

LGCB Board of Directors' Meeting - 8-16-2012, (Pages 1:1 to 82:24)

1: 1 LOUISIANA GAMING LOUISIANA CONTROL BOARD

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4 BOARD OF DIRECTORS' MEETING

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9 August 16, 2012

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11 Louisiana State Capitol

12 House Committee Room 1

13 Baton Rouge, Louisiana

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16

17 TIME: 10:00 A.M.

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1 APPEARANCES

2 DALE HALL

3 CHAIRMAN

4

5 VELMA ROGERS

6 Vice-Chairman

7

8 AYRES BRADFORD

9 Board Member

10

11 ROBERT JONES

12 Board Member

13

14 MARK STIPE

15 Board Member

16

17 JAMES SINGLETON

18 Board Member

19

20 DENISE NOONAN

21 Board Member

22

23 MAJOR CLAUDE MERCER

24 Board Member

25

3

1 APPEARANCES CONTINUED

2

3 MAJOR MARK NOEL

4 Ex-Officio Board Member

5

6

7 LANA TRAMONTE

8 Executive Assistant to the Chairman

9

10

11 REPORTED BY:

12 SHELLEY G. PAROLA, CSR, RPR

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1 I. CALL TO ORDER

2 CHAIRMAN HALL: I'd like to welcome  
3 everyone and call the meeting to order.  
4 If you would, Miss Tramonte, would you  
5 please call the roll.

6 THE CLERK: Chairman Hall?

7 CHAIRMAN HALL: Here.

8 THE CLERK: Miss Rogers?

9 MS. ROGERS: Here.

10 THE CLERK: Mr. Bradford?

11 MR. BRADFORD: Here.

12 THE CLERK: Mr. Jones?

13 MR. JONES: Here.

14 THE CLERK: Mr. Stipe?

15 MR. STIPE: Here.

16 THE CLERK: Mr. Singleton? [No  
17 response.] Miss Noonan?

18 MS. NOONAN: Here.

19 THE CLERK: Major Mercer?

20 MAJOR MERCER: Here.

21 THE CLERK: Colonel Edmonson?

22 MAJOR NOEL: Major Noel for Colonel  
23 Edmonson.

24 THE CLERK: Secretary Smith? [No  
25 response.]

8

1 CHAIRMAN HALL: And we have more  
2 than five members and a quorum.

### 3 II. PUBLIC COMMENTS

4 CHAIRMAN HALL: At this time, I  
5 would like, if we could, please, if  
6 there's anyone who's not on the agenda  
7 today that would like to make a comment  
8 about something that is, now would be  
9 the time to do so. So if we have any  
10 public comment this morning? And if  
11 not -- yes, ma'am.

12 MS. GRODNER: Thank you. I'm Donna  
13 Grodner.

14 CHAIRMAN HALL: Can you come -- if  
15 you would, please, come to the table and  
16 identify yourself, and I'll have to ask  
17 you, as much as I may not like it, the  
18 way it might sound, I need you to speak  
19 into the microphone because it's  
20 recorded.

21 MS. GRODNER: Thank you. Good  
22 morning, ladies and gentlemen. I'm  
23 Donna Grodner, and I'm here this morning  
24 to bring to this board's attention  
25 several recent articles that appeared in

9

1 the Chicago Tribune. And I'm not sure  
2 if you ladies and gentlemen are aware of  
3 these articles, but they are making a  
4 laughing stock out of this state and  
5 indirectly this honorable board.

6 Now, I'm going to leave a copy of  
7 these on the table, but what are these  
8 articles saying? On Friday, July 20th,  
9 2012, the Chicago Tribune published an  
10 article wherein they discussed a certain  
11 individual named, Nicky Nichols, who's  
12 been found suitable by this board to  
13 have bingo and video poker licenses.

14 On Thursday, the day before, they  
15 denied seven of his companies' licenses.  
16 They go through this article, and the  
17 Board Chairman, Mr. Aaron Jaffe,  
18 discusses the troubling associations  
19 that he has with certain Louisiana  
20 legislators.

21 Now, for example --

22 CHAIRMAN HALL: Miss Grodner, I  
23 really don't want to interrupt you.



24 MS. GRODNER: Yes, sir.

25 CHAIRMAN HALL: I would appreciate

10

1 it if you would leave those for us, but  
2 that issue has nothing to do with  
3 anything that's before this board today.

4 MS. GRODNER: Your Honor, it's my  
5 understanding that this is public  
6 comment, and I think anything nationally  
7 that places dispersion on this state and  
8 on this Board is something of grave  
9 concern to every citizen in the state,  
10 particularly with regard to gambling.

11 CHAIRMAN HALL: And I think --

12 MS. GRODNER: Now, if they are  
13 finding this gentleman unsuitable, the  
14 question becomes, why are we?

15 CHAIRMAN HALL: That is the issue.  
16 They did not find -- there was no  
17 suitability ruling on him as an  
18 individual. It was denial of his  
19 license applications, and the public  
20 comment period is for the matters that  
21 are before the Board today. Now, this  
22 issue may be a matter before the Board  
23 at some time in the near future, but as  
24 of today, it's not a matter before the  
25 Board. And our business today is to

11

1 continue with those things that are on  
2 the agenda as we're required to do by  
3 public law.

4 MS. GRODNER: Certainly. And I do  
5 appreciate the Board's indulgence in  
6 allowing me to leave these materials  
7 with you.

8 CHAIRMAN HALL: And I do appreciate  
9 it, and we are aware of that. And there  
10 may be something there I have not seen,  
11 but I believe I've probably seen all of  
12 it. But I will look through it  
13 personally and make sure that it gets  
14 the proper attention.

15 MS. GRODNER: Thank you so much for  
16 your time.

17 CHAIRMAN HALL: Would you mind --  
18 Lana, would you -- get Miss Trudy to  
19 retrieve that off the table.

### 20 III. APPROVAL OF THE MINUTES

21 CHAIRMAN HALL: If we could, I'd  
22 like to have a motion please to waive  
23 the reading of the minutes and approval  
24 of the minutes from last meeting.

25 MS. ROGERS: I so move.

12

1 CHAIRMAN HALL: Moved by Miss  
2 Rogers --

3 MS. NOONAN: I'll second.

4 CHAIRMAN HALL: -- seconded by  
5 Miss Noonan. Anyone opposed? [No  
6 response.] Then the motion carries.

7 IV. REVENUE REPORTS

8 CHAIRMAN HALL: Revenue Reports.  
9 All right, Revenue Reports, please.

10 MS. JACKSON: Good morning, Chairman  
11 Hall.

12 CHAIRMAN HALL: Good morning.

13 MS. JACKSON: My name is Donna  
14 Jackson with the Louisiana State Police  
15 Gaming Audit Section.

16 The riverboat revenue report for  
17 July 2012 is shown on page one of your  
18 handout. During July, the twelve  
19 operating riverboats generated Adjusted  
20 Gross Receipts of \$138,646,980, a  
21 decrease of \$1.3 million or 1 percent  
22 from last month, and a decrease of  
23 \$20 million or 13 percent from  
24 July 2011. The decline can be partially  
25 attributed to this July having only four

13

1 full weekends while last July had five.  
2 During July, the State collected fees  
3 totaling \$29,809,101.

4 Next is the summary of the July 2012  
5 gaming activity for Harrah's New Orleans  
6 found on page three. During July,

7 Harrah's generated \$23,907,519 in gross  
8 gaming revenue. July revenues are down  
9 \$4 million or 15 percent from last  
10 month, and down \$3.5 million or  
11 13 percent from July 2011. During July,  
12 the State received \$5,095,890 in minimum  
13 daily payments.

14 Slots at the Racetracks revenues are  
15 shown on page four. During July, the  
16 four racetrack facilities combined  
17 generated Adjusted Gross Receipts of  
18 \$35,017,972, a slight increase of  
19 1 percent from last month, but a  
20 \$3 million or almost 8 percent decrease  
21 from July 2011. During July, the State  
22 collected fees totaling \$5,312,226.

23 Overall in July, Riverboats,  
24 Landbased and Slots at the Racetracks  
25 generated \$198 million in Adjusted Gross

14

1 Receipts, which is almost \$27 million or  
2 12 percent less than the previous July.

3 Are there any questions before I  
4 present the Harrah's employee numbers?  
5 [No response.]

6 Harrah's New Orleans is required to  
7 maintain at least 2,400 employees and a  
8 bi-weekly payroll of \$1,750,835. This  
9 report covers the two pay periods in

10 July 2012. For the first pay period,  
11 the Audit Section verified 2,420  
12 employees with a payroll of \$1,997,000.  
13 For the second pay period, the Audit  
14 Section verified 2,418 employees with a  
15 payroll of \$1,997,000. Therefore,  
16 Harrah's met the employment criteria  
17 during July.

18 Questions?

19 CHAIRMAN HALL: Any questions? [No  
20 response.] Thank you very much.

21 MR. BOSSIER: Good morning, Chairman  
22 Hall and Board Members. My name is Jim  
23 Bossier with the Louisiana State Police  
24 Gaming Audit Section. I'm reporting  
25 video gaming information for July 2012

15

1 as shown on page one of your handout.

