louisiana Office  
2 of State Police in the matter of Oasis  
3 Foods, Inc. In this matter, Oasis Foods  
4 failed to notify on several occasions  
5 the sale of stock or donation of stocks  
6 and in one instance the redemption of  
7 stock.

8 The Division has agreed to and the  
9 permittee has agreed to pay a civil  
10 penalty of \$3,500. The hearing officer  
11 has signed off on this settlement, and  
12 we are here seeking your approval.

13 CHAIRMAN MORGAN: The folks who were

14 involved in this are suitable?

15 MR. HEBERT: Yes, they are. There  
16 was no issue of suitability, just a  
17 failure to notify.

18 CHAIRMAN MORGAN: Okay. Are there  
19 any further questions? Do we have a  
20 motion to approve the proposed  
21 settlement?

22 MR. STIPE: I'll move.

23 CHAIRMAN MORGAN: Motion by Mr.  
24 Stipe.

25 MR. JONES: Second.

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1 CHAIRMAN MORGAN: Seconded by  
2 Mr. Jones. Is there any objection? (No  
3 response.) Hearing none, that's  
4 approved.

5 MR. HEBERT: Thank you.

6 5. In Re: Armand & Guidry, Inc., d/b/a  
7 Tastee #61 - No. 2602207392, James  
8 Armand - No. 07019, Marilyn Guidry -  
9 No. 07022, B.B.B.J., LLC, d/b/a Joe's  
10 Cafe 2 - No. 2600212727, Stacey Armand  
11 - No. 07020, Helen Byrne - No. 07021  
12 (appeal)

13 CHAIRMAN MORGAN: This is an appeal.  
14 Item 5 is Armand & Guidry, Incorporated,  
15 d/b/a Tastee #61, number 2602207392.

16 Good morning.

17 MS. ROVIRA: Good morning, Mr.  
18 Chairman, Members of the Board, Allison  
19 Rovira on behalf of Armand & Guidry and  
20 James Armand, and Mr. Tyler is supposed  
21 to be here, also.

22 CHAIRMAN MORGAN: There he is.

23 MS. ROVIRA: I'd like to clarify  
24 real quick, if we could, why we're here  
25 today. I believe we're here -- Mr.

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1 Tyler can agree that we're here today --  
2 I'm here to appeal the ruling on James  
3 Armand and Armand & Guidry. The other  
4 three individuals: Stacey Armand has  
5 been found suitable; Helen Byrne has  
6 been found suitable, and Ms. Guidry  
7 passed away last month.

8 MR. STIPE: You are still counsel of  
9 record for Stacey Armand, correct?

10 MS. ROVIRA: Yes, sir.

11 MR. STIPE: Let me make sure I  
12 understand kind of -- in May, this  
13 matter was before this board, and all of  
14 these individuals were -- their  
15 particular case was before us in May,  
16 correct?

17 MS. ROVIRA: Yes, sir.

18 MR. STIPE: And the motion by this  
19 board was to remand the matter to the

20 administrative law judge to  
21 individualize the rulings as to each of  
22 those particular parties, correct?

23 MS. ROVIRA: Something like that,  
24 yes, sir. I believe to -- it was my  
25 understanding that it was to go back and

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1 try to reach a settlement agreement at  
2 that time.

3 MR. TYLER: According to the  
4 transcript, the way that it was sent  
5 down: It was a remand that was sent  
6 down for the purposes of having Judge  
7 Brown to sort of clarify his decision,  
8 to state why he found each individual  
9 person and each licensee -- well, each  
10 individual person unsuitable and why he  
11 revoked the licenses of each respective  
12 licensee.

13 MR. STIPE: All right. And each of  
14 the -- the remand was to address each of  
15 those individuals and entities, correct?

