

7-23-15 LGCB Board of Directors' Meeting, (Pages 1:1 to 128:24)

1:1 LOUISIANA GAMING LOUISIANA CONTROL BOARD

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4 BOARD OF DIRECTORS' MEETING

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9 THURSDAY, JULY 23, 2015

10

11 Louisiana State Capitol

12 House Committee Room 1

13 Baton Rouge, Louisiana

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17 TIME: 10:00 A.M.

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1 APPEARANCES

2

RONNIE JONES

3 Chairman (At Large)

Third Congressional District

4 June 30, 2019

5 FRANKLIN AYRES BRADFORD

(Economic Planner)

6 Fifth Congressional District

June 30, 2019

7

8 JAMES SINGLETON

(Public/Business Administration)

9 Second Congressional District

June 30, 2014

10

11 MARK STIPE

(Attorney)

12 Seventh Congressional District

June 30, 2014

13

14 DENISE NOONAN

(At Large)

15 First Congressional District

June 30, 2015

16

17 MAJOR CLAUDE MERCER

(Law Enforcement)

18 Fifth Congressional District

June 30, 2018

19

20 CLAUDE D. JACKSON

(At Large)

21 Fourth Congressional District

June 30, 2018

22

23 ROBERT W. GASTON, III

(At Large)

24 Sixth Congressional District

June 30, 2015

25

3

1 APPEARANCES CONTINUED

2

3 JULIE BERRY

(CPA)

4 Third Congressional District

5

6 LANA L. TRAMONTE

Principal Assistant

7

8 TRUDY M. SMITH

Confidential Assistant

9

10 MAJOR MIKE NOEL

11 Ex-Officio Board Member

Louisiana State Police

12

13 MICHAEL LEGENDRE

Director

14 Office of Charitable Gaming

15

16

17 REPORTED BY:

18 SHELLEY G. PAROLA, CSR, RPR

Baton Rouge Court Reporters

19

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1 I. CALL TO ORDER

2 CHAIRMAN JONES: Good morning and
3 welcome to the Louisiana Gaming Control
4 Board, our July meeting. We had to be

5 shuffled a little bit. We're glad to be
6 back at the Capitol.

7 Miss Tramonte, would you call the
8 roll.

9 THE CLERK: Chairman Jones?

10 CHAIRMAN JONES: Here.

11 THE CLERK: Mr. Bradford?

12 MR. BRADFORD: Here.

13 THE CLERK: Mr. Stipe?

14 MR. STIPE: Here.

15 THE CLERK: Mr. Singleton?

16 MR. SINGLETON: Here.

17 THE CLERK: Miss Noonan?

18 MS. NOONAN: Here.

19 THE CLERK: Major Mercer?

20 MAJOR MERCER: Here.

21 THE CLERK: Mr. Jackson?

22 MR. JACKSON: Here.

23 THE CLERK: Mr. Gaston?

24 MR. GASTON: Here.

25 THE CLERK: Miss Berry?

11

1 MS. BERRY: Here.

2 THE CLERK: Colonel Edmonson?

3 MAJOR NOEL: Major Noel for Colonel
4 Edmonson.

5 THE CLERK: Secretary Barfield?

6 MR. LEGENDRE: Mike Legendre for
7 Secretary Barfield.

8 II. PUBLIC COMMENTS

9 CHAIRMAN JONES: We have a quorum.
10 We may conduct business. At this time,
11 I'd like to call for any public
12 comments, anyone in the audience related
13 to anything on the agenda today. There
14 being none, I'd like to make just a
15 couple of quick comments.

16 First of all, Chris Hebert, who we
17 see around here quite often from the
18 Attorney General's Office, head of one
19 of the divisions, is receiving the
20 Southern University Law Center Alumnus
21 of the Year Award, so he's not with us.
22 We congratulate him on that.

23 And I saw, I guess, about ten days
24 ago while I was out of state, that
25 according to a U.S.A. Today poll of

12

1 favorite casinos in the country,
2 L'Auberge Lake Charles came in fourth
3 right on the heels of number three, and,
4 you know, I think there was maybe one
5 Las Vegas property on the whole list.
6 That says an awful lot about that
7 particular property. We all know it's a
8 high performing property, so we send our
9 best to Pinnacle for L'Auberge Lake
10 Charles.

11 III. APPROVAL OF MINUTES

12 CHAIRMAN JONES: Could I get a
13 motion to waive reading and approve the
14 minutes?

15 MS. NOONAN: So moved.

16 MS. BERRY: Second.

17 CHAIRMAN JONES: We have a second.
18 Did you get the names?

19 THE CLERK: Noonan and Berry.

20 CHAIRMAN JONES: All those in favor?
21 [Collective "aye."] Opposed? [No
22 response.] The motion carries. The
23 minutes have been adopted.

24 IV. REVENUE REPORTS

25 CHAIRMAN JONES: I'd like to call at
13

1 this time for Revenue Reports. Last
2 month you had happy news. Don't come
3 back unless you have happy news. Good
4 morning.

5 MS. JACKSON: Good morning, Chairman
6 Jones and Board Members. My name is
7 Donna Jackson with Louisiana State
8 Police Gaming Enforcement Division. The
9 following is the riverboat revenue
10 report for June 2015.

11 During June, the 15 operating
12 riverboats generated Adjusted Gross
13 Receipts \$158,869,680, a decrease of

14 \$20 million or 11 percent from May 2015.
15 June revenue is historically lower than
16 May revenue, in addition to the fact
17 that this May had five full weekends
18 compared to four in June, and had been
19 the highest riverboat revenue thus far.
20 When compared to last June, riverboats
21 were up \$16.5 million, or 11.6 percent,
22 making this the highest June revenue to
23 date for riverboats. The increase, for
24 the most part, is attributed to the
25 addition of Golden Nugget Lake Charles.

14

1 In spite of the overall increase, the
2 Shreveport/Bossier City riverboats,
3 except Margaritaville, were negatively
4 impacted by the historic flooding of the
5 Red River in June.

6 Adjusted Gross Receipts for fiscal
7 year 2014-2015 are \$1,887,595,000, an
8 increase of \$174 million or 10 percent
9 from fiscal year 2013-2014. A
10 comparison to last fiscal year by market
11 is included in your chart folders. This
12 is the highest year in the history of
13 Louisiana riverboat gaming and the
14 result of the longest period with 15
15 operating riverboat casinos.

16 During June, the State collected

17 fees totaling \$34,156,981. As of
18 June 30th, 2015, the State collected
19 \$405,832,843 in fees for fiscal year
20 2014-2015, an increase of \$37 million
21 from last fiscal year.

22 Next is a summary of the June 2015
23 gaming activity for Harrah's New Orleans
24 found on page three. During June,
25 Harrah's generated \$20,727,527 in gross

15

1 gaming revenue, down \$3.4 million or
2 14 percent from last month, and down
3 \$9.2 million or 31 percent from
4 June 2014. We did want to note that
5 there was a single day in June 2014 with
6 an unusually high win total. Without
7 that day in 2014, the year-to-year
8 change would still be slightly more than
9 10 percent. Fiscal year-to-date gaming
10 revenues for 2014-2015 are
11 \$317.4 million, down \$22.7 million or
12 6.7 percent from fiscal year 2013-2014.
13 This fiscal year total is the lowest for
14 the land-based casinos since it closed
15 five-and-a-half months after Hurricane
16 Katrina in fiscal year 2005-2006.

17 During June, the State received
18 \$4,918,033 in minimum daily payments.
19 The State collected \$71.4 million in

20 fees for physical year 2014-2015.

21 Slots at the racetrack revenues are
22 shown on page four. During June, the
23 four racetrack facilities combined
24 generated Adjusted Gross Receipts of
25 \$28,603,986, a decrease of \$5 million or

16

1 15 percent from last month, and a
2 \$2.6 million or 8 percent decrease from
3 June 2014.

4 Adjusted Gross Receipts for fiscal
5 year 2014-2015 are \$380,051,515, a
6 decrease of almost \$7 million or
7 2 percent from fiscal year 2013-2014.

8 During June, the State collected fees
9 totaling \$4.3 million. As of June 30th,
10 2015, the State collected over
11 \$57 million in fees for fiscal year
12 2014-2015.

13 Overall, Riverboats, Landbased and
14 Slots at the Racetracks combined
15 generated \$208 million in AGR, which is
16 \$4.7 million or 2 percent more than last
17 June. Fiscal year-to-date revenues for
18 all three venues total \$2,585,000,000,
19 up almost \$145 million or 6 percent from
20 last fiscal year. Total gaming revenue
21 and state collections in 2014-2015 were
22 the highest since fiscal year 2008-2009.

23 Are there any questions before I
24 present the Harrah's employee
25 information?

17

1 CHAIRMAN JONES: Board Members, any
2 questions? No questions.

3 MS. JACKSON: Harrah's New Orleans
4 is required to maintain at least 2,400
5 employees and a bi-weekly payroll of
6 \$1,750,835. This report covers one pay
7 period in May 2015 and two pay periods
8 in June 2015.

9 For the second pay period in May,
10 the Division verified 2,462 with a
11 payroll of \$1,885,000. For the first
12 pay period in June, the Division
13 verified 2,472 with a payroll of
14 \$1,872,000. For the second pay period
15 in June, the Division verified 2,473
16 employees with payroll of \$1,882,000.
17 Therefore, Harrah's met the employment
18 criteria during May and June.

19 CHAIRMAN JONES: Questions, Board
20 Members? [No response.] Thank you very
21 much.

22 Video poker. Good morning.

23 MR. BOSSIER: Good morning, Chairman
24 Jones and Board Members. My name is Jim
25 Bossier with the Louisiana State Police

1 Gaming Audit Section. I'm reporting
2 video gaming statistics for June 2015 as
3 shown on page one of your handout.

4 Sixteen new video gaming licenses
5 were issued during June: Seven bars,
6 six restaurants, two truck stops and one
7 device owner. Thirteen new applications
8 were received by the Gaming Enforcement
9 Division during June and are currently
10 pending in the field: Nine bars, one
11 restaurant, one truckstop and two device
12 owners.

13 The Gaming Enforcement Division
14 assessed \$4,100 and collected \$3,750 in
15 penalties in June. There are currently
16 \$1,000 in outstanding fines. Please
17 refer to page two of your handout.

18 There are presently 14,171 video
19 gaming devices activated at 1,911
20 locations.

21 Net device revenue for June 2015 was
22 \$46.7 million. This is a \$4.1 million
23 or 9 percent decrease when compared to
24 May 2015, and a \$1.6 million decrease,
25 or 3.3 percent, when compared to

1 June 2014. Net device revenue so far
2 for fiscal year 2015 is \$597.4 million,

3 a \$9.4 million or 1.6 percent increase
4 when compared to fiscal year 2014. Page
5 three of your handout shows a comparison
6 of net device revenue.

7 Total franchise fees collected for
8 May 2015 were \$14 million, a
9 \$1.4 million decrease when compared to
10 May 2015, and a \$500,000 decrease when
11 compared to June 2014. Total franchise
12 fees collected for fiscal year 2014 are
13 \$179 million, a three-point -- excuse
14 me, a \$3 million increase or 1.7 percent
15 when compared to fiscal year 2014. Page
16 four of your handout shows a comparison
17 of franchise fees.

18 Does anybody have any questions?

19 CHAIRMAN JONES: Questions, Board
20 Members? There are no questions.

21 MR. BOSSIER: Thank you.

22 CHAIRMAN JONES: Thank you, Jim.

23 V. VIDEO GAMING ISSUES

24 A. Consideration of Approval of Transfer of
25 Ownership for the following:

20

- 1 1. TA Operating, LLC, d/b/a TravelCenters of
2 America, Egan - No. 0100515849
- 3 2. TA Operating, LLC, d/b/a TravelCenters of
4 America, Shreveport - No. 0904515852
- 5 3. TA Operating, LLC, d/b/a TA Operating,

6 LLC, d/b/a TravelCenters of America,
7 Greenwood - No. 0906515551

8 4. TA Operating, LLC, d/b/a TravelCenters of
9 America, Tallulah - No. 3301515851

10 CHAIRMAN JONES: We'll now move to
11 Video Gaming Issues. First up is
12 Consideration of Approval of transfer of
13 ownership of four properties we'll take
14 in globo: TA Operating, LLC, doing
15 business as TravelCenters of America,
16 Egan, No. 0100515849; Number 2, TA
17 Operating, LLC, doing business as
18 TravelCenters of America Shreveport, No.
19 0904515852; Number 3, TA Operating, LLC,
20 doing business as TA Operating, LLC,
21 doing business as TravelCenters of
22 America, Greenwood, No. 0906515551; and
23 finally, TA Operating, LLC, doing
24 business as TravelCenters of America,
25 Tallulah, No. 3301515851.

21

1 Good morning.

2 MR. LONG: Good morning, Chairman
3 Jones, Board Members. I'm Assistant
4 Attorney General Matthew Long appearing
5 before the Board in the matter of the
6 transfer of ownership of an indirect
7 interest in licensee, TA Operating, LLC,
8 doing business as TravelCenters of

9 America.
10 TA Operating, LLC, holds four Type 5
11 video gaming licenses and operates
12 truckstop facilities located in Egan,
13 Shreveport, Greenwood and Tallulah. TA
14 Operating, LLC, is wholly owned by its
15 sole member, TravelCenters of America
16 Holding Company, LLC, which is wholly
17 owned by its sole member, TravelCenters
18 of America, LLC.