2 During July 2012, 28 new video  
3 gaming licenses were issued: Seventeen  
4 bars, eight restaurants and three  
5 truckstops. Twelve new applications  
6 were received by the Gaming Enforcement  
7 Division during July and are currently  
8 pending in the field: Four bars, six  
9 restaurants and two device owners.

10 The Gaming Enforcement Division  
11 assessed \$0 and collected \$50,500 in  
12 penalties in July. There are currently

13 \$1,012 in outstanding fines. Please  
14 refer to page two of your handout.

15 There are presently 14,504 video  
16 gaming devices activated at 2,128  
17 locations.

18 Net device revenue for July 2012 was  
19 \$48,138,159, a \$1.3 million decrease or  
20 2.6 percent when compared to net device  
21 revenue for June 2012, and \$1.7 million  
22 decrease or 3.4 percent when compared to  
23 July 2011.

24 Net device revenue for fiscal year  
25 2013 is \$48,138,159, a \$1.7 million

16

1 decrease or 3.4 percent when compared to  
2 net device revenue for fiscal year 2012.

3 Page three of your handout shows a  
4 comparison of net device revenue.

5 Total franchise fees collected for  
6 July 2012 are \$14,373,780, a \$364,000  
7 decrease when compared to June 2011, and  
8 \$468,000 decrease when compared to  
9 July 2011.

10 Total franchise fees collected for  
11 fiscal year 2013 are \$14,373,780, a  
12 \$468,000 or 3.2 percent decrease when  
13 compared to last year's franchise fees.

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

16 Does anybody have any questions?

17 CHAIRMAN HALL: Anyone? No

18 questions. Thank you.

19 V. COMPLIANCE REPORTS

20 CHAIRMAN HALL: Next will be the

21 compliance reports.

22 MS. BROWN: Good morning, Chairman

23 Hall, Board Members. Today I'll present

24 the staff reports on riverboat casino

25 and racetrack casino licensees'

17

1 compliance with employment and

2 procurement conditions for the second

3 quarter of 2012. The second quarter

4 reports were taken from figures reported

5 by 12 of the 15 operating riverboats to

6 the Louisiana Gaming Control Board.

7 In the second quarter of 2012,

8 approximately 11,675 people were

9 employed by the riverboat industry. Of

10 that number, 11,341 were Louisiana

11 residents; 7,183 were minorities and

12 6,620 were women. Two licensees

13 achieved total compliance the second

14 quarter of 2012. They are Boomtown

15 Casino West Bank and Hollywood Casino.

16 Next I'll address employment. All

17 licensees with exception of two either

18 met or exceeded their voluntary

19 conditions in all of the subcategories  
20 under the main category of employment,  
21 DiamondJacks fell short of its total  
22 employment goal by achieving 642 out of  
23 a goal of 650. Treasure Chest was short  
24 of meeting its female employment goal.  
25 Treasure Chest achieved 51.4 out of a  
18  
1 goal of 51.86.

2 Next I'll address procurement. The  
3 licensees are grouped according to three  
4 subcategories which appear in your  
5 report. They're Louisiana procurement,  
6 minority procurement and female  
7 procurement.

8 Louisiana procurement: Three  
9 licensees did not achieve compliance  
10 with their voluntary conditions, and  
11 they are Amelia Belle, who achieved 73.7  
12 out of a goal of 80; Boomtown Bossier  
13 achieved 75.10 out of a goal of 80; and  
14 L'Auberge du Lac achieved 72.5 out of  
15 80.

16 Minority procurement: Seven  
17 licensees did not achieve compliance  
18 with their voluntary conditions, and  
19 they are Sam's Town who achieved 24.8  
20 out of 25 percent; Horseshoe achieved  
21 11.9 out of 35; the Belle of Baton



22 Rouge, 6.4 out of 15; Treasure Chest,  
23 13.5 out of 15; Amelia Belle, 7.6 out of  
24 30; St. Charles, 5.8 out of 10; and  
25 Eldorado, 23.8 out of 25.

19

1 Regarding female procurement, one  
2 licensee did not achieve compliance with  
3 its voluntary conditions. That licensee  
4 is Horseshoe Casino, who achieved 20.9  
5 out of a goal of 35.

6 Are there any questions regarding  
7 the riverboat reports?

8 CHAIRMAN HALL: Any questions?

9 MS. BROWN: Okay.

10 CHAIRMAN HALL: I don't see any.

11 MS. BROWN: Now I'll begin with the  
12 racetrack. In the second quarter of  
13 2012, approximately 1,872 people were  
14 employed by the racetrack casino  
15 industry. Of that number, 1,627 were  
16 Louisiana residents; 1,038 were  
17 minorities, and 1,131 were women.

18 Two racetrack casino licensees  
19 achieved total compliance, including  
20 Louisiana Downs and Churchill Downs.  
21 Delta Downs did not achieve its  
22 Louisiana employment conditions. It  
23 achieved 69.2 out of a goal of  
24 80 percent, and Evangeline Downs was

25 short of achieving its minority

20

1 procurement condition. It achieved 4.1

2 out of a goal of 5.

3 Are there any questions regarding

4 the racetrack reports?

5 CHAIRMAN HALL: Any questions? [No

6 response.] I don't see any.

7 MS. BROWN: Thank you.

8 VI. CASINO GAMING ISSUES

9 A. Consideration of request by Margaritaville

10 Resort Casino, No. R011000841, for waiver

11 of location of ship service generator

12 CHAIRMAN HALL: Next up is Casino

13 Gaming Issues, and I believe the first

14 is Consideration of Request by

15 Margaritaville Casino for a waiver of

16 location for the ship's service

17 generator, and I believe we have the

18 Attorney General's Office and

19 Mr. Francic from ABSC.

20 Mr. Mike Tyler, thank you.

21 MR. TYLER: Thank you very much,

22 Chairman. Chairman Hall and Board

23 Members, I'm Assistant Attorney General,

24 Michael Tyler, and today I'm joined by

25 John Francic of ABS Consulting.

21

1 On or about May 25th, 2012, Bossier

2 Casino Venture, Incorporated, d/b/a  
3 Margaritaville Resort Casino, submitted  
4 a request for deviation from the Guide  
5 for Alternate Inspection of Riverboat  
6 Gaming Vessels in the State of Louisiana  
7 to ABSC with regard to the placement of  
8 the licensee's ship service generator.

9 For more on this request and the  
10 determination of ABSC, I now turn this  
11 matter over to John Francic of ABS  
12 Consulting.

13 MR. FRANCIC: Good morning, Chairman  
14 and Board Members. My name's John  
15 Francic with ABS Consulting. And we  
16 initially received the request through  
17 Margaritaville, but upon our plan  
18 review, when we were looking at the  
19 design, we noticed that the vessel  
20 didn't have a ship service generator.  
21 So we questioned, you know, where is the  
22 ship service generator? They have their  
23 emergency generator onboard but not a  
24 ship service generator.

25 So we went back to the

22

1 Margaritaville and asked the simple  
2 question: Where's the ship service  
3 generator. They said, it's onshore. So  
4 I said, it's not supposed to be onshore;

5 it's supposed to be on the vessel. And  
6 they said, well, we're going to leave it  
7 there. I says -- this is when the  
8 request came up.

9 So right now the ship service  
10 generator is located on the shore  
11 instead of on the vessel, and this is,  
12 you know, what the request is for.

13 CHAIRMAN HALL: If I could, just to  
14 make sure that everybody understands,  
15 that this is -- this current generation,  
16 as you know, it's built in a moat. It's  
17 not going to move. The requirements  
18 that were there for some period of time  
19 were because the ship service generator  
20 had to follow the ship.

21 Well, the ship's not going anywhere,  
22 so the location of the ship service  
23 generator is not the same issue that it  
24 may have been previously when the boats  
25 were required to cruise, and so that's

23

1 the reason for that -- that they're  
2 asking for the variance of where that is  
3 located, which is what we're considering  
4 today.

5 Are there -- Mr. Stipe?

6 MR. STIPE: Your approval, I  
7 suppose, of this -- or your

8 recommendation is that the generator  
9 provide power to a hundred percent of  
10 all systems.

11 MR. FRANCIC: Correct. The  
12 generator needs to supply -- just like  
13 it was a stand-alone vessel, that  
14 generator has to supply the whole vessel  
15 itself.

16 MR. STIPE: And if we grant this  
17 waiver, that's the way it is going to be  
18 constructed.

19 MR. FRANCIC: Yes. That's our  
20 intent, and if we get the design  
21 calculations and make sure that happens,  
22 that's our intent to make sure that  
23 generator to shore is going to  
24 supplement that entire casino -- that  
25 vessel.

24

1 CHAIRMAN HALL: If I could,  
2 Mr. Stipe, because I know what you're  
3 talking about. There was a lot of  
4 discussion about this. And the petition  
5 listed a specific generator, but the  
6 resolution deals only with the location  
7 of a generator. It does not deal with  
8 any specific generator, because the  
9 requirement is that when they lose shore  
10 power, that after whatever second delay,

11 that there should be enough power that  
12 the customers on that vessel do not know  
13 that power was lost. It should be just  
14 like they had never lost shore power.  
15 And the generator described, there is a  
16 question whether it would do that or  
17 not. So they'll have to meet that  
18 requirement.