16 MR. TYLER: Yes. It was supposed to  
17 make an addressing of the decision as to  
18 each. In actuality, I want to say the  
19 motion was brought up by Mr. Singleton,  
20 and that motion -- and that motion,  
21 according to the transcript, stated that  
22 to remand it back to the hearing officer

23 so that he can make a clear, you know,  
24 decision as to why he's finding each  
25 person suitable or unsuitable. So

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1 that's what the remand was.

2 MR. STIPE: But what is before us  
3 today is not a judgment or a ruling as  
4 to each of these individuals and  
5 entities, correct?

6 MS. ROVIRA: I would say correct.

7 MR. STIPE: And I realize there's  
8 one particular instance where one of the  
9 party's passed away, I believe.

10 MS. ROVIRA: Yes, sir.

11 MR. STIPE: But what we started with  
12 in May was a judgment or a ruling and a  
13 matter dealing with a variety of  
14 parties. We have less than those  
15 parties before us now, correct?

16 MS. ROVIRA: Right.

17 MR. TYLER: That's correct.

18 MS. ROVIRA: What has happened,  
19 Judge Brown ruled on Miss Byrne, that  
20 she was suitable, and the Division did  
21 not appeal that finding. He ruled that  
22 Miss Armand was suitable. The Division  
23 appealed that, but then withdrew their  
24 appeal.

25 CHAIRMAN MORGAN: Wasn't that based

1 on an agreement, a separation agreement?

2 MS. ROVIRA: Yes, sir. We submitted  
3 a separation of property agreement, and  
4 the Division then withdrew.

5 CHAIRMAN MORGAN: The Division  
6 agreed?

7 MR. TYLER: What we have here is  
8 when it was remanded --

9 CHAIRMAN MORGAN: I didn't want to  
10 cut her off.

11 MS. ROVIRA: That's okay. I'm fine.

12 MR. TYLER: Assistant Attorney  
13 General, Michael Tyler, appearing on  
14 behalf of the Division. What we have  
15 here is Judge Brown actually issued two  
16 General on the remand. The first  
17 decision that he issued found James  
18 Armand and Marilyn Guidry unsuitable,  
19 and he enumerated his reasons and  
20 revoked the license of Armand & Guidry  
21 Incorporated, d/b/a Tastee's #61, and he  
22 enumerated his reasons why for that.

23 His decision, also, at that time did  
24 also find Helen Byrne to be suitable,  
25 and he enumerated his reasons why for

1 that. He did not make any decision with  
2 regard to B.B.B.J., LLC, d/b/a Joe's

3 Cafe 2 and Stacey Armand because he  
4 wanted more information as to whether or  
5 not she was involved in Armand & Guidry  
6 and if there was a separate property  
7 agreement that showed that she was the  
8 sole person running and operating  
9 B.B.B.J., LLC, d/b/a Joe's Cafe 2.

10 When that information was presented,  
11 then he issued a second decision finding  
12 Stacey Armand suitable and maintaining  
13 the license of B.B.B.J., LLC, d/b/a  
14 Joe's Cafe 2. That matter was appealed  
15 for a short period of time. Once  
16 everything was cleared up with that, we  
17 rescinded our appeal as the Division did  
18 not contest the finding of Stacey Armand  
19 to be suitable or, you know, maintaining  
20 the license of BBBJ, LLC, d/b/a Joe's  
21 Cafe 2.

22 So, yes, it was sent down as one  
23 together unit, but when it came back,  
24 Judge Brown issued his decision the way  
25 that he did. That's why we're here

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1 today based upon one of his decisions.

2 CHAIRMAN MORGAN: Mr. Stipe, one  
3 second.

4 MR. STIPE: Sure. And I guess my  
5 concern is that when the matter was



6 before us previously, I looked at the  
7 transcript. I took it as a fairly  
8 specific remand with the matter to come  
9 back to us with all the parties, and  
10 that's not where we are right now.

11 And so I would, Mr. Chairman, make a  
12 motion that each particular counsel  
13 brief for us the jurisdiction issues for  
14 the Board with briefs to be filed in 15  
15 days, I suppose would be my motion, and  
16 for this matter to be considered at the  
17 next particular meeting that we have.