19 Capital Research Global Investors,
20 an investment company, purchased
21 2,423,750 shares of stock in
22 TravelCenters of America, LLC. Those
23 were purchased on the New York Stock
24 Exchange. At that time, they
25 represented about 6.44 percent

22

1 interest -- ownership interest in
2 TravelCenters of America. The purchase
3 of those shares of stock caused a
4 transfer of an indirect interest in TA
5 Operating, LLC, thereby affecting the
6 ownership of all four licensees.

7 Trooper Kevin Lamotte conducted the
8 investigation of the stock purchase and
9 transfer of indirect ownership interest,
10 and he's present this morning to present
11 his findings to the Board.

12 TROOPER LAMOTTE: Good morning,
13 Chairman Jones and Members of the Board.

14 My investigation found that Capital
15 Research Global Investors qualifies as
16 an institutional investor for
17 suitability purposes. I found no
18 information that would preclude the
19 continued licensing of TA Operating,
20 LLC, doing business as TravelCenters of
21 America located in Egan, Shreveport,
22 Greenwood and Tallulah, Louisiana.

23 Do you have any questions?

24 CHAIRMAN JONES: Any questions of
25 Trooper Lamotte or Mr. Long? There are

23

1 no questions.

2 MR. LONG: The Office of the
3 Attorney General reviewed the file
4 compiled as a result of the Division's
5 investigation, and our review indicates
6 that no information was found to
7 preclude the transfer of indirect
8 ownership interest and also the
9 continued licensing of the four
10 licensees.

11 CHAIRMAN JONES: Thank you. We've
12 got the report from State Police and the
13 recommendation of the Office of the
14 Attorney General. Do I have a motion to

15 approve the transfer of interest?
16 MAJOR MERCER: I move we approve.
17 CHAIRMAN JONES: By Mr. Mercer and a
18 second --
19 MR. SINGLETON: Second.
20 CHAIRMAN JONES: -- by Mr.
21 Singleton. You have to be quick up
22 here. All in favor? [Collective
23 "aye."] Opposed? [No response.] The
24 motion carries, transfer is approved.
25 Thank you for your work, gentlemen.

24

1 MR. LONG: Thank you.
2 VI. CASINO GAMING ISSUES
3 A. Update on Operations of Jazz Casino
4 Company, L.L.C., d/b/a Harrah's New Orleans
5 CHAIRMAN JONES: We now move to
6 casino issues. First up we've got an
7 Update on Operations of Jazz Casino
8 Company, LLC, doing business as Harrah's
9 New Orleans.
10 Good morning, Mr. Real. Introduce
11 yourself to the Board.
12 MR. REAL: Good morning, my name is
13 Dan Real. I'm the regional president
14 for the southern region for Caesars
15 Entertainment, and part of that
16 responsibility is to oversee Harrah's
17 New Orleans as the General Manager.

18 Good morning, Mr. Chairman and
19 Members of the Board. As predicted, the
20 smoking ban has had a significant impact
21 on our business. In May we reported a
22 16 percent decline over prior year, and
23 now for June, as we've heard from
24 Miss Jackson's report, we're reporting a
25 30.7 percent decline compared to June in

25

1 2014.

2 It is important to note that there
3 is some volatility in the numbers due to
4 the nature of our business, but it is
5 clear to me the true impact of the ban
6 will be in the 15 to 20 percent range
7 when all is said and done.

8 I think you'd all agree, any
9 business that is experiencing a 15 to 20
10 percent revenue hit must adjust. Unlike
11 most businesses, however, we can't just
12 take it upon ourselves to implement the
13 necessary changes. As you may know,
14 we've been working for months to gain
15 approval from the city and the state on
16 different requests that would allow us
17 to move forward with changes that would
18 improve job quality, public safety and
19 property performance and, in turn,
20 returning some of the tax dollars that

21 would be lost as a result of the ban.

22 I do want to make it clear, however,
23 that I remain hopeful. We've been
24 working with the city and the state to
25 share our plans and better understand

26

1 their concerns, and I do believe all
2 groups have been working in good faith.

3 Harrah's New Orleans is an important
4 revenue producer for the City of New
5 Orleans and the State of Louisiana. We
6 have generated approximately \$300
7 million to the city, plus an additional
8 \$1.1 billion to the state, not to
9 mention the thousands of jobs created,
10 millions of dollars in donations and
11 grants, and thousands upon thousands of
12 volunteer hours in our local
13 communities. It would be tough to draw
14 any conclusion other than to say we have
15 been great for Louisiana, and Louisiana
16 has been great for us. It has been a
17 true partnership, and now is the time to
18 create the new path forward together.

19 I also must take a minute to
20 recognize the managing employees of
21 Harrah's New Orleans. The past few
22 months have not been easy; however, our
23 team has not only stepped up to every

24 asking; they have gone above and beyond
25 to deliver amazing customer service

27

1 results. Our employees are truly the
2 backbone of our operation.

3 So in closing, this has been a very,
4 very, very difficult 90 days. My
5 biggest concern has always been the
6 competitive disadvantage the local
7 ordinance would create, and as you can
8 see by our numbers, that disadvantage
9 has been significant.

10 With that said, I do look forward to
11 continuing to work with the mayor and
12 city council to find the best outcome
13 for the city, the state and for our
14 business.

15 I'd be happy to answer any questions
16 you may have.

17 CHAIRMAN JONES: I have a couple
18 questions, Dan. First of all, thank you
19 for trying to work through this. We've
20 met more than one time, talked about the
21 challenges, and they've been very real
22 challenges so we understand that you're
23 making progress.

24 As it is now, someone who smokes has
25 to do what? They leave, go completely

28

1 outside?

2 MR. REAL: They do, one of the five
3 entrances. We have two designated
4 temporary locations that are nice, but
5 they're still requiring the guests to
6 get up from the machine, the table, the
7 restaurant, walk outside through our
8 security exit and have a cigarette, then
9 come back in through the entrances,
10 through security, as well; and that's a
11 concern, not only for time on the
12 breaks, but also for public safety, and
13 truthfully, we have such a beautiful
14 property, just having -- if you can
15 envision, dozens of people just standing
16 outside smoking cigarettes doesn't
17 really add to the esthetic that we
18 built.

19 CHAIRMAN JONES: I know there are
20 plenty of people who don't smoke who
21 enjoy the environment.

22 MR. REAL: Absolutely.

23 CHAIRMAN JONES: Anecdotally, what
24 do you hear from patrons of the
25 facility?

29

1 MR. REAL: It's a mixed review, as
2 you just stated, the same with our
3 employees. The patrons in general, the

4 nonsmokers truly appreciate it. There's
5 no doubt about it. Unfortunately, the
6 behavior change hasn't equaled the
7 behavior change of the smokers. It's
8 really been one of the things that we've
9 noticed is: Happy customers who are
10 nonsmokers, very unhappy customers who
11 do smoke; and it's a group that is not
12 shy about sharing their opinion, and we
13 hear every single voice. And we're
14 trying to use that to help us guide our
15 path forward, but it's clear that the
16 frustration exists.

17 They enjoy our people. They enjoy
18 our property. Harrah's New Orleans is
19 still a jewel; and it just frustrates
20 them because we've been there for 15
21 years, and we've created these bonds.
22 And it's causing them to change their
23 behavior.

24 CHAIRMAN JONES: You and I in some
25 private discussions have talked. This

30

1 was perhaps a year ago before this ban
2 was put in place.

3 MR. REAL: Yes.

4 CHAIRMAN JONES: You were very
5 optimistic about some capital
6 improvements that you wanted to make,

7 some reinvestment in terms of properties
8 and amenities, and, of course, that came
9 with a price. How has the loss of
10 business as a result of the smoking ban
11 impacted, if you can -- has that
12 impacted those plans?

13 MR. REAL: Our company and myself
14 still remain very bullish on New
15 Orleans. That wasn't the route we had
16 envisioned, but like any good business
17 you adjust. I still have very big plans
18 for the city and for our participation
19 within the city. As you may know, there
20 are some restrictions on hospitality
21 that we're allowed to participate in, as
22 well as some of the other businesses
23 that we'd be able to operate, so we're
24 working closely with the city to take
25 that into consideration, but I can

31

1 assure you that the company's
2 willingness and energy to not only still
3 remain in New Orleans, but to grow in
4 New Orleans, is still as strong as it's
5 always been. We just need to now figure
6 out a new path, and that's the plan.

7 As you may know, non-gaming entity
8 or non-gaming revenue has been growing
9 in many jurisdictions, and we believe

10 that that's a major part of our future,
11 as well.

12 CHAIRMAN JONES: Can you share with
13 the Board what plans you have to make
14 adjustments to the property to
15 accommodate smokers?

16 MR. REAL: We're working through
17 that right now, and it will require
18 quite a few approvals. We've begun the
19 process. We knew a while back, so this
20 isn't new to us. It's a parallel path
21 that we have been taking while the
22 consideration of the ban had been going
23 on. We have worked with Major Noel and
24 Captain Hale to show them what we had
25 envisioned. We had worked with a member

32

1 of the city council to show them what we
2 had envisioned, and we're making
3 progress on getting a better
4 understanding of what all the entities
5 that will be required to approve our
6 move would require.

7 So we're at a point where I'm very
8 comfortable to say within the next few
9 days I'll be happy to share with the
10 Board exactly what we have in mind, and
11 we've had a plan for quite a while. As
12 you might imagine with this change, it

13 hasn't been very clear on exactly what
14 would and wouldn't be approved, and when
15 you're going to invest millions of
16 dollars, you need to make sure that what
17 you're putting forth will not only be
18 proper for your employees and your
19 customers but also will ultimately be
20 approved and supported by the entities
21 that need to oversee us.

22 CHAIRMAN JONES: One final question
23 from my standpoint. Yours is the only
24 license in the State that not only has a
25 minimum employment requirement as part

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1 of the agreement with the Board, but
2 it's also statutory. Could you just
3 share with the Board -- you made an
4 attempt this past legislative session to
5 lower that cap, and the second part of
6 that is, will the loss of some business
7 impact employment moving forward?

8 MR. REAL: I appreciate the
9 question, and I did try to get that
10 adjusted this -- a few months ago. It's
11 a very difficult minimum requirement to
12 achieve. You might think on paper that
13 the request to reduce would simply be
14 financial for us, but the truth is, if
15 you speak to our employees, it's not

16 advantageous for many of them. We don't
17 run an ideal property. We hire people
18 that we truly don't need, and that, in
19 turn, impacts every single employee on
20 your property.

21 We understand our responsibility.
22 We've met that at every single turn. We
23 will continue to do so, but I continue
24 to request an opportunity to speak to
25 the parties that have the ability to

34

1 change this for us to educate them and
2 help them understand exactly why this is
3 so important to us.

4 This is not simply a financial
5 request. It would help us, but it would
6 in no way come anywhere near filling the
7 funnel or the void that's been created
8 by the loss of revenue. It simply would
9 be a combination of a financial
10 improvement and a significant
11 improvement to the jobs that we offer at
12 the property.

13 I've been worried about the 2,400
14 head count minimum for years before the
15 smoking ban, and there just was never a
16 realistic or right time to present that.

17 Now, with the ban, it is critical that
18 we come to a conclusion that benefits

19 the property and our employees.

20 So I understand the concern, and I
21 would love for the group to understand.

22 When I did present this request, I also
23 made the commitment that there would not
24 be any layoffs associated with this
25 process. We have natural attrition at

35

1 the property, and we would follow that
2 to the point where we would get to the
3 ideal number. Depending on the
4 environment, I'd be able to more clearly
5 speak to what that true number is, but
6 we would do so in a process where not a
7 single employee that it currently
8 working for us that performs and enjoys
9 their job would have a concern due to
10 the change.

11 CHAIRMAN JONES: Board Members,
12 questions?

13 MS. BERRY: I have a question.

14 MR. REAL: Sure.

15 MS. BERRY: Are you the only
16 licensee that currently has a
17 non-smoking ban?

18 MR. REAL: The Fairgrounds also
19 does. It was in the Orleans Parish only
20 is the ban, so the Fairgrounds and our
21 property.

22 MS. BERRY: Do you foresee that this
23 is going to continue to the other
24 casinos? That's kind of like the --

25 MR. REAL: It's really tough to

36

1 predict. I would use our situation as a
2 cautionary tale, one that I would
3 recommend if anyone is considering it,
4 they look they facts. You know, that's
5 one of the concerns that some of the
6 individuals that wanted the ban were
7 concerned about is not having factual
8 and updated information or data. I do
9 believe that what we've been presenting
10 is a fair representation of what happens
11 when you do implement a smoking ban. It
12 has been additionally difficult for us.
13 Most other jurisdictions have done
14 statewide bans. Ours was Orleans Parish
15 only, so although it was a tough
16 decision for us to accept anyway, that
17 has made it additionally difficult for
18 us.

19 CHAIRMAN JONES: Mr. Gaston.

20 MR. GASTON: Mr. Chairman, at the
21 proper time -- it might not be today --
22 I'd like to see us join this gentleman
23 in easing his problems. It's just not
24 fair for government to mandate upon a

25 private enterprise that they hire people

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1 who are not doing anything, which takes
2 away from the good employees who have
3 jobs because they can't afford to pay
4 them correct wages because they've got
5 to pay these people because they're
6 being required. And policies have
7 feedback, and the feedback, when you're
8 dealing with the smoking down there, you
9 have got to give them more flexibility.
10 I just think he's being -- they're being
11 treated unfairly, and we -- I might be
12 by myself. I might be the only one that
13 believes that.