19 So this resolution only deals with  
20 where they put that generator, not with  
21 any specific generator or what that  
22 generator does or does not do, because  
23 that requirement already exists.

24 MR. STIPE: Okay.

25 CHAIRMAN HALL: Is that a fair

25

1 description, Mr. Tyler?

2 MR. TYLER: Yes. That's a fair  
3 description based upon what we've  
4 received from ABSC.

5 CHAIRMAN HALL: Okay. Are there any  
6 other questions about it?

7 MR. SINGLETON: I move approval of  
8 the resolution. I think we have a  
9 resolution.

10 CHAIRMAN HALL: Yes, sir. We do,  
11 and so we have a motion to adopt the  
12 resolution. Do I have a second?

13 MAJOR MERCER: Second.

14 CHAIRMAN HALL: We do have a second  
15 from Major Mercer. If you'd read the  
16 resolution into the record,  
17 Miss Tramonte.

18 THE CLERK: On the 16th day of  
19 August, 2012, the Louisiana Gaming  
20 Control Board did, in a duly noticed  
21 public meeting, consider the issue of  
22 Bossier Casino Venture, Incorporated's  
23 request for a deviation from the Guide  
24 of Alternate Inspection of riverboat  
25 gaming vessels in the State of

26

1 Louisiana, and upon motion duly made and  
2 second, the Board adopted the following  
3 resolution.

4 Be it resolved that upon the  
5 recommendation of ABS Consulting,  
6 Bossier Casino Venture, Incorporated, be  
7 granted a deviation from the Guide for  
8 Alternate Inspection of riverboat gaming  
9 vessels in the State of Louisiana and be  
10 allowed to locate a ship service  
11 generator land side as approved by ABS  
12 Consulting.

13 Thus done and signed in Baton Rouge,  
14 Louisiana, this 16th day of August 2012.

15 CHAIRMAN HALL: Miss Tramonte, if  
16 you would, please -- does anybody have

17 any questions regarding the resolution?

18 If not, Miss Tramonte, would you call

19 the roll.

20 THE CLERK: Miss Rogers?

21 MR. SINGLETON: Yes.

22 THE CLERK: Mr. Bradford?

23 MR. BRADFORD: Yes.

24 THE CLERK: Mr. Jones?

25 MR. JONES: Yes.

27

1 THE CLERK: Mr. Stipe?

2 MR. STIPE: Yes.

3 THE CLERK: Mr. Singleton?

4 MR. SINGLETON: Yes.

5 THE CLERK: Miss Noonan?

6 MS. NOONAN: Yes.

7 THE CLERK: Major Mercer?

8 MAJOR MERCER: Yes.

9 THE CLERK: Chairman Hall?

10 CHAIRMAN HALL: Yes. And the motion

11 carries. The resolution is adopted.

12 B. Consideration of petition by Creative Casinos,

13 No. R016502995, for approval of name change of

14 licensee from Creative Casinos of Louisiana,

15 L.L.C., to Ameristar Casino Lake Charles, LLC

16 CHAIRMAN HALL: All right. Next up

17 we have another resolution. Mr. Tyler,

18 are you with this one?

19 MR. TYLER: Am I with this one? I



20 don't think I'm with this one.

21 CHAIRMAN HALL: And this deals with  
22 Creative Casinos' approval to change --  
23 a change of name from Creative Casinos  
24 of Louisiana, LLC, to Ameristar Casino  
25 Lake Charles, LLC.

28

1 MR. DUNCAN: Good morning,  
2 Mr. Chairman, Members of the Board. My  
3 name's Kelly Duncan from Jones Walker  
4 Law Firm. We're here today to seek  
5 approval of a change in the name of  
6 Creative Casinos of Louisiana, LLC, to  
7 Ameristar Casino Lake Charles, LLC, and  
8 the reason that this request is being  
9 made is that the purchase agreement that  
10 was presented to the Board and the  
11 transfer that was the subject of that  
12 purchase agreement that was ultimately  
13 approved by the Board in June provides  
14 that the name Creative could only be  
15 used for a 90-day period. So we're  
16 bumping up on that 90-day period in  
17 early September, and for that reason  
18 we're before the Board today.

19 What I've attached to the petition  
20 are the amendments to the Articles of  
21 Organization, which if the Board  
22 approves this name change, would be

23 filed with the Secretary of State, and  
24 I've also attached an amendment to the  
25 operating agreement for Creative Casinos

29

1 of Louisiana, LLC, both of which reflect  
2 the name change, again subject to the  
3 approval by this Board.

4 I'm happy to answer any questions  
5 that any member might have.

6 CHAIRMAN HALL: Any questions? [No  
7 response. Do I have a motion?

8 MR. BRADFORD: So moved.

9 CHAIRMAN HALL: Okay. Mr. Bradford  
10 moves to adopt the resolution.

11 MS. NOONAN: [Raises hand.]

12 CHAIRMAN HALL: I have a second.  
13 Miss Tramonte, if you would, please,  
14 read the resolution into the record.

15 THE CLERK: On the 16th day of  
16 August, 2012, the Louisiana Gaming  
17 Control Board did, in a duly noticed  
18 public meeting, consider the issue of  
19 Creative Casinos of Louisiana, LLC's,  
20 petition to approve name change of  
21 licensee, and upon motion duly made and  
22 second, the Board adopted the following  
23 resolution.

24 Be it resolved that the requested  
25 name change from Creative Casinos of

1 Louisiana, LLC, to Ameristar Casino Lake  
2 Charles, LLC, is approved. Be it  
3 further resolved that licensee submit to  
4 the Board a copy of the executed  
5 Articles of Amendment and all other  
6 filings made with the Louisiana  
7 Secretary of State necessary to  
8 effectuate the name change within five  
9 days of the filing.

10 Thus done and signed in Baton Rouge,  
11 Louisiana, this 16th day of August,  
12 2012.

13 CHAIRMAN HALL: Miss Tramonte, if  
14 you would, please, call the roll.

15 THE CLERK: Miss Rogers?

16 MS. ROGERS: Yes.

17 THE CLERK: Mr. Bradford?

18 MR. BRADFORD: Yes.

19 THE CLERK: Mr. Jones?

20 MR. JONES: Yes.

21 THE CLERK: Mr. Stipe?

22 MR. STIPE: Yes.

23 THE CLERK: Mr. Singleton?

24 MR. SINGLETON: Yes.

25 THE CLERK: Miss Noonan?

1 MS. NOONAN: Yes.

2 THE CLERK: Major Mercer?

3 MAJOR MERCER: Yes.

4 THE CLERK: Chairman Hall?

5 CHAIRMAN HALL: Yes.

6 MR. DUNCAN: Thank you very much.

7 CHAIRMAN HALL: Motion carries.

8 Thank you, Mr. Duncan.

9 C. Update on PNK (Baton Rouge) d/b/a L'Auberge

10 Baton Rouge, No. R011000801

11 CHAIRMAN HALL: Next resolution up  
12 for consideration is an update, or we  
13 have an update, if you will, please,  
14 before we consider the two petitions and  
15 resolutions that we have for PNK  
16 Partnership. If you would. Good  
17 morning.

18 MR. GODFREY: Yes. Good morning,  
19 Mr. Chairman, Members of the Board. I'm  
20 Jack Godfrey, Executive Vice-President,  
21 General Counsel and Secretary of  
22 Pinnacle Entertainment, Inc., and  
23 appearing with me today at the podium  
24 are two executives to my left: Kirk  
25 England, who is our Senior

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1 Vice-President of Construction, to my  
2 right is Ricky Parenton, who is  
3 Vice-President and General Manager of  
4 L'Auberge Baton Rouge.

5 We also have a number of other

6 people in the audience that are going to  
7 be available to address any questions  
8 that the Board may have, and I'd ask  
9 that they stand when I call their name.

10 First of all, Gino lafrate, who is our  
11 Executive Vice-President of Regional  
12 Operations. He oversees our Louisiana  
13 operations. Bhavna Mistry, Senior  
14 Vice-President of Design and  
15 Construction, and Frank Brown, Director  
16 of Compliance.

17 In addition, from Manhattan  
18 Construction, our general contractor, we  
19 have we have Duane Duffy and Tom Kramer,  
20 and from our Architect of Record,  
21 Manning Architects, we have Ray Manning  
22 and Ray Heck. So these individuals will  
23 be available in the event that you have  
24 any questions.

25 Very happy to be here today. We

33

1 were here last month asking for a short  
2 extension of time to complete  
3 construction. As you'll hear today from  
4 Mr. England, construction is proceeding  
5 at a pace, and we are on track for an  
6 August 29, 2012, opening, subject to  
7 your approval.