18 CHAIRMAN MORGAN: Okay. So the  
19 motion would be for both parties to  
20 submit written argument?

21 MR. STIPE: To submit memorandum on  
22 the jurisdictional issues, if any, that  
23 they believe are presented by virtue of  
24 the procedural posture of this case and  
25 for consideration of this to be

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1 continued -- to be considered at the  
2 next meeting.

3 CHAIRMAN MORGAN: We have a motion.  
4 We have a second by Miss Rogers. Let me  
5 entertain counsel's -- yeah.

6 MR. TYLER: If I could, before this  
7 Honorable Board votes on this, I just  
8 want a little bit of clarity as to what

9 we're briefing. We're briefing  
10 jurisdictional issues as they relate to  
11 the individuals and the licensee that's  
12 no longer involved in this matter.

13 MR. STIPE: As to all the parties  
14 that were considered at the May meeting  
15 where this matter was remanded.

16 MS. ROVIRA: May I clarify that, or  
17 can you clarify that for me? Meaning,  
18 as to, I guess, why or why not all  
19 parties are not here present today or  
20 should they be present or...

21 MR. STIPE: Both of those issues, it  
22 seems to me, are relevant.

23 CHAIRMAN MORGAN: So we would not --  
24 we would be -- postponing this for  
25 reconsideration at the next -- the next

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1 meeting in January.

2 MR. STIPE: Yes, sir.

3 CHAIRMAN MORGAN: Waiting on the  
4 written responses.

5 MR. STIPE: That's correct.

6 MR. SINGLETON: Mr. Chairman, I  
7 guess the question I still have is --

8 CHAIRMAN MORGAN: Mr. Bradford had  
9 the floor before you. Do you have any  
10 questions?

11 MR. BRADFORD: I was just wondering:

12 I mean, it was fairly clear to me, until  
13 Mark brought up his procedural issue,  
14 that most of this issue had been put to  
15 bed, and that the only issue before us  
16 today would be James Armand since  
17 Marilyn Guidry passed away.

18 So the only issue before us today  
19 would have been the license for James  
20 Armand and Taste #61.

21 MS. ROVIRA: Yes, sir, I agree.

22 MR. BRADFORD: Now, as I understood  
23 it -- but, now, this was remanded back,  
24 and what Mark's question is, as I  
25 understand it is: If we remand

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1 something back to the hearing officer  
2 and he changes his opinion and then we  
3 drop our appeal, you drop your appeal,  
4 does it have to come back here? Is that  
5 basically your question?

6 CHAIRMAN MORGAN: If I could  
7 interject: We have a motion and a  
8 second that we need to stay germane to  
9 the motion. That is the correct  
10 question.

11 MR. BRADFORD: Yeah.

12 CHAIRMAN MORGAN: That puts this  
13 Board in curious posture.

14 MR. TYLER: I'm still a little

15 confused here -- and, excuse me, I do  
16 apologize for this, but for some reason  
17 I'm getting the feeling that we're to  
18 brief -- and please correct me if I'm  
19 wrong -- that we're to brief, from a  
20 jurisdictional standpoint, how is it  
21 possible that the remand could have been  
22 sent down the way that it was, but then  
23 come back the way that it is now; is  
24 that sort of --

25 MR. STIPE: That certainly is one of

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1 the issues that I think would need to be  
2 briefed, yes, sir.

3 MR. TYLER: To sort of be honest,  
4 it's going to be very difficult to me to  
5 truly give the reasoning for that.  
6 Probably one of the best persons to  
7 answer that is Judge Brown, but I can  
8 try to brief it, as best as I can.