14 CHAIRMAN JONES: I think we're going
15 to have probably the opportunity in the
16 spring to visit this issue formally.
17 What I heard in testimony this past
18 legislative session was that there was
19 generally support for lowering that for
20 them. They were concerned that this
21 perhaps came late in the session, that
22 in the last couple of weeks it didn't
23 permit the committee the opportunity to
24 do some other information. It was
25 deferred one week. He came back the

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1 next week.

2 I think after a year of Revenue
3 Reports, I think the legislature will be
4 inclined to, I hope, look favorably on
5 this request, and the Board's going to
6 have the opportunity to entertain that
7 at the proper time.

8 Any other questions? [No response.]

9 We appreciate you coming before the
10 Board. I'll be in touch with you.

11 We'll visit again. We'll keep an eye on
12 the numbers. We thank you for being a
13 good corporate partner and a good gaming
14 partner in the state. I think you're
15 great for the City of New Orleans and
16 thank you for sharing with us this
17 morning.

18 MR. REAL: Thank you for your time,

19 Mr. Chairman and Board.

20 B. Consideration of petition for approval of Debt

21 Transaction by Golden Nugget Lake Charles, LLC

22 - No. R016502995

23 CHAIRMAN JONES: We'll now move to:

24 Consideration of petition for approval

25 of Debt Transaction by Golden Nugget

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1 Lake Charles, LLC, No. R016502995. Good
2 morning.

3 MS. WARE: Good morning, Chairman

4 Jones and Members of the Board. My name

5 is Trnessia Ware with Louisiana State
6 Police Corporate Securities Audit.

7 Mr. Paul West, local counsel for
8 Golden Nugget, Inc., notified the Board
9 by letter dated April 23rd, 2015, of
10 Golden Nugget's intent to enter into a
11 \$25 million term loan under its existing
12 credit facility. The primary purpose
13 for the financing transaction, as stated
14 in Golden Nugget's notification, is for
15 general corporate purposes.

16 The loan agreement was consummated
17 on May 13th, 2015; however, Board
18 approval is required for Golden Nugget
19 Lake Charles to be securitized under
20 this loan as included in the language of
21 the loan agreement.

22 Golden Nugget's long-term debt
23 schedule is shown on page six of your
24 report. Golden Nugget's credit facility
25 consists of a \$75 million revolving

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1 credit facility, a \$350 million Term B
2 Loan, and \$150 million delayed draw term
3 loan. The revolving credit facility
4 matures on November 21st, 2018. The
5 Term B Loan and the delayed draw loan
6 both mature on November 21st, 2019.

7 Golden Nugget presents -- projects

8 sufficient income to maintain its debt,
9 and its projections appear to be
10 reasonable.

11 In conclusion, Golden Nugget is
12 seeking the Board's approval of its
13 \$25 million term loan transaction under
14 its existing credit facility. No
15 financial issues came to our attention
16 to preclude the Board approval of Golden
17 Nugget's request.

18 Are there any questions?

19 CHAIRMAN JONES: Board members, any
20 questions on the request of State
21 Police? Any questions? It appears to
22 be clear. Do I have a motion to adopt
23 the resolution?

24 MR. BRADFORD: So moved.

25 CHAIRMAN JONES: By Mr. Bradford and

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1 a second by Mr. Gaston. Miss Tramonte,
2 would you read the resolution into the
3 record.

4 THE CLERK: On the 23rd day of
5 July 2015, the Gaming Control Board did,
6 in a duly noticed public meeting,
7 consider the issue of Golden Nugget Lake
8 Charles, LLC's, request for approval of
9 a new \$25 million term loan, as
10 anticipated under Section 6.01(u) of the

11 Credit Agreement governing the existing
12 credit facility approved by the Board on
13 November 21st, 2013, by and among Golden
14 Nugget, Incorporated, parent company of
15 the licensee, as the Borrower, Jefferies
16 Finance, LLC, as Administrative Agent,
17 Collateral Agent, Lead Arranger and
18 Bookrunner, and the Lenders and
19 Subsidiary Guarantors party thereto from
20 time to time, and the transactions
21 contemplated thereby, and upon motion
22 made and seconded, the Board adopted
23 this Resolution:

24 Be it resolved that Golden Nugget
25 Lake Charles, LLC's, request for

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1 approval of a new Term Loan, as more
2 particularly described and referenced
3 hereinabove, in the aggregate principal
4 amount of \$25 million, and the
5 transactions contemplated thereby, is
6 hereby approved.

7 Thus done and signed in Baton Rouge,
8 Louisiana, this 23rd day of July 2015.

9 THE CLERK: Mr. Bradford?

10 MR. BRADFORD: Yes.

11 THE CLERK: Mr. Stipe?

12 MR. STIPE: Yes.

13 THE CLERK: Mr. Singleton?

14 MR. SINGLETON: Yes.
15 THE CLERK: Miss Noonan?
16 MS. NOONAN: Yes.
17 THE CLERK: Major Mercer?
18 MAJOR MERCER: Yes.
19 THE CLERK: Mr. Jackson?
20 MR. JACKSON: Yes.
21 THE CLERK: Mr. Gaston?
22 MR. GASTON: Yes.
23 THE CLERK: Miss Berry?
24 MS. BERRY: Yes.
25 THE CLERK: Chairman Jones?

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1 CHAIRMAN JONES: Yes. The motion
2 carries. The transaction is approved.
3 Thank you very much.
4 3. Consideration of petition for Restructure of
5 Debt by Bossier Casino Venture d/b/a
6 Margaritaville Resort Casino, No. RO11000841

7 CHAIRMAN JONES: Now before us:
8 Consideration of petition of Restructure
9 of Debt by Bossier Casino Venture doing
10 business as Margaritaville Resort
11 Casino, No. RO11000841.

12 MS. FICKLIN: Good morning, I'm Evie
13 Ficklin. I'm with Louisiana State
14 Police Gaming.

15 Bossier Casino Venture Holdco, Inc.,
16 the ultimate parent of licensee, Bossier

17 Casino Venture, Inc., doing business as
18 Margaritaville, is seeking to consummate
19 the following transactions: Pay down
20 approximately \$48.19 million in accrued
21 paid in capital under the 14 percent
22 note; pay accrued management fees of
23 \$1,003,500 for tax purposes converted up
24 to \$105.5 million of Holdco's \$105.5
25 million 14 percent notes outstanding,

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1 and two, up to \$105.5 million 14 percent
2 preferred shares that post closing will
3 be classified as debt on Holdco's
4 balance sheet; and lastly, structure the
5 transactions to ensure that the amount
6 and timing of future interest payments
7 to the investors will not be affected
8 regardless whether the investors hold
9 notes of the preferred shares.

10 Holdco plans to accomplish its
11 objectives by issuing approximately
12 \$49.4 million in new Holdco 10 percent
13 senior notes and then using the proceeds
14 to pay the \$48.19 million in PIK
15 interest and \$1,003,500 in management
16 fees, execute the agreement among
17 investors to ensure continuity of
18 interest payments as they currently
19 exist.

20 The data in the spreadsheet on page
21 seven depicts the payments and PIK
22 interest from date of the indenture
23 through July 15th, 2015. The
24 spreadsheet on page ten details the
25 transaction converting the 14 percent

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1 notes into the preferred shares.

2 Because of information received
3 subsequent to submitting our report, we
4 have provided updated projected
5 financial statements so that the Board
6 may compare the projected financial
7 statements included in our report to the
8 revised projections. The revisions
9 reflect increases in interest expense
10 and long-term debt.

11 No financial issues came to our
12 attention to preclude the Board's
13 approval of Holdco's proposed
14 transactions, and I'll be happy to
15 answer any questions, and industry, the
16 company reps, are also here if you'd
17 like to speak with them.

18 CHAIRMAN JONES: Miss Ficklin, do I
19 understand correctly that auditors
20 discovered or learned, pursuant to
21 questions they asked, that there had
22 been significant changes made in the

23 report that was provided to the Board on
24 July 16th?

25 MS. FICKLIN: Yes, sir.

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1 CHAIRMAN JONES: We discovered that?

2 MS. FICKLIN: Through a question we
3 asked.

4 CHAIRMAN JONES: Who would like to
5 represent the licensee? Good morning.

6 MS. HARKINS: Good morning,
7 Mr. Chairman. My name is Deborah
8 Harkins with the law firm of Roedel
9 Parsons, and I have with me the general
10 counsel of Margaritaville who is
11 prepared to answer your questions.

12 MR. OSTROW: Mr. Chairman, Members
13 of the Board, when we were first asked
14 to prepare the balance sheet reflecting
15 the new transaction, our CFO recorded
16 the new preferred A, since it was
17 equity -- in a legal sense it was
18 equity. He recorded it as equity, and
19 when the members of your staff
20 requested -- asked him about that, he
21 then went to the auditor. And,
22 unfortunately, we hadn't done that
23 before. We did that just based upon our
24 legal advice that it was equity, and so
25 we recorded it. But the change in the

1 transaction from equity to debt still
2 maintains the same level of debt that we
3 had before the transaction and after the
4 transaction. We're not increasing the
5 debt of the company in any way.

6 CHAIRMAN JONES: You know, as a
7 teenager, I lived by the philosophy that
8 it was easier to get forgiveness than
9 permission. I don't believe that
10 anymore. When there are significant
11 changes, it's the obligation of the
12 licensees to come to the Board and
13 provide the information. This entire
14 transaction that we're going to vote on
15 today was finalized this morning, this
16 resolution.

17 That's okay for me and my staff.
18 We're pretty nimble and agile, but I
19 have eight members on this board who
20 receive a packet seven days in advance
21 and study these packets. When there are
22 changes, it's difficult to get them up
23 to speed, and this applies to all
24 licensees. Last minute changes to the
25 transactions are difficult for the

1 auditing team to adjust to, and it makes
2 it complicated for the Board to

3 understand exactly what's going on.

4 Do you understand that?

5 MR. OSTROW: I appreciate that,

6 Mr. Chairman.

7 CHAIRMAN JONES: Board, are there

8 any other questions? The board is

9 clear. Do I have a motion to adopt the

10 resolution?

11 MR. JACKSON: I'll make a motion to

12 adopt the resolution.

13 CHAIRMAN JONES: Mr. Jackson.

14 MS. NOONAN: I'll second.

15 CHAIRMAN JONES: Miss Noonan.

16 Miss Tramonte, you want to read the

17 resolution into the record.

18 THE CLERK: On the 23rd day of July

19 2015, the Louisiana Gaming Control Board

20 did, in a duly noticed public meeting,

21 consider the issue of Bossier Casino

22 Venture, Incorporated's, request for

23 approval of the following transactions

24 to be completed by its parent company,

25 Bossier Casino Venture (Holdco),

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1 Incorporated.

2 Holdco's issuance of approximately

3 \$49.4 million in new 10 to 12 percent

4 Senior Secured Notes due in 2020; and

5 two, the conversion of up to

6 \$105.5 million of Holdco's 14 percent
7 Senior Secured Notes due 2021 into a
8 dollar-for-dollar equivalent amount for
9 14 percent Series A Preferred Stock of
10 Holdco, and in each case the
11 transactions contemplated thereby
12 including the pledge of Holdco's assets,
13 including the stock of BCV Intermediate,
14 Incorporated, to secure the new notes
15 and related obligations, and upon motion
16 duly made and seconded, the Board
17 adopted this Resolution:

18 Be it resolved that Bossier Casino
19 Venture, Incorporated's, request for
20 approval of: 1, Holdco's issuance of
21 approximately \$49.4 million in new
22 10 percent, 20 [sic] percent Senior
23 Secured Notes due 2020; and 2, the
24 conversion of up to \$105.5 million of
25 Holdco's 14 percent Senior Secured Notes

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1 due 2021 into a dollar-for-dollar
2 equivalent amount of 14 percent Series A
3 Preferred Stock of Holdco, and in each
4 case the transactions contemplated
5 thereby including the pledge of Holdco's
6 assets, including the stock of BCV
7 Intermediate, Incorporated, to secure
8 the new notes and related obligations,

9 is hereby approved.

10 Thus done and signed in Baton Rouge,

11 Louisiana, this 23rd day of July 2015.

12 Mr. Bradford?

13 MR. BRADFORD: Yes.

14 THE CLERK: Mr. Stipe?

15 MR. STIPE: Yes.

16 THE CLERK: Mr. Singleton?

17 MR. SINGLETON: No.

18 THE CLERK: Miss Noonan?

19 MS. NOONAN: Yes.

20 THE CLERK: Major Mercer?

21 MAJOR MERCER: Yes.

22 THE CLERK: Mr. Jackson?

23 MR. JACKSON: Yes.

24 THE CLERK: Mr. Gaston?

25 MR. GASTON: No.

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1 THE CLERK: Miss Berry?

2 MS. BERRY: No.

3 THE CLERK: Chairman Jones?

4 CHAIRMAN JONES: Yes.

5 THE CLERK: Six yeses, three noes.

6 CHAIRMAN JONES: The transaction is

7 approved.

8 MS. HARKINS: Thank you,

9 Mr. Chairman.

10 D. Consideration of Certificate of Compliance for

11 the Alternate Riverboat Inspection of the

12 gaming vessel of PNK (Baton Rouge) Partnership
13 d/b/a L'Auberge Casino & Hotel Baton Rouge -
14 No. R011000801

15 CHAIRMAN JONES: Next up:
16 Consideration of the Certificate of
17 Compliance of the Alternate Riverboat
18 Inspection of the gaming vessel PNK
19 (Baton Rouge) Partnership doing business
20 as L'Auberge Casino & Hotel Baton Rouge,
21 No. R011000801.