8 It was only a little over seven

9 years ago that Pinnacle Entertainment  
10 was in front of this board on a similar  
11 issue related to L'Auberge du Lac, the  
12 last major casino riverboat operation  
13 that was built in this state, and so we  
14 find ourselves in a very similar  
15 situation today. We're approximately  
16 two weeks out from the expected opening  
17 date, and as with all construction  
18 projects, we still have a little work to  
19 do, some permitting; but as you'll hear  
20 from Mr. England, things are on track,  
21 and we're confident that we're going to  
22 make our deadline.

23 So with those brief introductory  
24 remarks, I'm going to turn it over to  
25 Mr. England to give you an update on the

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1 construction.

2 MR. ENGLAND: Good morning, Chairman  
3 Hall, Members of the Board. I'm here  
4 today to offer a summary of a  
5 construction update, and I would like to  
6 walk you through the project.

7 So as you enter into our facility,  
8 all the roadway for the River Road has  
9 been accepted by the DOTD and is open to  
10 the public.

11 We'll go to the vessel. The vessel

12 is fully loaded with electronic games  
13 and tables, and they're currently going  
14 through the inspection process with the  
15 State Police. We also have a TCO from  
16 the City of Baton Rouge which allows our  
17 employees to go onboard the vessel and  
18 train and work on the table games and  
19 with the State Police to provide a  
20 training process prior to our openings.

21 On the second level, we have the  
22 event center, which a lot of training is  
23 going on up there; and also we are  
24 cooking in the kitchens, and we're  
25 feeding the people on the vessel.

35

1 As we go forward into the hotel,  
2 there's 12 stories. We have stocked up  
3 to nine with all furnishings, beds,  
4 linens and so forth, and we are in the  
5 process of going through a TCO -- excuse  
6 me, we had the TCO on August 3rd for the  
7 hotel, so our employees are in the  
8 hotel, also.

9 So as the entire project goes, I can  
10 answer specific questions about it, but  
11 we have been working diligently with  
12 ABS, the City of Baton Rouge and with  
13 the fire marshal from the beginning to  
14 do produce testing in the hundreds and

15 inspections in the hundreds. They've  
16 been there nearly every day at our  
17 project.

18 We are set to go next week with our  
19 final inspections beginning on Monday,  
20 which will lead to us getting a  
21 certificate from the City of Baton  
22 Rouge, and then we would get our fire  
23 marshal inspection report, and hopefully  
24 together with working with ABS, get  
25 their Certificate of Compliance where we

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1 would be ready with all our life safety  
2 by the end of next week in preparation  
3 to a 29th opening.

4 So if you have any specific  
5 questions, I'll try to answer them, or  
6 my team members who we recently  
7 introduced will be prepared to answer  
8 for me or with me.

9 D. Consideration of Certificate of Compliance for  
10 the Alternate Riverboat inspection of the  
11 gaming vessel of PNK (Baton Rouge) Partnership  
12 d/b/a L'Auberge Baton Rouge, No. R011000801

13 CHAIRMAN HALL: Okay. Very good.

14 Why don't we continue on then, if we  
15 can, to the petitions that we have  
16 dealing with this. I think the first  
17 one is the alternate -- Certificate of



18 Alternate Compliance for the riverboat  
19 gaming vessel, which means that we  
20 really should have someone from ABSC  
21 address this, and y'all -- someone from  
22 Pinnacle -- I mean, if -- if someone  
23 would like, you can remain at the table,  
24 please. Thank you.

25 MR. TYLER: Chairman Hall, Board

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1 Members, I'm Assistant Attorney General,  
2 Michael Tyler, and again I'm joined by  
3 John Francic of ABSC. We come before  
4 you seeking the issuance of a temporary  
5 Certificate of Compliance to L'Auberge  
6 Baton Rouge based upon the  
7 recommendation of ABSC.

8 From July 23rd, 2010, to present  
9 date, ABSC had monitored the  
10 construction of the vessel to be  
11 utilized at L'Auberge Baton Rouge. For  
12 more on this and the findings of ABSC  
13 throughout this process, I now turn this  
14 matter over to John Francic of ABSC.

15 MR. FRANCIC: Good morning,  
16 Chairman, Board Members. I'm John  
17 Francic with ABS Consulting, and I'm  
18 here to give you an update status on our  
19 inspection of the L'Auberge Baton Rouge  
20 Casino.

21 We've been inspecting this vessel  
22 for well over two years since the start  
23 of construction. The report I provided  
24 you this morning gives you kind of a  
25 summary of what we've been doing during

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1 that period. There's some photos in  
2 there. Kind of I draw from the -- all  
3 the reports that we've done over the  
4 past two years from the start of the  
5 basin, the construction at the Bollinger  
6 shipyard with the three barges that were  
7 built down there and brought up to  
8 on-site, placed in the slip and in the  
9 construction forward there. So it kind  
10 of gives you a little bit of a history  
11 of where we've been and where we're at  
12 right now.

13 Our final inspection of the casino  
14 began on July 30th, and I brought a  
15 couple of my team members here, Jeff  
16 Bordoche (phonetic) and Mark Downey.  
17 They're sitting behind me right here  
18 just in case we have any inspection  
19 detail questions. They've been on this  
20 project for the past two years.

21 With the inspection, we've been  
22 doing, you know, fire testing, fire  
23 alarms, reviewing the fire plan, fire

24 dampers, testing, and the testing still  
25 is going on to date.

39

1 A dead weight survey was done on  
2 August 7th; a preliminary stability  
3 letter was issued. That's in the  
4 report. That's the last part of the  
5 report.

6 We conducted two fire drills this  
7 past week, August 14th and again on  
8 August 15. The one on August 15th we  
9 did with St. George Fire Department.  
10 Everything ran really well. The crew,  
11 the team members knew their job  
12 responsibility according to the station  
13 bill we worked on last month that the  
14 Board approved. They were enthusiastic.  
15 They knew their job, and I think if  
16 there was any problems onboard, that  
17 they would be well competent to prepare  
18 for an emergency.

19 In your report, there's two lists  
20 there attached. There's one that says  
21 there's life safety items, then non-life  
22 safety items. Before we sign off on the  
23 temporary Certificate of Compliance, we  
24 want to make sure that the life safety  
25 items are addressed, and in talking with

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1 Pinnacle, that's our goal. We're  
2 looking at doing this by the 23rd of  
3 August, and those are the items that  
4 we're looking at completing.

5 The remaining items on the next list  
6 we're looking at a 90-day period to give  
7 them time to complete those items, which  
8 are non-life safety, but our ultimate  
9 goal before opening is to make sure that  
10 all life safety and safety to the  
11 patrons onboard when they go there is  
12 not jeopardized. So that's our main  
13 intent and our main goal.

14 But overall, progress has been  
15 really good. Pinnacle's been working  
16 well with us, and to date we're moving  
17 right along. We're not there yet, but  
18 we're -- we're almost there.

19 MR. TYLER: Given that there are  
20 still some items outstanding, we present  
21 all of the findings that you have before  
22 you today and ask that a mechanism be  
23 put in place that once all life safety  
24 items are cleared, that a temporary  
25 Certificate of Compliance will be issued

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1 to L'Auberge Baton Rouge, and after the  
2 expiration of 30 days or maybe sometime  
3 prior to, if things are completed, they

4 then be allowed to come back for a final  
5 Certificate of Compliance.

6 CHAIRMAN HALL: Okay. Do we have  
7 any questions right now? Mr. Stipe.

8 MR. STIPE: Yeah. Kind of help me  
9 walk through this, if you don't mind.

10 There is a list of outstanding non-life  
11 safety items.

12 MR. FRANCIC: Yes.

13 MR. STIPE: And those items, you're  
14 telling us those items need to be  
15 completed, but they're not -- they're  
16 not essential for the safety of the  
17 patrons prior to opening.

18 MR. FRANCIC: Correct, yes.

19 MR. STIPE: And those items are  
20 going to be completed -- your suggestion  
21 to the Board is those items will be  
22 completed within 90 days of opening.

23 MR. FRANCIC: Yes. For example,  
24 we've -- like the dead weight survey we  
25 did on August 7th, it's hard to do with

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1 all the calculations because of all of  
2 the equipment onboard and actually  
3 account of everything. So once we get  
4 everything stabilized and they'll go  
5 back there to account for all the stuff  
6 and then adjust the ballast that's on

7 the barges, make sure the strain gauge  
8 is all level, it's not to one side. So  
9 that's the reason we get a temporary  
10 stability letter and then once we go  
11 there to do a final, and that's within  
12 that 90-day period.

13 MR. STIPE: And then secondly,  
14 there's a list of outstanding life  
15 safety items, and your inspection,  
16 investigation report to date, plus  
17 completing this punch list of  
18 outstanding life safety items, in your  
19 opinion, that will allow for this  
20 facility to be safe for the patrons to  
21 come and visit.

22 MR. FRANCIC: Yes.

23 MR. STIPE: These outstanding life  
24 safety items need to be completed before  
25 the opening date.

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1 MR. FRANCIC: Yes, and our goal on  
2 that is August 23rd.