9 MS. ROVIRA: And can I mention  
10 that -- and I don't know if it plays any  
11 part in this, but appeal delays have run  
12 on several of the individuals. So I  
13 don't know if that needs to be addressed  
14 also or how --

15 CHAIRMAN MORGAN: I would certainly  
16 think you would include all of that in  
17 your response.

18 MAJOR MERCER: But if the Division  
19 had appealed --

20 CHAIRMAN MORGAN: Wait. I've got to  
21 take y'all in order.

22 MR. SINGLETON: I don't know if my  
23 question is going to be -- from the  
24 other germane to the issue, because the  
25 question I wanted to raise is we were

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1 specific when we remanded this back to  
2 come back with specific response, and I  
3 don't see that in here.

4 So I guess my question is: Why did  
5 this come back to us the way it is when  
6 the motion asks for a specific thing?

7 CHAIRMAN MORGAN: Well, it's my  
8 understanding, as a layperson, not an  
9 attorney, but that the Division did not  
10 appeal. The judge reversed himself on  
11 two of the -- I think two of the issues,  
12 and the Division did not appeal that,  
13 so, therefore, it's no longer in front  
14 of the Board.

15 MR. SINGLETON: From the original.

16 CHAIRMAN MORGAN: Although you  
17 remanded it back, and so the question  
18 Mr. Stipe has is the jurisdictional  
19 issues is since the Board sent it back  
20 with specificity specifically wanting

21 certain information, I don't -- it's my  
22 understanding, reading the transcript  
23 you did not ask him to rehear it; you  
24 asked for more information on his  
25 rulings. And, apparently, he

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1 entertained more evidence and changed  
2 his decision.

3 MR. SINGLETON: And is that what  
4 this is, the changes that he made?

5 CHAIRMAN MORGAN: He changed his  
6 decision, and then the State Police did  
7 not appeal some of the General.

8 MR. SINGLETON: Can I ask: What was  
9 the recommendation that they were -- I  
10 guess the attorneys? What were y'all --  
11 the recommendation you're making today  
12 to resolve that?

13 CHAIRMAN MORGAN: Well, it's not as  
14 a hearing. It's before the Board.  
15 There was no recommendations.

16 MR. SINGLETON: Okay.

17 CHAIRMAN MORGAN: We were going to  
18 hear the evidence and rule on one  
19 specific issue of the total.

20 MR. SINGLETON: And the motion is to  
21 remand it back?

22 CHAIRMAN MORGAN: Not to remand it.  
23 The motion is to receive jurisdictional

24 briefs from both parties and to defer  
25 hearing this until next board meeting.

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1 MR. SINGLETON: And we will hear  
2 before the Board for the next meeting?

3 CHAIRMAN MORGAN: Well, it depends.

4 MS. ROVIRA: And may I preserve my  
5 appeal for James Armand and Armand &  
6 Guidry at this point? I just don't want  
7 that to get lost in the shuffle here.

8 CHAIRMAN MORGAN: It's only being  
9 continued, so the appeal is still --

10 MS. ROVIRA: Still pending.

11 MR. BRADFORD: That's if the motion  
12 passes.

13 CHAIRMAN MORGAN: That's if the  
14 motion passes; that's correct. Okay.  
15 So we have a motion, and we have a  
16 second. Does everyone understand the  
17 motion? Is there objection to the  
18 motion? Is there objection to the  
19 motion? (No response.) Hearing no  
20 objection, the motion's approved, so it  
21 will be -- do y'all understand?

22 MS. ROVIRA: Not exactly, sir. So  
23 we have 15 days to write a brief?

24 CHAIRMAN MORGAN: As to why -- the  
25 jurisdictional aspects of --

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1 particularly if your clients, why they  
2 aren't before the Board  
3 jurisdictionally.