22 Good morning, gentlemen.

23 MR. THOMPSON: Good morning.
24 Chairman Jones, Board Members, I'm
25 Assistant Attorney General Buddy

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1 Thompson. With me is John Francic of
2 ABSC. We're here in the matter of
3 issuance of the renewal Certificate of
4 Compliance to PNK (Baton Rouge)
5 Partnership d/b/a L'Auberge Baton Rouge.

6 On June the 28th, 2015, ABSC began
7 the inspection process for the renewal
8 of L'Auberge Baton Rouge's Certificate
9 of Compliance. For more on this, I now
10 turn the presentation over to John
11 Francic.

12 MR. FRANCIC: Good morning, Chairman
13 and Board Members. I'm John Francic
14 with ABS Consulting here to report the

15 annual certification for L'Auberge
16 (Baton Rouge) Casino.

17 The inspectors, Jeff Boyle and Pete
18 Bullard, did, on June 28th and 29th,
19 attend L'Auberge (Baton Rouge) Casino to
20 conduct the annual inspection in
21 accordance with the alternative
22 inspection program in the State of
23 Louisiana.

24 The surveyors reviewed fire
25 protection equipment, life-saving

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1 equipment, egress routes, mooring
2 systems, training records and conducted
3 a fire drill. The staff did an
4 excellent job in preparing for this
5 inspection, as there were no
6 deficiencies that were carried over.

7 The 2015 annual survey, as required
8 by Louisiana Gaming Control Board, is
9 complete and to date does not present
10 any safety concerns to its patrons or
11 employees onboard the riverboat. It is
12 the recommendation of ABS Consulting
13 that L'Auberge Casino be reissued the
14 Certificate of Compliance.

15 CHAIRMAN JONES: Any questions,
16 Board Members? The board appears to be
17 clear.

18 MR. THOMPSON: We now present these
19 findings to the Board and request that
20 upon the Board accepting the report
21 submitted by ABSC, the Board will move
22 for the renewal of L'Auberge (Baton
23 Rouge's) Certificate of Compliance.

24 CHAIRMAN JONES: I have a motion to
25 issue the certificate by Miss Berry, a

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1 second by Mr. Gaston. All in favor?

2 [Collective "aye."] Opposed? [No

3 response.] Motion carries, certificate

4 is thereby issued.

5 E. Consideration of Certificate of Compliance for
6 the Alternate Riverboat Inspection of the
7 gaming vessel of Belle of Orleans, LLC, d/b/a
8 Amelia Belle Casino - No. R013600020

9 CHAIRMAN JONES: Next up:

10 Consideration of Certificate of
11 Compliance for the Alternate Riverboat
12 Inspection of the gaming vessel Belle of
13 Orleans, LLC, doing business as Amelia
14 Belle Casino, No. R013600020.

15 MR. THOMPSON: Again, Chairman
16 Jones, Board Members, I'm Assistant
17 Attorney General Buddy Thompson. With
18 me is John Francic of ABSC.

19 We're here in the matter of the
20 issuance of the renewal Certificate of

21 Compliance to Belle of Orleans, LLC,
22 d/b/a Amelia Belle Casino.

23 On May the 13th, 2015, ABSC began
24 the inspection process for the renewal
25 of Amelia Belle Casino's Certificate of

55

1 Compliance. For more on this, I turn
2 the presentation now over to John
3 Francic.

4 MR. FRANCIC: Chairman, Board
5 Members, John Francic with ABS
6 Consulting here to report the annual
7 certification for Amelia Belle Casino.

8 The inspectors, Doug Chapman and
9 Pete Bullard, did, on May 13th, attend
10 the riverboat Amelia Belle to conduct
11 the annual inspection in accordance with
12 the alternative inspection of riverboat
13 gaming vessels in the State of
14 Louisiana.

15 The inspectors reviewed fire
16 protection measures, equipment, egress
17 routes, mooring systems, machinery
18 spaces and conducted a fire drill. The
19 deficiencies found during the inspection
20 are found on page seven of your report.

21 A follow-up to all deficient items was
22 done on June 25th and found
23 satisfactory. This can be found in the

24 supplemental report with focus.

25 The 2015 annual survey as required

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1 by the Louisiana Gaming Control Board is
2 complete and to date does not present
3 any safety concerns to the patrons or
4 employees onboard the riverboat. It is
5 the recommendation of ABSC that Amelia
6 Belle Casino be issued the Certificate
7 of Compliance.

8 In addition to the -- in addition to
9 the certification of gaming vessel, a
10 request from Amelia Belle Casino, in a
11 letter dated May 14, 2015, to ABSC
12 Consulting, asked to remove certain
13 equipment from inspection. A review of
14 that equipment was done during the
15 annual survey by the inspectors. In
16 this request to remove -- were to remove
17 propulsion equipment, firefighting
18 equipment, certain life-saving
19 equipment, navigation equipment and
20 mooring equipment. We recommend
21 approval to remove from all inspection
22 all of the above.

23 The gaming vessel's permanently
24 moored status does not require the use
25 of bow thrusters, Z drives, rudders or

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1 navigation equipment. The gaming
2 vessel's berth that is directly off an
3 actual waterway with very little marine
4 traffic. Very few tugs with their tows
5 or offshore supply vessel pass the
6 casino on a daily basis.

7 With a manning variance in place,
8 the fire and rescue efforts will be
9 conducted by Amelia Belle Fire
10 department, which is in close proximity
11 to the gaming vessel. The removal of
12 fire hoses and axes and applicators,
13 life jackets and rescue boats would not
14 be needed as the fire department would
15 bring their own equipment to the scene.
16 To immediately respond to the fires
17 onboard would be the use of fire
18 extinguishers and the affixed systems
19 onboard such as the sprinkler system.

20 It is the recommendation by ABS
21 Consulting to approve the removal from
22 inspection the above mentioned equipment
23 as it does not present a safety concern
24 to its patrons or employees onboard the
25 riverboat.

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1 CHAIRMAN JONES: I have a question
2 from Mr. Stipe.

3 MR. STIPE: The conclusion that

4 there's little marine traffic in that
5 area was based on your observation of --

6 MR. FRANCIC: It was based on --
7 when they did the maintenance variance,
8 our risk analysis gathered data at that
9 point in time to determine that there
10 was very -- it was in the manning
11 variance that he determined that. Where
12 he got his data, you know, I don't have
13 that information with me, but I
14 certainly can find out.

15 MR. STIPE: Your conclusion, based
16 on the data you gathered and the
17 recommendation to the Board, is this
18 propulsion equipment, the exemption or
19 the recommendation is appropriate?

20 MR. FRANCIC: Yes.

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

22 CHAIRMAN JONES: That's it?

23 MR. STIPE: Yes, sir.

24 CHAIRMAN JONES: Are there any other
25 questions? The board appears to be

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1 clear.

2 MR. THOMPSON: We now present these
3 findings to the Board and request that
4 upon the Board accepting the report
5 submitted by ABSC, the Board will move
6 for the renewal of Amelia Belle Casino's

7 Certificate of Compliance.

8 CHAIRMAN JONES: I now ask for a
9 motion to issue the Certificate of
10 Compliance and to approve the equipment
11 transfer waiver required.

12 MS. NOONAN: I'll move.

13 CHAIRMAN JONES: Miss Berry and
14 Mr. Bradford. All in favor?
15 [Collective "aye."] Opposed? [No
16 response.]

17 MR. THOMPSON: Mr. Chairman, I would
18 ask for a motion for the renewal of the
19 Certificate of Compliance in addition to
20 the changes to the inspections.

21 CHAIRMAN JONES: I thought we did it
22 altogether.

23 MR. THOMPSON: Okay. I just wanted
24 to make sure.

25 CHAIRMAN JONES: We voted on the
60

1 motion to issue the Certificate of
2 Compliance and approve the transfer
3 waiver request.

4 MR. THOMPSON: Very good. Thank
5 you.

6 CHAIRMAN JONES: Do you want to vote
7 on it again?

8 MR. THOMPSON: No.

9 CHAIRMAN JONES: We can do it again.

10 MR. THOMPSON: Thank you.

11 CHAIRMAN JONES: Thank you.

12 We've docketed this meeting a
13 discussion of minority procurement
14 requirements that are part of the
15 conditions of meeting the licensees --
16 of all the licensees of the state,
17 actually, of casinos, because it's
18 important. Because the only reason
19 we're all here today is because the
20 State believes that economic development
21 will be furthered by legalized gaming.

22 So it's an obligation of this board
23 to monitor that, and from time to time,
24 we're going to have a discussion about
25 why there's a pattern of noncompliance

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1 for some properties.

2 So I've been requested, first of
3 all, to permit the Executive Director of
4 the Casino Association to simply make
5 some opening remarks representing the
6 whole association, and then we'll move
7 to the properties.

8 Good morning.

9 MR. DUTY: Good morning, Chairman.
10 Good morning, Board Members. I'm Wade
11 Duty, Executive Director of Louisiana
12 Casino Association. My comments are, in

13 fact, brief. I just wanted to give you
14 a little bit of history and advise you
15 what the association does to help
16 facilitate licensees to work towards
17 these goals.

18 Beginning in 2004, the Association
19 hosted its first joint women and
20 minority business enterprise vendor
21 fair. At that point, we had 157 vendors
22 participating of which 58 were
23 minority-owned companies. In 2013, my
24 board made the decision to make this a
25 recurring or annual event which we

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1 rotate at different markets throughout
2 the State.

3 In 2015, we are conducting now
4 exclusively minority vendor fairs, and
5 we had 18 participants. This represents
6 a 69 percent drop in participating
7 vendors from our first fair in 2004.

8 Despite the fact that the Association
9 provides these venues for free with no
10 participation cost on behalf of the
11 exhibiting vendors, we have seen this
12 decline in participation.

13 To address that based on some
14 feedback we received from the vendors at
15 this year's event which was hosted by

16 Isle of Capri in Lake Charles, we are
17 looking to hold it in a more central
18 location, possibly at the facility in
19 Opelousas because of its geographic
20 convenience to everyone.

21 The question has been raised on
22 occasion for some of these goals, which
23 are, in fact, over 20 years old or were
24 set by companies that no longer operate
25 in Louisiana or were set when the

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1 license was in an entirely different
2 demographic location, why we have not
3 pursued amending those goals. Since
4 I've been in this position for the last
5 14 years, we have put together packages
6 on no less than four occasions to seek
7 amendment for some of these goals, and
8 in each instance it has been
9 communicated to us by interests outside
10 the purview of this Board, that it would
11 not be in our best interest to continue
12 to pursue those amendments, so that is
13 the reason we have not.

14 We have looked, however, at data
15 that's available through the U.S. Census
16 Bureau Small Business Division. As
17 you're aware, each ten years the Census
18 Bureau conducts a population census.

19 Every five years they conduct a census
20 of small business, and they look at
21 things like vendor capacity and
22 different vendor service
23 classifications. We would note that
24 based on that compared to the markets in
25 Louisiana, procurement goals somewhere

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1 in the range of nine to twelve percent
2 would be probably appropriate; however,
3 we also recognize that we live in an
4 environment that includes this board
5 that we have to, obviously, be held
6 accountable to, but also legislative,
7 local and other state influences that we
8 must be mindful of, and we don't see
9 that a reduction in some case of
10 75 percent of a particular goal would be
11 palatable.

12 So what we do on the positive side
13 is the Association maintains a vendor
14 database that has to date 3,562 vendors
15 in it. Of those, 338, or roughly
16 9.4 percent, are minority vendors.
17 Please keep in mind that that
18 9.4 percent includes all vendors
19 supplying all goods and services, not
20 necessarily is it reflective that those
21 are vendors that supply things that we

22 need or that they are vendors that can
23 meet the demands.

24 When you're looking at feeding a
25 casino, food and beverage items are

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1 obviously our largest categories of
2 expenditure, and that is where the
3 biggest dollar items flow. So trying to
4 find vendors in those particular
5 categories really moves the needle in a
6 meaningful fashion. Some of the other
7 categories are much more difficult.
8 Even if you have a particular vendor
9 that's performing well, if it's not a
10 high dollar volume category, it's
11 difficult to place there.

12 Vendor identification remains our
13 biggest challenge regardless of what
14 property you're talking about. The
15 Association maintains a database of
16 minority vendors. To our knowledge,
17 outside of one database maintained by
18 the Department of Transportation, there
19 are no state databases that we could
20 avail ourselves. We do, however,
21 recognize that there are other groups
22 that do maintain such databases, and we,
23 in fact, partnered with those. We are
24 now a member of the Southern Minority

25 Supplier Development Council in New

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1 Orleans, and we have also joined the
2 Minority Supplier Institute in
3 Shreveport; and we hope that within the
4 next 30 days we will exchange databases
5 with them.

6 So the short story is: The more we
7 can identify, the better likelihood we
8 have of placing dollars in those
9 categories. That's really the extent of
10 my comments. I'll be happy to address
11 any questions that the Board may have.

12 CHAIRMAN JONES: Any questions for
13 the Executive Director? Mr. Stipe.

14 MR. STIPE: I believe a number of
15 years ago I asked this question: Are we
16 the only venue that has these
17 procurement goals?