3 MR. STIPE: And if those are done,  
4 based on your investigation and your  
5 research, your examination of this  
6 facility, this -- this facility would be  
7 suitable, safe for the opening for the  
8 public patrons to utilize.

9 MR. FRANCIC: Yes.

10 MR. STIPE: Okay. That's all I  
11 have.

12 CHAIRMAN HALL: Yes, Mr. Singleton.

13 MR. SINGLETON: Who issues their  
14 temporary license?

15 MR. FRANCIC: We prepare the  
16 certificate; and then I'll sign it, and  
17 give it to the Chairman to sign. He's  
18 the ultimate. Once he signs it, it  
19 becomes official.

20 MR. SINGLETON: So you sign it  
21 saying that everything is in order, and  
22 then the Chairman will sign off on that  
23 saying they can open.

24 MR. FRANCIC: Yes.

25 CHAIRMAN HALL: And, Mr. Singleton,

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1 a resolution really authorizing is  
2 written such that the Board is going to  
3 authorize me to accept that --

4 MR. SINGLETON: Okay.

5 CHAIRMAN HALL: -- since it's not  
6 prepared for today's meeting where we  
7 are.

8 And I would just like to say that I  
9 spent four -- almost four hours at the  
10 property the other day, and it's a  
11 tremendous amount of work going on.  
12 They're doing an excellent job in

13 preparing to get ready. It's a  
14 beautiful property, and it's going to be  
15 a big asset to -- you know, to this  
16 community, and I know that I'm -- you  
17 know, from having looked at this --  
18 convinced that y'all are going to be  
19 able to make those deadlines, but, you  
20 know, ABSC is the one that has to make  
21 that certification to me.

22 And then so that -- so that I have  
23 that, if you will, the final word from  
24 the experts that what we believe to be  
25 true is, in fact, true. And we'll go

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1 forth from there, but do we have a  
2 motion to entertain?

3 MS. NOONAN: I have a question.

4 CHAIRMAN HALL: Yes, Miss Noonan.

5 MS. NOONAN: Mr. Francic, do you  
6 feel comfortable with this August 23rd  
7 with this punch list for these life --  
8 the stuff that needs to be done? Are  
9 you comfortable with that August 23rd?  
10 Do you feel like with the progress  
11 given, that they can have this done?

12 MR. FRANCIC: Well, we've been  
13 moving along with the progress, yes,  
14 but, you know, it's really up to  
15 Pinnacle to make sure everything's



16 working. So, you know, that's the day  
17 that we feel it's adequate, and we'll  
18 see if this is going to happen.

19 MS. NOONAN: And does Pinnacle feel  
20 comfortable with this?

21 MR. ENGLAND: Absolutely. This is  
22 my favorite part of the project. It  
23 absolutely is. Because when you walk  
24 into a space one hour, you leave, you  
25 come back, and the space takes and

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1 transforms. Commissioner Bradford, I'm  
2 sure, can speak to this, being a  
3 contractor. It is absolutely  
4 incredible.

5 Just the hotel lobby, we walked  
6 through it, as Chairman Hall said, and  
7 you look at it two days ago. We walked  
8 through it yesterday, and it's  
9 unbelievable. All the tile's down.

10 There's the behind the front desk, the  
11 front desk is in, and it was vacant the  
12 day before. So this is the part, the  
13 finish work.

14 The life safety piece is an  
15 important piece, which is where you  
16 spend most of your time, and once we get  
17 through that on the 23rd, it's nothing  
18 but finish work all the way home. And

19 we feel very comfortable. It's going to  
20 be gorgeous.

21 MS. NOONAN: All right. Thank you.

22 CHAIRMAN HALL: Anyone else?

23 Mr. Stipe? Did you have --

24 MR. STIPE: No, no.

25 CHAIRMAN HALL: Okay. I must have

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1 not cleared it from last. All right.

2 Do we have a motion to entertain, if you

3 will, or to adopt the resolution?

4 MS. NOONAN: I'll motion.

5 CHAIRMAN HALL: Motion by Miss

6 Noonan --

7 MR. JONES: Second.

8 CHAIRMAN HALL: -- second by

9 Mr. Jones. Miss Tramonte, would you

10 read the resolution, please.

11 THE CLERK: On the 16th day of

12 August, 2012, the Louisiana Gaming

13 Control Board did, in a duly noticed

14 public meeting, consider the issue of

15 PNK Baton Rouge Partnership's request

16 for a riverboat gaming vessel

17 Certificate of Compliance and the report

18 and testimony of ABS Consulting, and

19 upon motion duly made and second, the

20 Board adopted the following resolution.

21 Be it resolved that upon the

22 satisfactory completion of all life  
23 safety testing and the recommendation of  
24 ABSC, PNK Baton Rouge Partnership be  
25 issued a temporary riverboat gaming

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1 vessel Certificate of Compliance for the  
2 alternate inspection of the gaming  
3 vessel.

4 Be it further resolved that the  
5 temporary riverboat gaming vessel  
6 Certificate of Compliance issued to PNK  
7 Baton Rouge Partnership shall expire  
8 three months from the date of its  
9 issuance or the date of a final  
10 riverboat gaming vessel Certificate of  
11 Compliance is issued, whichever comes  
12 first.

13 Be it further resolved that members  
14 of the Louisiana Gaming Control Board  
15 hereby authorize, upon the receipt of  
16 the recommendation of ABSC, the Chairman  
17 of the Louisiana Gaming Control Board to  
18 issue a temporary riverboat gaming  
19 vessel Certificate of Compliance to PNK  
20 Baton Rouge Partnership.

21 This done and signed in Baton Rouge,  
22 Louisiana, this 16th day of August,  
23 2012.

24 CHAIRMAN HALL: Any question on the

25 resolution? If not, please call the

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1 roll, Miss Tramonte.

2 THE CLERK: Miss Rogers?

3 MS. ROGERS: Yes.

4 THE CLERK: Mr. Bradford?

5 MR. BRADFORD: Yes.

6 THE CLERK: Mr. Jones?

7 MR. JONES: Yes.

8 THE CLERK: Mr. Stipe?

9 MR. STIPE: Yes.

10 THE CLERK: Mr. Singleton?

11 MR. SINGLETON: Yes.

12 THE CLERK: Miss Noonan?

13 MS. NOONAN: Yes.

14 THE CLERK: Major Mercer?

15 MAJOR MERCER: Yes.

16 THE CLERK: Chairman Hall?

17 CHAIRMAN HALL: Yes. The motion

18 carries.

19 MR. GODFREY: Thank you very much.

20 CHAIRMAN HALL: Thank you. We have

21 another one.

22 MR. SINGLETON: Maybe just

23 something. Just a curiosity kind of a

24 question. I try to keep up with these

25 ethics rules from the State.

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1 CHAIRMAN HALL: Yes.

2 MR. SINGLETON: Sometime I don't  
3 keep up with them, and I know we've all  
4 been invited to be there on the 29th.  
5 Is that something permissible under  
6 Louisiana ethics laws for us to go and  
7 participate?

8 CHAIRMAN HALL: My understanding it  
9 is. We do have the attorney here -- a  
10 representative of the Attorney General's  
11 Office to -- who may want to -- but it  
12 is my understanding that it is and would  
13 not violate an ethics rule for us to  
14 attend.

15 MR. SINGLETON: To attend might be  
16 one thing, but they had some things --  
17 at least the invitation I got, the  
18 amenities that might be available to you  
19 while you're there. I know we can't  
20 gamble. That one is out of the  
21 question, but if there's a steak  
22 available or other things like that, are  
23 we allowed to participate?

24 It might seem funny, but when you  
25 look at the ethics laws here, I'm just

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1 always confused about what they say and  
2 what you can or can't do.

3 MR. STRIDER: Chairman, we're unable  
4 to give a direct opinion at this point,

5 but we can certainly get you an opinion  
6 before the 29th. And we'll direct it to  
7 the Chairman, and he'll distribute it  
8 for us.

9 CHAIRMAN HALL: Yes, sir, I will.  
10 Very good answer. Thank you, sir. We  
11 do have to be careful, appearance,  
12 Mr. Singleton, and that is a very good  
13 question; and I don't believe anyone  
14 takes it lightly.

15 E. Consideration of petition by PNK (Baton Rouge)  
16 Partnership d/b/a L'Auberge Baton Rouge, No.  
17 R011000801, for determination of substantial  
18 completion, commencement of gaming operations  
19 and release of escrowed funds

20 CHAIRMAN HALL: Okay. We have  
21 another one. This will be consideration  
22 for determination for substantial  
23 completion and commencement of gaming  
24 operations and release of escrow funds,  
25 so it does multiple things. Yes, sir.

52

1 MR. GODFREY: Yes. Mr. Chairman,  
2 again, Jack Godfrey. The petition makes  
3 the request that you just summarized,  
4 and we would request and assume that it  
5 would be according to the same  
6 administrative procedure that we  
7 discussed.

8           Our escrow agreement with the State  
9           says that upon commencement of gaming  
10           operations, the escrow moneys are  
11           released. So, obviously, both Pinnacle  
12           and the Board will have to provide the  
13           escrow agent with written authorization  
14           to do that, and we've requested that  
15           that occur as soon as possible upon the  
16           commencement of gaming operations.