4 MR. TYLER: I guess my only question  
5 is: When will my 15 days start?

6 MS. ROVIRA: It is the holidays.  
7 Christmas is next week.

8 CHAIRMAN MORGAN: As soon as I sign  
9 it, so you want me to delay signing it?

10 MS. ROVIRA: LSU plays in the  
11 Capital One Bowl on the 1st.

12 CHAIRMAN MORGAN: I will be  
13 considerate when I sign it.

14 MS. ROVIRA: Thank you.

15 CHAIRMAN MORGAN: The end of the  
16 week we'll start, toward the end.

17 MR. TYLER: Thank you very much.

18 MS. ROVIRA: Thank you.

19 6. In Re: Linsi Pitre - No. V000016687 (appeal)

20 CHAIRMAN MORGAN: Item 6. Yes, sir.

21 MR. HEBERT: Good morning again,  
22 Chairman, Members of the Board,  
23 Christopher Hebert representing the  
24 Louisiana Office of State Police in the  
25 appeal hearing of Linsi Pitre. This

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1 case came before the hearing officer as  
2 a denial of a video draw poker employee  
3 permit based on Miss Pitre's plea of



4 guilty to the charge of theft by  
5 shoplifting. Miss Pitre -- there was no  
6 brief submitted with the appeal, and I  
7 see that she or --

8 CHAIRMAN MORGAN: Is she here?

9 MR. HEBERT: There's no  
10 representative for Miss Pitre who's  
11 here, and the Division would move at  
12 this time that you affirm the hearing  
13 officer's decision.

14 MAJOR MERCER: I move.

15 CHAIRMAN MORGAN: Motion by Major  
16 Mercer to affirm the hearing officer.

17 MR. JUNEAU: Second.

18 CHAIRMAN MORGAN: Seconded by  
19 Mr. Juneau. Is there any objection?  
20 (No response.) Hearing none, we affirm  
21 the hearing officer's decision. Thank  
22 you.

#### 23 IX. EXECUTIVE SESSION

24 CHAIRMAN MORGAN: We'll go into  
25 Executive Session. If you're not with

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1 the Attorney General's Office or the  
2 Board, please just step out.

3 THE CLERK: I need a motion.

4 CHAIRMAN MORGAN: Oh, I'm sorry. We  
5 need a motion to go into Executive  
6 Session.

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

8 CHAIRMAN MORGAN: Motion by

9 Mr. Juneau --

10 MR. SINGLETON: Second.

11 CHAIRMAN MORGAN: -- seconded by Mr.

12 Singleton. Any objection? So we'll be

13 in Executive Session.

14 IX. EXECUTIVE SESSION

15 ( Executive Session from 11:27 a.m. to 11:50 a.m.)

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1 X. PUBLIC COMMENTS

2 CHAIRMAN MORGAN: Hearing none,

3 we're out of Executive Session, and

4 we're on Item X, Public Comments. Are

5 there any public comments? Mr. Duty has

6 no public comments?

7 XI. ADJOURNMENT

8 MR. SINGLETON: I move we adjourn.

9 CHAIRMAN MORGAN: Hearing no public

10 comments, do we have a motion to  
11 adjourn?

12 THE CLERK: Mr. Singleton.

13 CHAIRMAN MORGAN: Mr. Singleton,  
14 seconded by Mr. Bradford. Is there any  
15 objection. (No response.) Were  
16 adjourned. Merry Christmas.

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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

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17 denoted with the word "(phonetic)."

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Certified Court Reporter #96001  
25 Registered Professional Reporter  
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1 STATE OF LOUISIANA

2 PARISH OF EAST BATON ROUGE

3 I, Shelley G. Parola, Certified Court  
4 Reporter and Registered Professional Reporter, do  
5 hereby certify that the foregoing is a true and  
6 correct transcript of the proceedings given under  
7 oath in the preceding matter on December 15, 2009,  
8 as taken by me in Stenographic machine shorthand,  
9 complemented with magnetic tape recording, and  
10 thereafter reduced to transcript, to the best of  
11 my ability and understanding, using Computer-Aided  
12 Transcription.

13 I further certify that I am not an  
14 attorney or counsel for any of the parties, that I

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

19       Baton Rouge, Louisiana, this 11th day of  
20 January, 2010.

21

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23

\_\_\_\_\_

SHELLEY G. PAROLA, CCR, RPR

CERTIFICATE NO. 96001

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