18 MR. DUTY: You're one, I think, of
19 two that remain. Louisiana's
20 procurement goal system is identical to
21 that that New Jersey used to have. That
22 system was challenged in the Federal
23 District Court, and the decision was
24 upheld at the Federal Appeals Court that
25 it, in fact, was unconstitutional

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1 because you're tracking by both race and

2 gender; and that's inappropriate under
3 the U.S. and, frankly, State
4 Constitution.

5 So what they look for is a
6 disadvantaged business enterprise
7 standing which is a constitutionally
8 acceptable mechanism, but it requires
9 certain actions by the state and other
10 surveys to be conducted before you can
11 actually reach the point where you say
12 that there is certain issues to address.
13 So, short answer is: You're about the
14 last kid on the block that does it this
15 way.

16 CHAIRMAN JONES: Do you know if in
17 New Jersey if that was a state mandated
18 procurement requirement, or were those
19 offered by the licensees in pursuit of
20 the licenses?

21 MR. DUTY: It is very similar to
22 what Louisiana had. It was a condition
23 of a license that you state a goal and
24 that you work towards that goal, so it
25 was very similar to what we had.

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1 CHAIRMAN JONES: Okay. Any other
2 questions for Mr. Duty? [No response.]
3 Thanks for coming, sir.

4 MR. DUTY: Thank you, Board Members.

5 CHAIRMAN JONES: I understand that
6 since Amelia Belle and Treasure Chest
7 are both jointly owned by Boyd Gaming,
8 we'll take both of those at the same
9 time. Gentlemen. Good morning.

10 F. Report in reference to procurement goals by
11 Belle of Orleans, LLC, d/b/a Amelia Belle
12 Casino, No. R013600020

13 H. Report in reference to procurement goals by
14 Treasure Chest Casino, LLC, d/b/a Treasure
15 Chest Casino, No. R012600097

16 MR. SCHWARTZ: Good morning,
17 Mr. Chairman and Board Members. My name
18 is Vincent Schwartz. I'm a Senior
19 Vice-President for Boyd Gaming, and my
20 region includes Treasure Chest and
21 Amelia Belle.

22 Just I have a few comments to make,
23 sort of an overview, and then Mike
24 Garms, the General Manager of Treasure
25 Chest, can speak to Treasure Chest

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1 specifically, and Ashby Pettigrew, the
2 General Manager from the Amelia Belle,
3 can speak to Amelia.

4 CHAIRMAN JONES: Thank you.

5 MR. SCHWARTZ: Overall at Boyd, we
6 certainly understand the importance of
7 diversity inclusion in our purchasing

8 process. We have exceeded our voluntary
9 goals in the Louisiana category and the
10 women-owned business category while
11 falling short in the minority goals.
12 We're committed to our efforts to
13 achieve these goals and certainly have
14 seen some progress and hope to have some
15 more.

16 Our properties have actively
17 participated in the vendor fairs held by
18 the Casino Association. Our procurement
19 teams search our market for
20 opportunities with minority vendors and
21 certainly network with some of the other
22 licensees to search out anybody that we
23 can find that will help us achieve these
24 goals.

25 And as Wade said, the categories of

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1 food, beverage and marketing are
2 typically where most of the money is
3 spent in our industry, and that's where
4 minority businesses are typically
5 underrepresented, so it certainly makes
6 our task difficult. But we've had some
7 successes with moving products that
8 we're currently getting from a
9 non-minority vendor to some of our
10 minority vendors that are providing

11 other products and expanding their
12 product line, which is helping them grow
13 and certainly helping us with our
14 efforts to meet our goal. We've had
15 some success stories with that. There's
16 been a few that the success stories
17 started out good, but it didn't end well
18 when we had some difficulty with
19 suppliers. Some of them are just
20 unwilling to expand their business,
21 their capacity to service us.

22 So it's been a challenge kind of all
23 along, but regardless, we think that's a
24 viable strategy really to help us to
25 meet our goals on our challenges by

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1 identifying products where we can add to
2 those vendors and expand what they
3 offer.

4 So in addition, Boyd has their
5 purchasing set up to where in the event
6 that a minority bidder is within reason,
7 close but more than another vendor, we
8 certainly will award it in some cases.

9 We have manipulated or adjusted the
10 terms and conditions and delivery
11 schedule and products just to try and
12 help make the deal in some of these
13 cases.

14 But that's kind of overall the
15 efforts that we've been making on a
16 global basis, but I appreciate being
17 here today to share some of that stuff
18 with you. Mike and Ashby can speak to
19 Treasure Chest specifically and Amelia
20 Belle.

21 MR. GARMS: Thank you, Vincent.
22 Good morning, Mr. Chairman, Members of
23 the Board. I'm Mike Garms, the
24 Vice-President and General Manager at
25 Treasure Chest.

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1 Our story's a little bit different
2 as we have had success in reaching our
3 voluntary goals in the past, but I would
4 like to assure you that it is something
5 that we're working very diligently at
6 towards at Treasure Chest to reattain.

7 In 2012 and 2013, we were able to
8 achieve our voluntary goal or exceed our
9 voluntary goal of 15 percent. We had
10 17 percent and 16.2 percent in those
11 years; however, at the end of 2013 and
12 the first part of 2014, we lost two very
13 significant vendors who were responsible
14 for much of that success that we were
15 achieving. One by itself impacted us by
16 a negative quotient of about 70 percent.

17 We are talking a little bit of a
18 different direction now trying not to
19 put so much of our goal in the hands of
20 one or two vendors, so it is more of a
21 process to rebuild where we were at in
22 early 2013 and where we are today and,
23 of course, where we wish to get to to be
24 successful to reattain our goal.

25 We're up about 40 percent in the

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1 first two quarters of 2015 to where we
2 were in the first two quarters of 2014,
3 so we are making progress; however, it
4 is a process.

5 Wade spoke of the vendor fairs that
6 have taken place by host of the
7 Louisiana Casino Association, and
8 Treasure Chest and Boyd Gaming as a
9 whole in Louisiana has taken part in
10 each of those three fairs over the last
11 three years. Additionally, we've been
12 in contact with our local parish
13 economic development commission for
14 assistance in identifying vendors that
15 we can use to be more successful in that
16 regard. We've joined one of our local
17 minority chambers in the New Orleans
18 area, and, of course, we continue to
19 work with our other Louisiana properties

20 to identify vendors that they've been
21 successful in identifying.

22 Finally, as a property, I'd just
23 like to state that we do look forward to
24 continued progress toward reattaining
25 success in achieving our goal, and we do

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1 think we can get there. We understand
2 that by doing so it will strengthen a
3 more diverse economy in our operating
4 market, and that's a good thing for both
5 businesses and individuals alike.

6 Ashby.

7 MR. PETTIGREW: Good morning. My
8 name is Ashby Pettigrew. I'm the
9 General Manager of the Amelia Belle
10 Casino. Good morning, Mr. Chairman,
11 Board Members.

12 Mr. Chairman, I want to take this
13 opportunity to thank you again for
14 stopping by the Amelia Belle. It's
15 always nice to see you, and I appreciate
16 your continued support on that property.

17 As you know, the Amelia Belle is
18 located in a rural area miles from any
19 major metropolitan city with New Orleans
20 80 miles away. Our location creates
21 unique challenges with identifying local
22 minority vendors with whom we can do

23 business and non-local vendors that are
24 willing to travel the distance to come
25 to Amelia Belle. Oftentimes the volume

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1 of business that we do at a small
2 property, it's just too small for the
3 vendors to find it worth their time to
4 actually come to Amelia.

5 That being said, I've always taken
6 an active role in monitoring our
7 minority procurement efforts and
8 searching for new procurement
9 opportunities. Additionally, I
10 personally met with each and every one
11 of our current minority vendors and
12 tried to find new opportunities to grow
13 their business. This outreach has
14 created new opportunities and potential
15 possibilities of sourcing additional
16 product through these vendors and
17 increasing our minority procurement
18 numbers.

19 To maximize our exposure in the
20 marketplace, I've also met with several
21 local business associations to try to
22 identify new minority vendors in the
23 local area. Through this contact with
24 these groups, we're beginning to grow
25 ever so slightly but continuously our

1 number of minority vendors.

2 In closing, I would like to thank
3 the Board for this opportunity to speak
4 on this issue. We take our minority
5 procurement very seriously at Amelia
6 Belle. We remain committed to pursuing
7 any and all avenues that may be of
8 assistance in our efforts to achieve the
9 established goals. Thank you.

10 CHAIRMAN JONES: Thank you, Ashby.
11 For the benefit of the Board, your
12 license, and indeed the boat, didn't
13 start out there.

14 MR. PETTIGREW: No, sir.

15 CHAIRMAN JONES: It started out in
16 Jefferson Parish or Orleans Parish?

17 MR. PETTIGREW: Orleans Parish.

18 CHAIRMAN JONES: That original goal
19 was set for an area very different from
20 where you're located now.

21 MR. PETTIGREW: Yes, sir.

22 CHAIRMAN JONES: Board Members, any
23 questions of the Boyd representatives?
24 [No response.] Gentlemen, thank you
25 very much. We appreciate your

1 commitment to minority procurement; and
2 I have visited with both of you

3 individually, and I understand the
4 challenges. We just have to keep trying
5 to find a way forward. Thank you very
6 much.

7 MR. SCHWARTZ: Thank you.

8 MR. PETTIGREW: Thank you,
9 Mr. Chairman and Board Members.

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

13 CHAIRMAN JONES: At this time, I'd
14 like to hear from Horseshoe Bossier
15 City. Good morning, Ladies and
16 Gentlemen. Is the water dropping yet?

17 MR. RICH: Good morning. It is
18 dropping, thank God.

19 So good morning, Members of the
20 Board, Chairman Jones. Thank you for
21 the opportunity to present today. With
22 me I have Alan Gartrell, who is in
23 charge of purchasing for the entire
24 southern region for Caesars
25 Entertainment, and I also have Kelisha

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1 Garrett.

2 And so I wanted to start off this
3 morning saying that we, too, at
4 Horseshoe are very committed to this
5 process, and we, as well as the other

6 licensees, participate in the minority,
7 women-owned vendors fairs. We've met
8 with Minority Supplier Institute locally
9 in Shreveport/Bossier, are very active
10 with NAACP in that region, as well; but
11 Caesars in New Orleans, between Harrah's
12 New Orleans, Louisiana Downs and the
13 Horseshoe property, have made the
14 commitment to hire Kelisha as someone
15 who does nothing really but focus on
16 this very issue, and so we are very
17 committed to this issue. We find it
18 extraordinarily important.

19 Horseshoe in general does fairly
20 well against our Louisiana goals and our
21 women-owned goals, and, of course, we
22 have fallen short frankly for many years
23 as relates to our minority goal.

24 And so we have got several things
25 that hamper us in that category starting

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1 with just being able to find minority
2 suppliers who are ready, willing and
3 able to meet the needs of our property
4 with the various areas of business that
5 we require. We also have an
6 extraordinarily large chunk of our
7 Louisiana spend that's focused in about
8 nine different vendors, and I'll give

9 you an example. One of them is Pepsi
10 where you have -- Caesars is a Pepsi
11 company. We have the one Pepsi local
12 distributor, and that company is not run
13 by a minority individual. So we do face
14 challenges like that.

15 Our linen company is another example
16 where we spend a tremendous amount of
17 money against a group that is the only
18 linen vendors in the area within a
19 hundred miles able to meet our demand as
20 it relates to our hotel and providing
21 our linen to us. We also have one that
22 falls in debt nine (phonetic) that used
23 to be a minority-owned vendor in the
24 service companies, and it's a great
25 success story where the introduction of

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1 that company to Caesars Entertainment
2 through the Bossier property allowed
3 that company to grow to actually become
4 one of the largest outsource cleaning
5 companies in the country. They now do
6 eleven, I think, of our properties
7 country wide in Caesars. They do a
8 whole host of other properties around
9 the continental U.S.

10 They were minority owned at one
11 point in time. They did so well that

12 the minority owner sold out to a larger
13 corporation. We had built that
14 relationship over time with a great
15 company that we don't want to change,
16 but it used to be a minority for us, no
17 longer is. It's been bought out by a
18 non-minority corporation.

19 So there are several examples like
20 that that eat up almost half of our
21 Louisiana spend, and so for us it's
22 trying to find vendors in the other half
23 of your spend that are able to meet our
24 needs; and it's a continual, difficult
25 struggle.

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1 We felt really good. We actually
2 spoke to you-guys last March on this
3 very same subject; and we had a few in
4 the pipeline, and they just did not
5 materialize. We do feel like we have
6 got a couple in the pipeline this year
7 that have a better chance of
8 materializing that will be able to
9 accommodate, you know, \$500,000 plus
10 spends, which is what we need to move
11 the number for Horseshoe Bossier because
12 our goals are so high in comparison to
13 the other goals across the State of
14 Louisiana.

15 And I guess the last point I'll make
16 before I turn it over to any questions
17 is that in Caesars Entertainment we take
18 the certification process -- and we
19 mentioned this last year, as well --
20 very seriously. We do not count any
21 minority or women spend unless you have
22 been certified by a third party agency
23 that you are a company that is actually
24 owned by a woman or a minority, so that
25 does hinder us a little bit and is why

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1 it's taken us a little while for the
2 companies that we have in the pipeline
3 currently to get to the point of being
4 able to be used by our company.