17           CHAIRMAN HALL: Okay. Yes, sir.

18           MR. GAUTREAU: I'll stay here if  
19           you don't --

20           CHAIRMAN HALL: No. Let me figure  
21           out the right button.

22           MR. GAUTREAU: Just to give the  
23           Board a brief update of where we are, if  
24           you remember, the conditions on this  
25           license were placed on them

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1           September 18th, 2007, when the Board  
2           approved the relocation of this licensee  
3           from Lake Charles to Baton Rouge. It's  
4           the traditional conditions that you are  
5           used to regarding reporting requirement  
6           and setting timelines to achieve certain  
7           goals and benchmarks, defining the  
8           project, setting minimum investment  
9           requirement, obtaining permits and  
10           certifications.

11 We reviewed Pinnacle's progress and  
12 history regarding compliance with these  
13 conditions. They have met and satisfied  
14 the majority of the conditions. Those  
15 left either involve the final completion  
16 of the approved project and the  
17 commencement of gaming, or those things  
18 which are continuous in nature which  
19 they'll be responsible for from here on  
20 out, like following the rules and  
21 regulations, abiding by Division  
22 directives, reporting on the employment  
23 and procurement requirements. So those  
24 will continue on.

25 Of those still left outstanding that

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1 aren't continuing, most of them deal  
2 with the substantial completion of the  
3 project. Condition 8 requires before  
4 they can commence operations that the  
5 entire approved project has been  
6 substantially completed and ready for  
7 occupancy and use. Condition 9 says  
8 that it's the Board who determines when  
9 the approved project is substantially  
10 complete, and the mechanism used is the  
11 Certificate of Substantial Completion by  
12 the project architect, which is  
13 submitted, stating that it's ready for



14           occupance and use.

15           Condition 11 requires that they  
16           obtain the Certificate of Compliance,  
17           which you heard just before, before they  
18           can open, and Condition 14 requires a  
19           preoperative inspection conducted by  
20           Louisiana State Police before they can  
21           open, which is currently scheduled for  
22           August 27th, I believe.

23           CHAIRMAN HALL: Correct.

24           MR. GAUTREAU: So they still have  
25           to satisfy those conditions before they

55

1           can open. We have a resolution  
2           proposed -- since the Certificate of  
3           Compliance has not been submitted yet  
4           because they still have these final  
5           things to do -- a resolution proposed  
6           authorizing the Chairman that upon  
7           confirmation that the certificate of the  
8           architect has been submitted and  
9           confirmation from State Police that  
10          everything went okay on the preoperative  
11          inspection, that a determination of  
12          substantial completion can be made, and  
13          they can be allowed to open on  
14          August 29th.

15          And then as a final matter, as  
16          Mr. Godfrey pointed out, if you

17 remember, PNK agreed to place \$25  
18 million in escrow as an assurance the  
19 project would be completed. Under the  
20 escrow agreement, if PNK abandoned the  
21 project or surrendered the license or  
22 the Board revoked the license, then the  
23 \$25 million would go to the State. On  
24 the other hand, once the project is  
25 complete and gaming commenced, \$25

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1 million would revert back to Pinnacle,  
2 and that's Condition 27 of the  
3 conditions.

4 The mechanism for it to revert back  
5 to Pinnacle, as Mr. Godfrey said, is to  
6 provide a written notice to the escrow  
7 agent that the project is substantially  
8 complete and gaming has commenced, and,  
9 again, since the 29th falls in between  
10 board meetings, the resolution would  
11 authorize the Chairman to issue that  
12 notice upon confirmation from the  
13 Division that gaming has commenced.

14 CHAIRMAN HALL: Do we have any  
15 questions?

16 MR. JONES: Just a curiosity  
17 question. The \$25 million is still in  
18 the escrow account. Who gets the  
19 interest that it earned over the two

20 years? It didn't earn much with the  
21 current interest rates.

22 MR. GAUTREAU: No. It didn't earn  
23 much, and the agreement provides that  
24 Pinnacle kept the interest.

25 CHAIRMAN HALL: Do we have a  
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1 resolution -- excuse me, do we have a  
2 motion to adopt the resolution?

3 MAJOR MERCER: I move we approve the  
4 resolution.

5 CHAIRMAN HALL: Major Mercer.

6 MR. JONES: Second.

7 CHAIRMAN HALL: Mr. Jones seconds.

8 Miss Tramonte, if you would, please,  
9 read the resolution.

10 THE CLERK: On the 16th day of  
11 August, 2012, the Louisiana Gaming  
12 Control Board did, in a duly noticed  
13 public meeting, consider the issue of  
14 PNK Baton Rouge Partnership's petition  
15 for determination of substantial  
16 completion, commencement of gaming  
17 operations and release of escrow funds,  
18 and upon motion duly made and second,  
19 the Board adopted the following  
20 resolution.

21 Be it resolved that the Chairman be  
22 authorized to accept the architect

23 Certificate of Substantial Completion  
24 and Readiness for Occupance and Use as  
25 confirmed by the Division and to

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1 determine substantial completion of the  
2 approved project on behalf of the Board.

3 Be it further resolved that the PNK  
4 Baton Rouge Partnership's request to  
5 commence gaming operations on  
6 August 29th, 2012, be approved subject  
7 to, one, successful completion of the  
8 preoperative inspection to be conducted  
9 by the Louisiana State Police Gaming  
10 Enforcement Division, and, two, the  
11 determination of substantial completion  
12 of the approved project by the Chairman.

13 Be it further resolved that the  
14 Chairman be authorized to execute the  
15 notice to the escrow agent for release  
16 of the escrow funds upon receipt of  
17 confirmation from the Division that  
18 gaming operations have commenced for the  
19 approved project.

20 Thus done and signed in Baton Rouge,  
21 Louisiana, this 16th day of August,  
22 2012.

23 CHAIRMAN HALL: Questions? If you  
24 would, Miss Tramonte, please call the  
25 roll.

1 THE CLERK: Miss Rogers?  
2 MS. ROGERS: Yes.  
3 THE CLERK: Mr. Bradford?  
4 MR. BRADFORD: Yes.  
5 THE CLERK: Mr. Jones?  
6 MR. JONES: Yes.  
7 THE CLERK: Mr. Stipe?  
8 MR. STIPE: Yes.  
9 THE CLERK: Mr. Singleton?  
10 MR. SINGLETON: Yes.  
11 THE CLERK: Miss Noonan?  
12 MS. NOONAN: Yes.  
13 THE CLERK: Major Mercer?  
14 MAJOR MERCER: Yes.  
15 THE CLERK: Chairman Hall?  
16 CHAIRMAN HALL: Yes.  
17 MR. GODFREY: Thank you very much.  
18 CHAIRMAN HALL: Thank y'all very  
19 much. I appreciate it.  
20 MR. BRADFORD: Mickey, before you  
21 leave, I just want the record to show  
22 that the invitation that I got to the  
23 29th grand opening, I was not offered a  
24 steak, and that begs the question: Why  
25 was Mr. Singleton offered a steak and I

1 wasn't? And the rest of the board,  
2 y'all can jump in any time, you know.

3 MR. STIPE: I'll just say to quote  
4 Charlie Brown, "All I got was a rock."

5 MS. NOONAN: I got two rocks.

6 VII. VIDEO GAMING ISSUES

7 A. Presentation of implementation by  
8 Louisiana State Police of Act 161, 2012  
9 Legislative Session

10 CHAIRMAN HALL: All right. We will  
11 continue on. Thank you for seeing us  
12 through today. We have video gaming  
13 issues, and next up we have a  
14 presentation by Louisiana State Police  
15 dealing with the implementation of Act  
16 161 of this 2012 Legislative Session.  
17 We have Lieutenant Baron. Do we have  
18 anybody else? Are you by yourself?

19 LIEUTENANT BARON: I think I'm it.  
20 Good morning, Chairman, Members of  
21 the Board, my name is Chris Baron. I'm  
22 a Lieutenant with the Louisiana State  
23 Police Gaming Enforcement Division. I'm  
24 here today to give you a brief overview  
25 for the Gaming Division's implementation

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1 of Act 161 of the 2012 Legislature.

2 I have a PowerPoint presentation.  
3 I'm waiting for Mr. Jobert to turn it  
4 on. I believe he was next-door.

5 CHAIRMAN HALL: We'll give him just

6 a second, if you would.

7 LIEUTENANT BARON: I'll give you a  
8 brief purpose behind the legislation  
9 before we get started. Out of the  
10 Governor's Streamline Commission and  
11 also from the industry -- the video  
12 gaming industry, there was issues and  
13 concerns that came up about  
14 duplication --

15 CHAIRMAN HALL: It's up.

16 LIEUTENANT BARON: -- yes, sir,  
17 thank you. There was issues and  
18 concerns brought up about duplication  
19 for background investigations between  
20 ATC and the Division for bars and  
21 restaurants that are applying for a  
22 license, so out of those discussions,  
23 there came legislation the past session  
24 that tried to help implement those ideas  
25 of streamlining.