5 CHAIRMAN JONES: Did y'all want to
6 say anything before we have some
7 questions? No? Okay.

8 So first the good news, you know,
9 noncompliance generates a required
10 report to the Attorney General to
11 explain, you know, why you didn't meet
12 the goal and what your plans are. Out
13 of all the properties who have been
14 noncompliant, your report is the best.
15 I mean, it's very detailed. It makes me
16 feel optimistic when I read it.

17 MR. RICH: Well, thank you. I

18 appreciate that.

19 CHAIRMAN JONES: But that's where it
20 stops, okay? So I think it was
21 Shakespeare who paraphrased from the
22 Bible about the sins of the Father being
23 visited on the children, you know, and
24 in 2004, Anthony Sanfilippo representing
25 Caesars sat probably right where you

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1 were and accepted, acknowledged these
2 goals, accepted them without question,
3 and it's in the transcript.

4 It is a high goal. Caesars
5 recognized the value of this property.
6 It's a damn good property. You-guys
7 make money. You consistently make
8 money, but you got the license, at least
9 in part, because you said this is how
10 we're going to help the minority
11 community. So 35 consecutive quarters
12 dating back to just after Katrina, some
13 are not even close, and what confuses me
14 is that right across the river a sister
15 property consistently spends twice as
16 much as your property on minority
17 procurement.

18 So I'm glad to have somebody from
19 the corporate office here, because
20 you-guys may have to change how you buy

21 stuff because obviously there are
22 vendors there. The last fiscal year you
23 spent \$2.5 million on minority
24 procurement. Across the river, they
25 spent \$5.3, and I just pulled up four

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1 years this morning because I thought
2 maybe that was an anomaly. Every year
3 it's the same thing.

4 So how do you reconcile that?

5 MR. RICH: Look, I mean, obviously
6 it's something that we continue to do
7 our best with. Obviously, we have
8 certain corporate contracts that I'm
9 certain that our sister properties
10 across the river don't particularly have
11 when it comes to eating up a bulk of our
12 spend that makes it more difficult to
13 meet our number.

14 So, obviously, sitting here we're
15 not thrilled and proud to be sitting
16 here and talking about failing to get a
17 number. We're working every day with
18 Kelisha, with local officials trying to
19 find vendors to meet our needs. We take
20 the issue very seriously, and we
21 continue to try to find vendors who will
22 work. It's been a struggle, and look,
23 if there are vendors who are actually

24 even coming in higher in the bidding
25 process than other vendors, we'll use

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1 them just to get the minority spend.
2 It's just been a struggle to find those
3 vendors.

4 CHAIRMAN JONES: I just find that --
5 that's just difficult to accept that the
6 vendors aren't there, and I think it's
7 tied to corporate purchasing; and the
8 message I want you to take back is:
9 Caesars, you know, has great investments
10 in this state, but you have to figure
11 out a way to do better, all right?
12 Because I suspect what he can't say
13 sitting there next to you is: You're
14 part of the problem. There are vendors
15 in the Shreveport/Bossier area. Figure
16 out a way to get them, okay?

17 Are there any other questions?

18 Mr. Singleton?

19 MR. SINGLETON: Mr. Chairman, thank
20 you for your diligence in this, but I'm
21 hearing the same thing I heard, what, a
22 year ago; and there have been no
23 improvements. And I had to deal with
24 this all those years when I was, I
25 guess, in New Orleans. I have some

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1 understanding of it; and my concern with
2 y'all, you're saying the same thing, or
3 you just haven't made any movement to
4 satisfy the problem or to solve the
5 problem, which says to me you don't want
6 to solve the problem. You want to get
7 away with it as long as you can.

8 And I appreciate the Chairman now
9 saying that that has to change, and I
10 hope y'all can hear that because I will
11 not like to hear you come back in six
12 months, a year and hear the same thing
13 we're hearing today. And I'll say to
14 you looking me straight in the eye,
15 y'all just haven't tried to solve this
16 problem.

17 MR. RICH: Look, I don't believe
18 it's a matter of not putting forth the
19 effort. We meet on it consistently.
20 We're talking about it consistently, and
21 I'll go back to, you know, you have a
22 company -- I'll go back to the service
23 company which we just talked about.
24 Right here's a vendor we spend over
25 \$3 million with a year. The whole point

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1 of this in my mind is to take a minority
2 vendor and to develop them into
3 something that's special and allow them

4 the opportunity to flourish.

5 You know, when Henry Guillaume
6 (phonetic) owned the service company as
7 the majority owner, here was a minority
8 owner trying to make something of his
9 business. We were helpful in making him
10 a country wide entity and very
11 successful. He's retired now and was
12 able to sell his company --

13 MR. SINGLETON: Now you're saying
14 the same thing.

15 MR. RICH: In my mind that's the
16 point of the program. That's the point.
17 The point is to develop a minority
18 business that's smaller and turn it into
19 something bigger and flourishing, and we
20 have and we did.

21 MR. SINGLETON: Well, that one is
22 gone, so why don't you find another one
23 and do the same thing with them.

24 MR. RICH: I understand. That's a
25 \$3 million spend, and we've built the

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1 relationship with that company. I'm not
2 going to just rush them aside because
3 they are no longer a minority-owned
4 business. So, I mean, I think there are
5 those pieces, too, that we need to deal
6 with when we think about running our

7 business. It's a great company that we
8 helped develop from the ground up that
9 we're not going to just cast aside
10 because even though it's a \$3 million
11 spend for us at Horseshoe, we decided
12 because they're no longer minority
13 owned, that we're going to just cast
14 that away.

15 MR. SINGLETON: When you started,
16 you had a voluntary goal, right?

17 MR. RICH: [Nods head.]

18 MR. SINGLETON: Now, you had a
19 voluntary goal, and it's still there as
20 a voluntary goal; and you haven't met
21 it, and it doesn't seem like you're
22 trying to meet it.

23 MR. RICH: We are trying to meet it
24 very hard, so hopefully as we get, you
25 know, a couple companies like, you know,

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1 FreshCo Producer, Cajun Process
2 (phonetic), at the end of the summer we
3 can begin to have other vendors that
4 help us get closer to our goals.

5 It's a constant struggle. It really
6 is, but it's something that we're
7 working on all the time; and we are
8 talking about it all the time. I don't
9 want it to come off that we're blowing

10 this issue off by any means, and I think
11 having Kelisha in our region shows we're
12 taking this issue seriously and that
13 we're trying every day to find a new
14 vendor to help meet our needs.

15 CHAIRMAN JONES: I don't
16 realistically expect you to meet your
17 goal anytime soon. I just wish you'd
18 get close. I just wish you'd improve,
19 and there's a way to do that. I mean, I
20 just met with your brand-new CEO, and I
21 asked him what in the world he was
22 thinking of when he took that job, bless
23 his heart. You know, you-guys have a
24 lot of legal balls in the air right now,
25 but that's a great property you manage

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1 up there. It looks great. It's well
2 run, and there are minority vendors up
3 there somewhere because there's \$5
4 million worth just across the river. We
5 want to see some improvement.

6 MR. RICH: Got you.

7 CHAIRMAN JONES: Mr. Bradford, have
8 you got a question?

9 MR. BRADFORD: Sure. Thank you for
10 coming, and I understand this is a
11 difficult issue; and I believe that you
12 are working on it, even though I agree

13 with those on the Board that would like
14 to see improvement, and there are those
15 of us on the Board who would like to see
16 the voluntary goal numbers revisited, as
17 well, which is a realistic discussion
18 that probably needs to be had.

19 I noticed on your report that you
20 had about two -- a little over
21 \$2 million in potential liquor vendors
22 for 2014, and then it says here,
23 however, vendor did not materialize.
24 Can you be specific about what happened
25 there? Was it somebody you were trying

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1 to put into business, or was it somebody
2 in business that --

3 MR. GARTRELL: We were working on
4 partnering with a minority vendor
5 outside of New Orleans to start coming
6 up to the Bossier City area and
7 estimated around \$700,000 to bring up
8 there. The initial was we were going to
9 be the only property that would -- he
10 would service, and due to the freight
11 charges, he wasn't able to do that. The
12 past two months ago Kelisha talked with
13 that vendor, and partnering along with
14 Margaritaville is looking towards the
15 end of August to start doing one

16 delivery per week and then working with
17 the other casinos in the market to
18 hopefully do two times a week and
19 potentially open up a distribution
20 center up there.

21 So it tailed off due to just not
22 being probable for him to come up there,
23 so we now are rebuilding it and
24 partnering with other casinos up there.

25 MR. BRADFORD: And I think -- I

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1 don't know, Michael, if it was you that
2 mentioned you're working with minority
3 vendors or you would like to work with
4 some, but they're not certified;
5 therefore, you don't work with them. Is
6 there some rule or law that says -- I
7 mean, if a business is a minority
8 business but not certified by the state,
9 you can't get credit for that; is that
10 what you're saying?

11 MR. RICH: We could report that, I
12 guess, if we wanted to. I think we take
13 the extra step at Caesars Entertainment
14 to make sure that the numbers that we're
15 reporting are something that we can fall
16 back on and feel comfortable with over
17 time that it was a true minority vendor.
18 I never want to put our properties in a

19 situation where our numbers are ever
20 questioned or there's any ethical
21 questioning of any sort of what we're
22 presenting to the Board.

23 CHAIRMAN JONES: And there was an
24 historical issue of reporting a number
25 of years ago.

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1 MR. BRADFORD: If you're reporting
2 the truth, then I think you're safe.
3 And I'm in the contracting business, and
4 one of my finest subcontractors is a
5 minority; and he could care less about
6 getting certified. All he cares about
7 is doing quality work and getting paid
8 for his work and growing his business,
9 and he's not certified.

10 So I think there are those out there
11 that are good minority-owned businesses
12 that are not certified, and I would -- I
13 mean, I'm not telling you how to run
14 your business, but if you would choose
15 to do business with them and report
16 that, I don't know how you could get in
17 trouble. Just a thought.

18 MR. RICH: Yeah, we appreciate that.
19 Our corporation country wide really
20 requires us to make sure they're
21 certified. Kelisha does do a lot of

22 work with various minority vendors to
23 help them through the certification
24 process, so where they feel there might
25 be red tape or it's just a pain to get

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1 to that process, Kelisha is there to
2 help them get that paperwork done and
3 working with the proper certifiers to
4 get them through the process.

5 CHAIRMAN JONES: Any other questions
6 from the Board? Yes.

7 MS. NOONAN: I have a question.

8 CHAIRMAN JONES: Miss Noonan.

9 MS. NOONAN: Is it always about
10 just -- I heard this gentleman say that
11 it's about having a minority business
12 and building them further. What about
13 just having a minority business and
14 just -- like Mr. Bradford said, just
15 have them continue to give us a good
16 product? Why do we have to continue to
17 grow them to something where we don't
18 need them anymore?

19 MR. RICH: We don't. I just wanted
20 to give that as an example. I think --

21 MS. NOONAN: You really -- you
22 really tried to drive that point that
23 that's what you were doing and you can't
24 use them anymore. Well, they know that.

25 You can't use them anymore, so find

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1 somebody else that you can use. Go to

2 your people across the river, talk with

3 them, talk to the local people there.

4 There are minority businesses.

5 MR. RICH: We have plenty of

6 minority businesses that we use and are

7 stable, and it's not about the growth.

8 I wanted to give that one example of --

9 I think that when this law was

10 developed, that was a piece of what they

11 were trying to get at, was how do you

12 take a small business and turn it into

13 something different, and I just wanted

14 to use that as an example.

15 MS. NOONAN: Thank you.

16 CHAIRMAN JONES: Mr. Singleton.

17 MR. SINGLETON: This doesn't make

18 sense to me what you're saying. Now,

19 I'm -- you just got through saying there

20 are a lot of minority businesses out

21 there. If they're out there, why are

22 you not using them? I mean, that just

23 came out of your mouth a minute ago.

24 MR. RICH: We have many minority

25 businesses where they're just stable

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1 businesses that we're not -- they're not

2 necessarily trying to become larger than
3 what they are, I guess is the point.

4 MR. SINGLETON: I don't think we
5 care about whether them getting larger
6 or not. The question is you committed
7 to a goal, and you're not meeting that
8 goal; and you're not even close to
9 meeting that goal, but yet you just got
10 through saying, there are plenty of
11 minority businesses out there. If there
12 are plenty of them out there, I can't
13 understand why you're not using them to
14 meet your minimum goal.

15 MR. RICH: Okay. I guess I was
16 using the word "plenty" when I was
17 addressing Miss Noonan's comment of the
18 growth.

19 CHAIRMAN JONES: I think I
20 understand the point that you were
21 making, and, obviously, it's a
22 tremendous additional economic benefit
23 if you can start with a business and you
24 can help it grow; but you're not
25 excluding other businesses to do that.

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1 And I think, perhaps, that was probably
2 lost in the translation there somewhere.

3 Yes.

4 MS. BERRY: I have one last quick

5 question.

6 CHAIRMAN JONES: Miss Berry.

7 MS. BERRY: I didn't hear your
8 answer to the Chairman's question --

9 CHAIRMAN JONES: Pull your
10 microphone down, Miss Berry.

11 MS. BERRY: I didn't hear your
12 answer to the Chairman's question about
13 why the property across the river can do
14 so much better in meeting their goals
15 and you can't.

16 MS. GARRETT: Okay. So with all due
17 respect -- and thank you, Chairman
18 Jones, for having us here today -- there
19 are varying issues that occur when
20 looking for minority businesses, and
21 it's not just what we have to offer to
22 them; but it's the capacity and ability
23 for the business to be able to provide
24 the service that we're asking for.

25 Whereas some of the casinos -- and I'm

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1 not sure what their requirements are,
2 but the spend requirements and the
3 amount of product that they're asking a
4 person to provide may not be in the same
5 capacity of which we would need.

6 So in the areas that we're looking
7 for vendors, they may not have the

8 capacity or the ability to be able to
9 get those products and services and wait
10 for service payments from us to receive
11 that. So there are many different
12 variables that go along with it along
13 with our certification standards that we
14 have.

15 We have partnered with every --
16 well, most of the agencies that have
17 been identified to us that can help
18 identify those types of businesses.
19 We've started a mentor protegee program
20 to speak with them and to educate them
21 on how to participate in our bid
22 procurement opportunities. We've also
23 identified areas where they can come in
24 to participate in bids. There is just a
25 bandwidth in capacity and reach that

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1 these businesses are needing to be able
2 to get to in order to service us.

3 Yes, we do have some corporate
4 contracts that we may be able to look
5 at, and we have done this in the past,
6 looking at ways that we can introduce
7 this for local vendors; but we have went
8 out and we are still to this day -- I
9 meet with people within the region
10 throughout Louisiana just to be able to

11 provide us with adequate vendors to be
12 able to move forward.

13 We've had instances that we
14 presented to y'all in the past that did
15 not pan out, but they did not pan out
16 because of issues and concerns with that
17 business being able to get certified.
18 It had nothing to do with the fact that
19 they could not provide the service to
20 us. It's just that our corporate
21 responsibility and what we look at is
22 having third party identified certified
23 businesses to be able to do business
24 with us so that the due diligence is in
25 place.

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1 So I hope that answers.

2 MS. BERRY: I'm sorry. It just kind
3 of makes me wonder what's more
4 important, to meet our goals or to meet
5 corporate goals?

6 MS. GARRETT: So what's important to
7 us is to ensure that we meet the goals
8 that we are regulated under. So we do
9 bring that message back to our chief
10 procurement officer, and team, the
11 sourcing team -- the national sourcing
12 team works with us to identify ways that
13 we can produce these opportunities.

14 Just as I said before, the products
15 and services and goods that we use
16 sometimes are not within the bandwidth
17 of the providers --

18 MS. BERRY: I understand that.

19 MS. KALISHA: -- and the people that
20 are across the river, they may be using
21 different types of services. If we have
22 products or equipment that work with a
23 particular product brand and we don't
24 have a minority distributor here that
25 works with that, it's a challenge for us

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1 to find someone to bring us the product
2 that we do use. And we've done that in
3 the past, look for manufacturers who can
4 identify distributors who can service
5 us.

6 So we have been actively looking.
7 We have been actively educating, and we
8 have been actively going into the
9 community to try to identify these
10 vendors. But I will work with those
11 other licensees and see who it is that
12 they use and see if there's a way that
13 we can bring them towards our goal and
14 do business with us moving forward.

15 MS. BERRY: I think we appreciate
16 your efforts. We just -- as the

17 Chairman said, we just hope you could
18 pick it up a little bit.

19 MS. GARRETT: Thanks.

20 CHAIRMAN JONES: Are there any other
21 questions from the Board? I'll have
22 some concluding comments after the last
23 licensee is up. Did you have anything
24 you want to close with, Mike?

25 MR. RICH: No. Thank you, sir.

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1 CHAIRMAN JONES: I appreciate y'all
2 coming. We take your commitment very
3 seriously, and I think I've told you
4 where we want to see you go. And this
5 time next year I don't want to have you
6 seated at the table again, not for this,
7 okay?

8 MR. RICH: Thank you.

9 CHAIRMAN JONES: Thank you very
10 much.

11 I. Report in reference to procurement goals by
12 St. Charles Gaming Company, LLC, d/b/a Isle of
13 Capri Casino Hotel Lake Charles, No. R011700174

14 CHAIRMAN JONES: Isle of Capri.

15 MR. HUTCHENS: Good morning,
16 Chairman and Board Members. My name is
17 Paul Hutchens. I'm Vice-President and
18 General Manager of the Isle of Capri in
19 Lake Charles.

20 I just want to thank you for the
21 opportunity to discuss our commitment to
22 diversity spending. Joining me today is
23 Monica Rideaux. She is the purchasing
24 manager for Isle of Capri Lake Charles,
25 and she's been with the property

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1 slightly over four years. She'll be
2 available if you have any detailed
3 procurement questions. Hopefully she'll
4 be able to help out with that.

5 Next Wednesday, July 29th, we will
6 have had the privilege to operate a
7 riverboat casino in Southwest Louisiana
8 for 20 years, so it's our 20 years
9 anniversary next week. We take our
10 responsibilities very seriously.

11 Included in those responsibilities is to
12 make every opportunity practicable to
13 utilize minority-owned, women-owned and
14 Louisiana based businesses.

15 Although the prior four quarters
16 we've failed to make our 10.0 percent
17 minority procurement goal, we have been
18 very close, including a 9.1 percent
19 spend in the first quarter of 2015.

20 Today, I'm very pleased to announce good
21 news for the second quarter of 2015,
22 where we achieved an 11.3 percent spend

23 against our 10 percent goal.

24 As Wade mentioned, as there is not a
25 state based or centralized database of

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1 diversity vendors for us to reference,
2 our greatest challenge over the years
3 has been the ongoing identification of
4 suitable diversity vendors that will
5 service the Southwest Louisiana market,
6 if necessary, obtain the non-gaming
7 supplier permit, and then meet various
8 other company specific due diligence
9 requirements.

10 Today I do want to talk about our
11 property's efforts to improve and
12 increase opportunities to utilize
13 diversity vendors. Monica and I have
14 attended the last three annual minority
15 vendor events held at L'Auberge Baton
16 Rouge in 2013, Sam's Town Shreveport in
17 2014, and our property had the
18 opportunity to host it earlier this
19 spring.

20 Earlier this year the four
21 commercial casinos in Southwest
22 Louisiana, we did exchange names and
23 contact information of all of the
24 minority and women-owned businesses that
25 each of the casinos is utilizing. Our

1 property additionally gives a modest
2 price preferential consideration for
3 diversity vendor bids.

4 We currently conduct monthly
5 diversity procurement meetings where key
6 members of our management team discuss
7 diversity procurement results and any
8 challenges or opportunities that we may
9 have. Additionally, Isle of Capri's
10 corporate chief administrative officer
11 has participated in these meetings via
12 teleconference.

13 Over the last few months, we have
14 identified five specific opportunities
15 to add either a new diversity vendor or
16 increase our utilization of an existing
17 diversity vendor. I'm excited about our
18 opportunities in our upcoming quarters.
19 Additionally, we need to continue to
20 search for opportunities in future
21 quarters and years.

22 Now, specifically talking about the
23 four quarters ended in March of 2015,
24 and when I compare that to the four
25 quarters ended March of 2014, the prior

1 year, we did have four specific vendors
2 where we had a specific decrease in

3 spend from year to year. In 2014, we
4 spent \$1.1 million with these four
5 vendors and in the most recent year only
6 spent \$700,000 with the same vendors.
7 That's a decline of almost \$400,000,
8 just about 35 percent with those four
9 vendors.

10 The reduction in spend resulted in
11 basically a 2 percentage point decrease
12 in our diversity spend for the year.

13 The reason for the changes with those
14 four vendors were varied, including a
15 state licensure issue, a change in a
16 property F & B -- food and beverage
17 product line offering for which there
18 was not a suitable diversity vendor
19 option, and additionally, two companies
20 encountering some financial solvency
21 problems resulting in us discontinuing
22 our use of them as a vendor.

23 These examples illustrate that our
24 business world is very dynamic. Over
25 the last several years of globalization,

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1 increased competition, company
2 consolidations, several significant
3 hurricanes, a devastating recession and,
4 frankly, a rather stagnant post
5 recession economy, our business

6 environment has gone through significant
7 change and not necessarily always for
8 the better. Every day things are
9 changing in our business environment.

10 The Isle of Capri is very proud to
11 be operating in Louisiana. We believe
12 that we are good corporate citizens, and
13 we're very pleased to be part of the
14 community that we're operating in. We
15 will continue to look for opportunities
16 to increase our utilization of Louisiana
17 and diversity vendors, but we'll
18 continue to strive to meet and exceed
19 our goals.

20 I'll be happy or Monica will be
21 happy to answer any questions that
22 you-all may have.

23 CHAIRMAN JONES: Board Members, any
24 questions for the Isle?

25 The general manager and I met a

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1 couple weeks ago and talked about this
2 at length and reviewed the numbers.
3 They can do better but I think getting
4 closer, and I like the fact that you're
5 interacting and working with the other
6 licensees in that area. I think that's
7 going to benefit everyone, and we
8 appreciate your commitment to the goal.

9 There are no questions. Thank you.

10 We'll now move -- a couple of
11 concluding remarks on this issue.

12 Minority spending makes sense if we're
13 talking about economic development, and
14 I get that and I understand it.

15 Sometimes the way these percentages were
16 developed don't always make sense 25
17 years later. You've got boats that have
18 moved from an area where the
19 demographics are one way and the
20 demographics are totally different now,
21 and the business environment has
22 changed.

23 I believe in minority procurement,
24 and I've begun to look less at the
25 percentages and more at how much money

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1 is actually being spent; but we're not
2 going to go away, and this issue is not
3 going to go away. I understand in
4 private conversations with general
5 managers that sometimes you have to
6 spend more money for the same product
7 when you get it from a minority vendor,
8 and in many cases you're willing to do
9 that.

10 And I'm not a businessman. I don't
11 have enough business sense, but I do

12 understand that that's a challenge. You
13 have to have a need for a product. If
14 you have a minority vendor in your area
15 that sells tires but you don't need
16 tires, that doesn't help you. So the
17 products that you need, the services you
18 need in your business have to be
19 something that are available through a
20 minority vendor, and I understand that
21 challenge for you. And they have to be
22 able to produce whatever that service or
23 product is.

24 So on the one hand, we're sensitive
25 -- the Board is sensitive to the

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1 challenges that all of you face. On the
2 other hand, we're going to keep working
3 at this, and we're going to keep at it;
4 and as long as the legislature sees fit
5 to require minority hiring, minority
6 procurement and the other aspects of
7 economic development, it's our
8 obligation to see that they're adhered
9 to to the extent that we can.

10 So I thank all of you who appeared
11 this morning for the information brought
12 to the Board. I understand the
13 commitment. I believe in your
14 commitment, but as I told Mr. Rich, I

15 don't want to see you back at the table
16 next year under the same circumstances.
17 So I thank all of you for coming this
18 morning.

19 VII. RULEMAKING

20 A. Consideration of adoption of amendments to
21 LAC 42:III.1701 (Definitions)
22 B. Consideration of adoption of amendments to
23 LAC 42:III.2108.C (Non-Gaming Suppliers)
24 C. Consideration of adoption of amendments to
25 LAC 42:III.2109.B (Suitability

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1 Determination)
2 D. Consideration of adoption of amendments to
3 LAC 42:III.2114.A (Tax Clearance of an
4 Applicant, Licensee or Permittee)
5 E. Consideration of adoption of amendments to
6 LAC 42:III.2721 (Internal Controls; Tips
7 or Gratuities)
8 F. Consideration of adoption of amendments to
9 LAC 42:III.2737 (Casino Gaming Payment
10 Interception)
11 G. Consideration of adoption of amendments to
12 LAC 42:III.2915 (Age Restrictions for
13 Casinos; Methods to Prevent Minors from
14 Gaming Area)
15 H. Consideration of adoption of amendments to
16 LAC 42:III.2955.B (Managerial
17 Representative on Premises)

18 I. Consideration of adoption of amendments to
19 LAC 42:III.4204.D.4 (Progressive;
20 Electronic Gaming Devices)

21 J. Consideration of adoption of amendments to
22 LAC 42:XI.2405 (Application and License)

23 K. Consideration of adoption of amendments to
24 LAC 42:XI.2424.B (Penalty Schedule)

25 CHAIRMAN JONES: We'll now move to
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1 Rulemaking: Consideration of final
2 adoption of amendments to rules listed
3 in your official agenda items Roman
4 Numeral VII. A through K. We're going
5 to ask Mr. Pitre -- we're going to do
6 all of these at the same time, I
7 understand, correct?

8 MR. PITRE: Yes, sir.

9 CHAIRMAN JONES: Please proceed.

10 MR. PITRE: I'm Assistant Attorney
11 General Earl Pitre, Jr., here in the
12 matter of rule adoptions for Items VII.
13 A through K.

14 The Board initiated rulemaking
15 procedures during its February 19th,
16 2015, meeting. The notices of intent
17 were published informing the public
18 about the contact information to contact
19 for concerns and questions. No comments
20 or concerns were received.

21 The next step was the submission of
22 the first and second reports to the
23 Board's House and Senate Oversight
24 Committees. The first report detailed
25 the substance of the proposed rules.

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1 The second report informed the
2 committees of the questions and concerns
3 voiced by the public.

4 Following the delivery of the second
5 reports, the committees had 30 days in
6 which to call hearings to satisfy any
7 concerns that they may have had. No
8 hearings were held, so the next step is
9 for the Board to adopt the rules.

10 So if you have any questions, I'll
11 address them. Otherwise, a motion to
12 adopt the rules is needed.

13 CHAIRMAN JONES: Are there any
14 questions on the rules from the Board?
15 There appear to be no questions. Do I
16 have a motion for final adoption for the
17 amendment to the rules?