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1 The first piece of legislation was  
2 Act 764. This piece of legislation  
3 enhanced the suitability requirements  
4 for ATC. What we did was look at the  
5 suitability standards for video gaming  
6 and the suitability standards for ATC,  
7 and this legislation brought them in  
8 line and added some statutory

9 disqualifiers to ATC applicants that  
10 were also applying for video poker.

11 The next piece of legislation  
12 discussed was Act 161. This affected  
13 the video gaming law. This act adds  
14 disqualifying convictions to suitability  
15 standards of ATC law if a bar or  
16 restaurant also intends to apply for --  
17 excuse me, that was 764.

18 On 161, this applies to video gaming  
19 bars and restaurants. The legislation  
20 says that any person granted a bar or  
21 restaurant permit with ATC shall be  
22 deemed to satisfy the video gaming  
23 suitability requirements, which are  
24 duplicative of suitability requirements  
25 in ATC law.

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1 The passing of Act 764, which was  
2 previously mentioned, makes suitability  
3 requirements for ATC equal with the  
4 suitability requirements for video  
5 gaming. So the next was how we were  
6 going to implement this legislation.

7 The Division has a plan to modify  
8 our procedures processing video gaming  
9 bar and restaurant applications, which  
10 will reduce application background  
11 processing time. This reduction in time



12 will not reduce the integrity of our  
13 investigations. The law change will not  
14 prevent the Division from conducted a  
15 comprehensive suitability investigation  
16 either.

17 So when we look at our plan, what we  
18 will not do: We will not conduct  
19 suitability investigations any longer on  
20 individuals that are applying for a bar  
21 and restaurant video gaming license if  
22 they have been found suitable by ATC.  
23 In addition, we will no longer need to  
24 conduct Secretary of State status checks  
25 on licensees and applicants that are

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1 duplicative process that ATC currently  
2 does. They do status checks through  
3 ATC, as well. So that process we've  
4 found to streamline that down.

5 We will continue to conduct  
6 suitability investigations on  
7 individuals who have not been fully  
8 investigated by ATC. This is such a  
9 case as revenue recipients that they  
10 don't look at through ATC because it's a  
11 video gaming revenue recipient. In  
12 addition, they do a limited check on  
13 spouses, so we will pick up where they  
14 left off that's not duplicative and

15 continue to look at the spouses of  
16 owners further.

17 The Division will also continue to  
18 conduct gaming history checks on all  
19 applicants for licensure, and we will  
20 continue to conduct the on-site  
21 inspection for the establishments to  
22 also make sure that all of these  
23 requirements for bars and restaurants  
24 and video gaming are met in the  
25 establishments there.

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1 So we plan to use the time that  
2 we've saved in this background  
3 processing to increase our regulatory  
4 efforts through proactive means such as  
5 compliance inspections. The Division  
6 will also initially incorporate control  
7 measures to ensure that our new  
8 licensing process will maintain our  
9 current level of suitability integrity.

10 So now we can review our flow chart  
11 of how the processing is going take  
12 place, and it's going to be very similar  
13 to what we do now. So an applicant for  
14 video poker first will be a bar or  
15 restaurant that has a video -- excuse  
16 me, has an ATC license. Once they get  
17 the ATC license, ATC will designate on

18 that license that they meet the video  
19 poker standards, as well as ATC  
20 standards, or they do not.

21 When they do meet the video poker  
22 standards, the application then will be  
23 sent to State Police by the bar or  
24 restaurant for the license. We will  
25 review the application just as we've

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1 always reviewed the application, and  
2 then we'll conduct the investigation  
3 that's not duplicative of ATC. Once we  
4 conduct the investigation, if it is an  
5 approval, then the Division will approve  
6 the license, and converse, if it's a  
7 denial, the same approach will follow  
8 that is currently. We'll forward it to  
9 the Attorney General's Office for  
10 review, and then that application then  
11 follows the same path it currently does.

12 In closing, I would like to  
13 reiterate that this new law change  
14 should increase application processing  
15 efficiency while maintaining our high  
16 level of integrity. This change is not  
17 comprehensive but is a positive step in  
18 making our process more efficient.  
19 We're taking another efficiency step  
20 with the creation of online video gaming

21 applications that we expect to  
22 have ready for internal testing by the  
23 Division by the beginning of October.

24 The Division feels that these are  
25 positive steps that will assist us in

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1 better serving industry.

2 I'll be glad to open it up to any  
3 questions.

4 CHAIRMAN HALL: Major Mercer.

5 MAJOR MERCER: Basically, what  
6 you're saying is that anything that ATC  
7 does, then the Division would not go and  
8 do any further investigation of what  
9 they've done, but if they do not cover  
10 anything that needs to be covered in  
11 your normal investigation, then you  
12 would cover that; is that correct?

13 LIEUTENANT BARON: Yes, sir.

14 MAJOR MERCER: Okay.

15 MS. ROGERS: When ATC voids their  
16 application or their license, do they  
17 automatically void the gaming?

18 LIEUTENANT BARON: We will take the  
19 information. If they submit an  
20 application to video gaming, if they  
21 don't have an ATC license, they can't  
22 apply to us. That's one of the  
23 prerequisites for applying.

24 MS. ROGERS: Okay. So they would  
25 automatically, okay.

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1 CHAIRMAN HALL: Mr. Stipe.

2 MR. STIPE: And if they should lose  
3 the ATC license, is this regulatory?  
4 How is that going to find its way to  
5 you?

6 LIEUTENANT BARON: Yes, sir. We  
7 have opened up a huge line of  
8 communication between us and ATC, and we  
9 are doing a very good job of putting  
10 information back and forth; and we're  
11 developing contacts and avenues, methods  
12 for us to have that communication so  
13 when they do deny -- or deny a license,  
14 it won't come to us without ATC. But if  
15 they revoke or spend a license, that  
16 information will be forwarded through to  
17 the Division, and we're working on our  
18 processes now on how to make that  
19 information flow from one to the other.

20 CHAIRMAN HALL: Mr. Bradford.

21 MR. BRADFORD: Just generally  
22 speaking, the ATC requirements for  
23 suitability, before they issue their  
24 permits and all, was it in line with  
25 what ours was? Was it more rigorous or

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1 less rigorous, or how would you --  
2 LIEUTENANT BARON: Prior to  
3 legislation, they had some aspects of it  
4 that were a little more rigorous, but  
5 there was some statutory disqualifiers  
6 that ATC did not have, such as the  
7 theft, the gambling and false swearing.  
8 So that was the first piece of  
9 legislation, was to bring those  
10 statutory disqualifiers under ATC, and  
11 as a compromise in legislative process,  
12 that was only with ATC bar and  
13 restaurant applicants that also want to  
14 apply for video poker. But what ATC has  
15 done is they're going to take that and  
16 actually apply it to the standard to  
17 their applicants, so we will know when  
18 they apply to ATC -- to us later that  
19 they met those video poker standards or  
20 not.

21 MR. BRADFORD: How many people do  
22 they have to perform that work?

23 LIEUTENANT BARON: To perform the  
24 background investigation?

25 MR. BRADFORD: Right.

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1 LIEUTENANT BARON: I'm not sure.  
2 They do their licensing process out of  
3 Baton Rouge, and I'm not sure exactly

4       how many people is in their licensing  
5       section.

6       MR. BRADFORD: That's all I have.

7       CHAIRMAN HALL: I was trying to  
8       think if I knew the answer to that  
9       question. I'm not sure I know how many  
10      agents they have.

11      LIEUTENANT BARON: I think they have  
12      somewhere in the neighborhood of 35  
13      agents statewide that do the inspections  
14      and the regulatory functions. Their  
15      licensing function is handled in Baton  
16      Rouge --

17      CHAIRMAN HALL: In Baton Rouge.

18      LIEUTENANT BARON: -- and it's in  
19      conjunction with their legal staff, too.

20      MR. BRADFORD: And that's all  
21      in-house? They don't use law  
22      enforcement other than their own  
23      in-house people?

24      LIEUTENANT BARON: Correct.

25      CHAIRMAN HALL: Anyone else have any

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1       questions about this? What I thought  
2       we'd also do, if you noticed, we  
3       included legislation in your packet that  
4       passed during the last session, and  
5       since we have State Police and the  
6       Attorney General here -- the Attorney

7 General's representatives here, if there  
8 was any questions that y'all might have  
9 about the other legislation, it would be  
10 an opportunity.

11 And I want to commend everybody for  
12 the work that was done on this -- on  
13 this process for the video poker  
14 applications. I think it's was a big  
15 step forward, and when you put that in  
16 conjunction with an actual online  
17 application -- not going online and  
18 printing a form, but an actual true,  
19 online application -- I think it's going  
20 to make things better for the regulators  
21 and the regulated, both in this case.

22 So if we don't have any other  
23 questions? Thank you very much.

24 LIEUTENANT BARON: Thank you.

25 VIII. CONSIDERATION OF PROPOSED SETTLEMENTS

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1 /APPEALS

2 1. In Re: Stingray's, Inc., d/b/a  
3 Stingray's Restaurant - No. 2605209704  
4 (proposed settlement)

5 CHAIRMAN HALL: In that case, we'll  
6 move on to settlements and appeals. We  
7 have, I think, two settlements and one  
8 appeal.

9 MS. BOGRAN: Correct.



10 CHAIRMAN HALL: Hi there. How are  
11 you?

12 MS. BOGRAN: Chairman Hall, Board  
13 Members, I'm Olga Bogran, Assistant  
14 Attorney General in the Gaming Division.  
15 I have the two proposed settlement to  
16 present to you today. The first one is  
17 Stingray's, Inc., d/b/a Stingray's Grill  
18 [sic], license number 2605209704.

19 This settlement addresses two  
20 separate violations. The first is the  
21 licensee's failure to maintain good  
22 standing with the Louisiana Secretary of  
23 State, and this was due to the failure  
24 to timely file an annual report with the  
25 Secretary of State. The licensee did

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1 resolve this issue on January 17th,  
2 2012.

3 The second issue was the licensee's  
4 failure to remain eligible for IRS and  
5 Louisiana Department of Revenue tax  
6 clearances. The required tax clearances  
7 were finally obtained but well outside  
8 of the 30 days granted by the Division.

9 The settlement before you includes a  
10 civil penalty of a thousand dollars for  
11 the violations in the period of  
12 noncompliance. It's been signed by the

13 hearing officer and is before you for  
14 final approval.

15 CHAIRMAN HALL: Any questions? Do I  
16 have a motion to approve the settlement?

17 MR. BRADFORD: I move.

18 CHAIRMAN HALL: Mr. Bradford. And  
19 Mr. Singleton seconds the motion. Is  
20 there any opposition? Hearing none, the  
21 motion carries and the settlement is  
22 accepted.

23 MS. BOGRAN: Thank you.

24 2. In Re: Allied Communications, LLC, d/b/a  
25 Allied Communications - No. PO86502868

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1 (proposed settlement)

2 MS. BOGRAN: The second one is  
3 Allied Communications, LLC, d/b/a Allied  
4 Communications, permit number  
5 PO86502868.

6 This non-gaming vendor changed its  
7 business location in September of 2011.  
8 When they submitted their annual permit  
9 update form in January 2012, they  
10 reported their change in physical and  
11 mailing address. Gaming law requires  
12 notification of such changes within 15  
13 days, and this was clearly outside of  
14 that time limit. The settlement  
15 agreement includes a civil penalty of

16 \$500 for the violation. The hearing  
17 officer has signed the settlement, and  
18 it is also before you for final  
19 approval.

20 CHAIRMAN HALL: Any questions? Do I  
21 have a motion to accept?

22 MS. ROGERS: I'll move.

23 MR. JONES: Move.

24 CHAIRMAN HALL: Mr. Jones, and  
25 Miss Rogers seconds. Any opposition?

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1 Hearing none, the motion carries. Thank  
2 you very much.

3 3. In Re: 818 Incorporated d/b/a The Bachelors  
4 III - No. 2600114011 (appeal)

5 CHAIRMAN HALL: I believe our last  
6 issue for today is the -- is an appeal.

7 MS. COLLY: Good morning, Chairman  
8 Hall, Members of the Board. I'm  
9 Assistant Attorney General, Nicolette  
10 Colly, representing the Office of State  
11 Police in this matter.

12 The decision and order rendered by  
13 Hearing Officer Richard L. Reynolds on  
14 June 18th, 2012, is according to the  
15 laws governing video draw poker, and  
16 should be affirmed. Miss Smoak, the one  
17 hundred percent owner of 818 Inc.,  
18 failed to disclose two arrests, one of

19 which was a felony; two convictions,  
20 both to which she pled guilty, and a  
21 revoked probation period on her  
22 application to the Division.

23 Further, under Louisiana Revised  
24 Statute 27:310(A)(1), Miss Smoak is  
25 ineligible to apply or be granted a

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1 license. She did not successfully  
2 complete the probation. It was revoked  
3 because she violated the terms of the  
4 probation. Accordingly, the decision of  
5 the -- the decision revoking 818 Inc.'s,  
6 license and deeming Miss Smoak  
7 unsuitable should be affirmed.

8 CHAIRMAN HALL: Okay. Is the  
9 licensee here? Is Miss Smoak here? [No  
10 response.] Okay. She's not? So here  
11 we are. Go ahead, Mr. Stipe.

12 MR. STIPE: Other than this letter  
13 that's in the record, have you heard?  
14 Has she contacted you at all?

15 MS. COLLY: She did appear at the  
16 hearing, but she didn't testify or  
17 present any evidence.

18 MR. STIPE: And then subsequent to  
19 that, she filed this letter, and that's  
20 the only contact you've had with her?

21 MS. COLLY: No contact at all.

22 CHAIRMAN HALL: Can we fine them for  
23 not appearing and wasting our time?

24 MS. COLLY: Not that I'm aware of.

25 CHAIRMAN HALL: We need to work on

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1 that.

2 MR. STIPE: And I'm sorry. What's  
3 at issue is her ability to hold a  
4 license regulated by this Board, not her  
5 ability to operate the facility,  
6 generally.

7 MS. COLLY: Right.

8 MR. STIPE: All right.

9 CHAIRMAN HALL: Yeah. That's  
10 correct. And it's really a strange  
11 case. I don't know how she walked.  
12 They revoked her parole but did nothing  
13 to invoke the penalty -- I mean, the  
14 sentence that she received, and I don't  
15 know how you do that.

16 Oh, you know how that happens, sir?  
17 Could you explain that to me, please, so  
18 I'll know.

19 MR. STRIDER: At some point there  
20 was a motion to terminate a probation  
21 filed, and so rather than revoking her,  
22 they terminated her probation, which  
23 means it just goes away. She no longer  
24 is being supervised; she no longer has

25 to pay a supervision fee.

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1 Presumably, she met a requirements  
2 of probation terms of restitution order,  
3 fines. It's -- it's not an unusual  
4 occurrence in criminal cases that  
5 probations are terminated. Sometimes  
6 it's because they've done a really good  
7 job on probation. Sometimes it's  
8 because they're very difficult to  
9 supervise.

10 CHAIRMAN HALL: Okay. Thank you.  
11 Major Mercer, you had a question  
12 earlier?

13 MAJOR MERCER: No.

14 CHAIRMAN HALL: No? Okay. Do we  
15 have a motion to affirm the -- or  
16 whatever you wish.

17 MAJOR MERCER: I'll move that we  
18 affirm the hearing officer's decision.

19 MS. ROGERS: Second.

20 CHAIRMAN HALL: By Major Mercer,  
21 second by Miss Rogers. Any objections?  
22 No objections; therefore, the hearing  
23 officer's decision is affirmed. Thank  
24 you, Miss Colly.

25 MS. COLLY: Thank you.

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1 CHAIRMAN HALL: Appreciate it, and

2 let me -- I just want to take one second  
3 that, one, it took until 4:30 to finish  
4 the agenda yesterday because we were  
5 making changes all the way up to the  
6 end. And I just want to thank the staff  
7 and State Police and Attorney General's  
8 Office for their work in getting that  
9 done so we can be here today, because we  
10 didn't know until then exactly what we  
11 were going to have to present as a  
12 result of the inspection and such that  
13 were going on at the Pinnacle property.  
14 So it was all the way up to the last  
15 minute in getting prepared.

16 The other comment I would like to  
17 make is, the Governor's Office announced  
18 the appointment of a new board member  
19 effective tomorrow. A Mr. Claude  
20 Jackson will be representing the Fourth  
21 District in Caddo/Shreveport. He lives  
22 in Rodessa, which I'm not really sure  
23 where it is, but that's okay. It's up  
24 there in that district somewhere. He's  
25 a retired serviceman; and so we look

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1 forward to him joining our board, and  
2 he's effective tomorrow. So I just  
3 wanted to make that announcement for  
4 those who have not heard.

5 IX. ADJOURNMENT

6 CHAIRMAN HALL: And do I have a  
7 motion?

8 MR. SINGLETON: Move we adjourn.

9 MS. NOONAN: Second.

10 CHAIRMAN HALL: Mr. Singleton moves  
11 we adjourn. Miss Noonan seconds. Does  
12 anybody object? No? Okay, we're  
13 adjourned. Motion carries.

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1 REPORTER'S PAGE

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3 I, SHELLEY PAROLA, Certified Shorthand

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

5 officer before whom this sworn testimony was

6 taken, do hereby state:

7 That due to the spontaneous discourse of this



8 proceeding, where necessary, dashes (--) have been  
9 used to indicate pauses, changes in thought,  
10 and/or talkovers; that same is the proper method  
11 for a Court Reporter's transcription of a  
12 proceeding, and that dashes (--) do not indicate  
13 that words or phrases have been left out of this  
14 transcript;

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

18

19

20

21

22

23

24 SHELLEY PAROLA

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 August 16, 2012,

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 8th day of  
20 November, 2012.

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23

SHELLEY G. PAROLA, CCR, RPR

CERTIFICATE NO. 96001

24