18 MR. JACKSON: I'll move.

19 CHAIRMAN JONES: By Mr. Jackson,
20 second by Mr. Singleton. All in favor?
21 [Collective "aye."] Opposition? [No
22 response.] The motion carries. Thank
23 you, Earl.

24 VIII. CONSIDERATION OF PROPOSED SETTLEMENTS/APPEAL

25 IN THE FOLLOWING:

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- 1 1. In Re: LML Enterprises, LLC, d/b/a Cajun
2 Country Casino - No. 2900515058 (proposed
3 settlement)

4 CHAIRMAN JONES: Now, consideration
5 of proposed settlements and one appeal.
6 First up we'll take settlements in
7 regard to LML Enterprises, LLC, doing
8 business as Cajun Country Casino, No.
9 2900515058.

10 Good morning.

11 MR. LEWIS: Good morning. Chairman
12 Jones, Members of the Board, I'm Kanick
13 Lewis, Jr., Assistant Attorney General
14 here representing Office of State Police
15 in the matter of LML Enterprises, LLC,
16 doing business as Cajun Country Casino.
17 Herein after I'll refer to it as the
18 licensee.

19 On January 21st, 2015, the Division
20 conducted a compliance inspection at the
21 licensed establishment of the licensee.

22 The inspection revealed that the
23 licensee was offering several different
24 monthly promotions in the month of
25 January. The licensee had a promotion

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1 board which listed four separate
2 promotions being offered during that
3 month; however, the licensee failed to
4 display the rules, the terms and the
5 conditions of the promotions it was
6 offering, which is a violation of gaming
7 law.

8 Additionally, on the date of the
9 inspection, the on-site restaurant was
10 not open at least twelve hours per day,
11 seven days a week, another violation of
12 gaming law.

13 On or about March 11th, 2015, the
14 Division received documents from the
15 licensee showing that the terms, the
16 rules and conditions of its promotions
17 were now posted within the gaming area,
18 and that the on-site restaurant is now
19 open on Sunday through Thursday with
20 operating hours of 9:00 a.m. to
21 9:00 p.m. and on Friday and Saturday
22 with operating hours of 9:00 a.m. to
23 9:30 p.m. in compliance of gaming law.

24 In lieu of administrative action,
25 the parties have agreed that the

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1 licensee will pay a penalty of \$1,000
2 for its violation of Louisiana Revised
3 Statute 27:417.A(2)(b), and a penalty of

4 \$250 for its violation of Louisiana
5 Administrative Code Title 42, Part 11,
6 2407.A(8)(d) for a total penalty of
7 \$1,250 for its violation of gaming law.

8 The settlement therefore provides
9 for this penalty. Hearing Officer
10 Reynolds has approved the settlement on
11 June 29th, and we're here this morning
12 seeking the Board's approval. And I'll
13 answer any questions you may have at
14 this time.

15 CHAIRMAN JONES: Board Members, any
16 questions as to the settlement? There
17 are none. Motion to accept the
18 settlement by Mr. Singleton, second by
19 Mr. Stipe. All in favor? [Collective
20 "aye."] Opposed? [No response.] The
21 motion passes.

22 2. In Re: Carl D. Porter - No. P040048627
23 (proposed settlement)

24 CHAIRMAN JONES: Next up in regard
25 to Carl D. Porter, No. P040048627.

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1 MR. LEWIS: Good morning, again,
2 Chairman Jones, Members of the Board,
3 Kanick Lewis, Jr., Assistant Attorney
4 General regarding -- representing the
5 Office of State Police in the matter of
6 Mr. Carl D. Porter.

7 The Division was informed that on
8 February 7th, 2015, Mr. Porter was
9 arrested by the New Orleans Police
10 Department and charged with violation of
11 Louisiana Revised Statute 14:98, DWI.
12 Mr. Porter failed to timely notify the
13 Division of this arrest on February 7th,
14 2015, and in lieu of administrative
15 action, the parties have agreed that
16 Mr. Porter will pay a civil penalty of
17 \$250 for violation of gaming law.

18 The settlement provides for such a
19 penalty, and Hearing Officer Reynolds
20 approved the settlement on June 15th of
21 this year. We're here this morning
22 seeking the Board's approval of the
23 settlement, and at this time, I'll
24 answer any questions you may have.

25 CHAIRMAN JONES: Any questions?

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1 There are no questions. Do I have a
2 motion to approve the settlement?

3 MR. GASTON: Second.

4 CHAIRMAN JONES: Motion by Miss
5 Berry and a second by -- where did it
6 come from?

7 MR. GASTON: Mr. Gaston.

8 CHAIRMAN JONES: Mr. Gaston. All in
9 favor? [Collective "aye."] Opposed?

10 [No response.] The motion carries. The
11 settlement is accepted.

12 3. In Re: Parkview Tavern, LLC, d/b/a Parkview
13 Tavern - No. 3601104444 (proposed settlement)

14 CHAIRMAN JONES: Now in regard to
15 Parkview Tavern, LLC, No. 3601104444.

16 MR. LEWIS: Good morning, Kanick
17 Lewis, Jr., Assistant Attorney General
18 representing the Office of State Police
19 in the matter of Parkview Tavern, LLC,
20 doing business as Parkview Tavern.

21 On January 14th, 2015, the Division
22 conducted an underaged compliance
23 inspection at the licensed establishment
24 of the licensee. During the course of
25 the investigation, one of the licensee's

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1 employees allowed an underaged patron to
2 play a video gaming device and cashed
3 out the underaged patron's payout
4 ticket.

5 In lieu of administrative action,
6 the parties have agreed that the
7 licensee will pay \$1,000 for its
8 violation of gaming law. Hearing
9 Officer Reynolds has approved the
10 compromise and settlement agreement, and
11 we're here this morning seeking the
12 Board's approval.

13 At this time, I will be happy to
14 answer any questions you may have.

15 CHAIRMAN JONES: Any questions from
16 the Board related to Parkview? There
17 are no questions. Do I have a motion to
18 approve the settlement?

19 MS. NOONAN: I'll move for a motion
20 to approve.

21 MR. JACKSON: Second.

22 CHAIRMAN JONES: By Miss Noonan,
23 second by Mr. Jackson. All in favor?
24 [Collective "aye."] Opposed? [No
25 response.] The motion carries. The

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1 settlement's accepted.

2 4. In Re: Christopher Runte d/b/a Club Cabaret -
3 No. 1000116720 (proposed settlement)

4 CHAIRMAN JONES: Now, in regard to
5 Christopher Runte doing business as Club
6 Cabaret, No. 1000116720.

7 MR. LEWIS: Assistant Attorney
8 General Kanick Lewis, Jr., representing
9 the Office State Police, and we're here
10 today in the matter regarding
11 Christopher Runte doing business as Club
12 Cabaret. Club Cabaret is a Type 1
13 licensed establishment located in Lake
14 Charles, Louisiana.

15 On February 18th, 2014, the Division

16 mailed a gaming video advisory notice to
17 Club Cabaret informing them of the
18 requirement and deadline date of
19 June 30th, 2014, to submit the annual
20 fee and annual renewal application.
21 Club Cabaret did not submit the annual
22 license fee and supporting documents
23 until May 5th, 2015, approximately
24 eleven months after the deadline, which
25 is a violation of gaming law.

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1 In lieu of administrative action,
2 the parties have agreed that Club
3 Cabaret will pay a civil penalty of \$750
4 for its violation of gaming law.
5 Hearing Officer Reynolds has signed the
6 compromise and settlement agreement, and
7 we're here today seeking the Board's
8 approval.

9 At this time, I will be happy to
10 answer any questions you may have.

11 CHAIRMAN JONES: Any questions as
12 related to Club Cabaret?

13 MR. JACKSON: Motion to approve.

14 CHAIRMAN JONES: Motion by
15 Mr. Jackson, second by Mr. Singleton.

16 All in favor? [Collective "aye."]

17 Opposed? [No response.] Motion
18 carries. The settlement is accepted.

19 5. In Re: Christopher Runte d/b/a Club Vixens -
20 No. 1000116726 (proposed settlement)

21 CHAIRMAN JONES: And now in regard
22 to Christopher Runte, Club Vixens, No.
23 1000116726.

24 MR. LEWIS: Kanick Lewis, Jr.,
25 Assistant Attorney General representing
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1 the Office of State Police in the matter
2 of Christopher Runte doing business as
3 Club Vixens. Club Vixens is a Type 1
4 licensed establishment located in Lake
5 Charles, Louisiana.

6 On February 18th, 2014, the Division
7 mailed a video gaming advisory notice to
8 Club Vixens informing them of the
9 requirement and deadline date of
10 June 30th, 2014, to submit the annual
11 fee and annual renewal application.

12 Club Vixens did not return or submit the
13 annual license fee and supporting
14 documents until May 5th, 2015,
15 approximately 11 months after the
16 deadline which is a violation of gaming
17 law.

18 In lieu of administrative action,
19 the parties agreed that Club Vixens will
20 pay a civil penalty of \$750 for this
21 violation. Hearing Officer Reynolds has

22 signed the joint compromise and
23 settlement agreement, and we're here
24 today seeking the Board's approval.

25 At this time, I will be happy to

123

1 answer any questions you may have.

2 CHAIRMAN JONES: Any questions as it
3 relates to Club Vixens?

4 MR. SINGLETON: I'll make a motion.

5 CHAIRMAN JONES: I have a motion by
6 Mr. Singleton --

7 MR. JACKSON: Second.

8 CHAIRMAN JONES: Second --

9 MS. NOONAN: By Mr. Jackson.

10 CHAIRMAN JONES: -- by Mr. Jackson.

11 All in favor? [Collective "aye."]

12 Opposed? [No response.] The motion

13 carries. The settlement is accepted.

14 6. In Re: Ronetta B. Jones - No. P040063880

15 (appeal)

16 CHAIRMAN JONES: And finally now

17 before the Board is the appeal, Miss

18 Ronetta B. Jones. That's No.

19 P040063880. Is Miss Jones here or any

20 representative on her behalf? [No

21 response.]

22 It's all yours.

23 MR. LEWIS: Assistant Attorney

24 General Kanick Lewis, Jr., representing

25 the office of State Police.

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1 The facts of this case are that
2 Miss Jones was approved for a non-gaming
3 employee permit in July 2014. On
4 January 4th, 2015, she was arrested by
5 the New Orleans Police Department and
6 charged with misdemeanor domestic abuse,
7 battery, and she failed to timely notify
8 the Division of her arrest.

9 An administrative hearing was held
10 on April 13th, 2015, wherein Miss Jones
11 confirmed that she was arrested and that
12 she did fail to timely notify the
13 Division of the arrest. On behalf of
14 the Division, at that time I requested a
15 civil penalty of \$250 in accordance with
16 the penalty schedule. The hearing
17 officer ordered the imposition of a \$250
18 civil penalty for failure to timely
19 notify the Division, and Miss Jones has
20 appealed.

21 The issue this morning is whether
22 Hearing Officer Reynolds was correct in
23 ordering that Miss Jones pay the civil
24 penalty of \$250 for her failure to
25 timely notify the Division of her arrest

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1 on January 4th, 2014. The Division

2 contends that the Hearing Officer's
3 order should be affirmed. Gaming law
4 provides in part that any person
5 required to be found suitable or
6 approved in connection with the granting
7 of a permit has a continuing duty to
8 notify the Division of an arrest within
9 15 calendar days of the arrest.

10 As of January 30th, 2015, Miss Jones
11 had not notified the Division of her
12 arrest that occurred on January 4th,
13 2015.

14 The hearing officer has consistently
15 ordered the imposition of a \$250 civil
16 penalty when a permittee has failed to
17 timely notify the Division of an arrest.
18 This case is no different from any of
19 the other failure to notify violations
20 which have resulted in the ordering of
21 payment of \$250 and a suspension if the
22 permit -- and suspension of the permit
23 if the penalty is not paid within 30
24 days.

25 Based on these reasons, the Division

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1 respectfully requests that the Honorable
2 Board affirm the hearing officer's
3 decision.

4 CHAIRMAN JONES: Are there any

5 questions on Miss Jones?

6 MR. GASTON: I move, Mr. Chairman, a
7 affirmation of Mr. Reynolds' decision
8 and reject the appeal.

9 MR. JACKSON: Second.

10 CHAIRMAN JONES: We have a motion by
11 Mr. Gaston and a second by Mr. Jackson.
12 All in favor? [Collective "aye."]
13 Opposed? [No response.] The motion
14 carries. Thank you.

15 IX. ADJOURNMENT

16 CHAIRMAN JONES: There being no
17 further business before the Board, do we
18 have a motion for adjournment?

19 MS. NOONAN: I'll so move.

20 MR. JACKSON: Second.

21 CHAIRMAN JONES: Miss Noonan and
22 Mr. Jackson. We'll see you next month,
23 ladies and gentlemen. Thank you.

24

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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

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 on July 23,

7 2015, as taken by me in Stenographic machine

8 shorthand, complemented with magnetic tape

9 recording, and thereafter reduced to transcript,

10 to the best of my ability and understanding, using
11 Computer-Aided Transcription.

12 I further certify that I am not an
13 attorney or counsel for any of the parties, that I
14 am neither related to nor employed by any attorney
15 or counsel connected with this action, and that I
16 have no financial interest in the outcome of this
17 action.

18 Baton Rouge, Louisiana, this 6th day of
19 August, 2015.

20

21

22

SHELLEY G. PAROLA, CCR, RPR
CERTIFICATE NO. 96001

23

24