

1: 1 LOUISIANA GAMING LOUISIANA CONTROL BOARD

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4 BOARD OF DIRECTORS' MEETING

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9 MONDAY, MAY 19, 2014

10

11 LaSalle Building, LaBelle Room

12 617 North Third Street

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

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6 FRANKLIN AYRES BRADFORD

(Economic Planner)

7 Fifth Congressional District

June 30, 2019

8

9 JAMES SINGLETON

(Public/Business Administration)

10 Second Congressional District

June 30, 2014

11

12 MARK STIPE

(Attorney)

13 Seventh Congressional District

June 30, 2014

14

15 DENISE NOONAN

(At Large)

16 First Congressional District

June 30, 2015

17

18 MAJOR CLAUDE MERCER

(Law Enforcement)

19 Fifth Congressional District

June 30, 2018

20

21 CLAUDE D. JACKSON

(At Large)

22 Fourth Congressional District

June 30, 2018

23

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1 APPEARANCE CONTINUED

2

3 ROBERT W. GASTON, III

(At Large)

4 Sixth Congressional District

June 30, 2015

5

6 JARROD CONIGLIO

Deputy Secretary

7 Department of Revenue

8

9 COLONEL MIKE EDMONSON

Superintendent

10 Louisiana State Police

11

12 LANA TRAMONTE

Executive Assistant

13

14 TRUDY SMITH

Confidential Assistant

15

16 REPORTED BY:

17 SHELLEY G. PAROLA, CSR, RPR

Baton Rouge Court Reporters

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1 I. CALL TO ORDER

2 CHAIRMAN JONES: Good morning, and
3 welcome to the May, may be a little bit
4 off the date, meeting for the Louisiana
5 gaming Control Board. Miss Tramonte,
6 call the roll.

7 THE CLERK: Chairman Jones?

8 CHAIRMAN JONES: Here.

9 THE CLERK: Mr. Bradford?

10 MR. BRADFORD: Here.

11 THE CLERK: Mr. Stipe?

12 MR. STIPE: Here.

13 THE CLERK: Mr. Singleton?

14 MR. SINGLETON: Here.

15 THE CLERK: Miss Noonan?

16 MS. NOONAN: Here.

17 THE CLERK: Major Mercer?

18 MAJOR MERCER: Here.

19 THE CLERK: Mr. Jackson?

20 MR. JACKSON: Here.

21 THE CLERK: Mr. Gaston?

22 MR. GASTON: Here.

23 THE CLERK: Mr. Stine? [No
24 response.] Colonel Edmonson?

25 COLONEL EDMONSON: Here.

1 THE CLERK: Secretary Barfield?

2 MR. CONIGLIO: Jarrod Coniglio here
3 for Secretary Barfield.

4 CHAIRMAN JONES: There's a quorum
5 present. We may conduct business.

6 Thanks for coming, Colonel. We
7 appreciate you taking the time out.

8 COLONEL EDMONSON: Yes, sir.

9 CHAIRMAN JONES: I know there's a
10 lot going on. There's trooper cadets
11 graduating and the legislature is in
12 session, and thanks for joining us.

13 We'll be back at the capital
14 beginning next month unless the
15 legislature decides to stay, which I
16 don't anticipate, so we'll be back sort
17 of on our regular rotation, back in the
18 basement in the meeting rooms.

19 II. PUBLIC COMMENTS

20 CHAIRMAN JONES: At this time, I'd
21 like to ask for any public comment, and
22 as last month or three weeks ago, I
23 would ask if there's any groups in
24 opposition to the Caesars resolution, if
25 you would, to defer until we bring that

1 matter before the Board. Anyone other
2 than that? Any comments or business

3 before the Board today? [No response.]

4 Thank you.

5 III. APPROVAL OF THE MINUTES

6 CHAIRMAN JONES: Could I ask for a
7 motion to waive reading and approval of
8 the minutes?

9 MS. NOONAN: So motioned.

10 CHAIRMAN JONES: By Miss Noonan and
11 second by Mr. Singleton. All in favor?
12 [Collective "aye."] Opposed? [No
13 response.] Motion passes.

14 IV. REVENUE REPORTS

15 CHAIRMAN JONES: At this time, I'd
16 like revenue reports. Only good news,
17 okay?

18 MR. BOSSIER: I'll do my best.

19 CHAIRMAN JONES: Only good news.

20 MR. BOSSIER: Yes, sir. I'll do my
21 best, sir.

22 CHAIRMAN JONES: Please introduce
23 yourself.

24 MR. BOSSIER: Good morning, Chairman
25 Jones and Board Members, my name is Jim

10

1 Bossier with Louisiana State Police,
2 Gaming Enforcement Division.

3 Following is the riverboat revenue
4 report for April 2014. During April,
5 the 14 operating riverboats generated

6 Adjusted Gross Receipts of \$137,309,908,
7 a decrease of \$17 million or 11 percent
8 from last month, and a slight
9 four-tenths of 1 percent decrease from
10 April 2013.

11 Adjusted Gross Receipts for fiscal
12 year 2013-2014 to date are
13 \$1,421,000,000, up \$40 million or
14 3 percent when compared to fiscal year
15 2012-2013. During April, the State
16 collected fees totaling \$29,521,630. As
17 of April 30th, 2014, the State has
18 collected \$305 million in fees for
19 fiscal year 2013-2014.

20 Next is a summary of the April 2014
21 gaming activity for Harrah's New Orleans
22 found on page three. During April,
23 Harrah's generated \$26,660,838 in gross
24 gaming revenue, a decrease of \$6 million
25 or 18 percent from last month, but a

11

1 slight increase of 3 percent or \$860,000
2 from April 2013. Fiscal year-to-date
3 gaming revenues for 2013-2014 are \$281
4 million, up \$1.5 million or 1 percent
5 from fiscal year 2012-2013. During
6 April, the State received \$4,931,507 in
7 minimum daily payments. As of
8 April 30th, 2014, the State has

9 collected \$62.5 million in fees for
10 fiscal year 2013-2014.

11 Slots at the Racetracks revenues are
12 shown on page four. During April 2014,
13 the four racetrack facilities combined
14 generated Adjusted Gross Receipts of
15 \$30,862 -- excuse me, \$30,862,115, a
16 decrease of \$6 million or 17 percent
17 from last month, and a 5.6 percent or
18 \$2 million decrease from April 2013.

19 Adjusted Gross Receipts for fiscal
20 year 2013-2014 are almost \$321 million,
21 a decrease of \$13 million or 4 percent
22 from fiscal year 2012-2013. During
23 April, the State collected \$4.7 million
24 in fees. As of April 30th, 2014, the
25 State has collected almost \$49 million

12

1 in fees for fiscal year 2013-2014.

2 Overall, riverboats, landbased and
3 Slots at the Racetracks combined
4 generated \$195 million in AGR, which is
5 \$1.5 million or 1 percent less than last
6 April.

7 Are there any questions before I
8 present the Harrah's employee numbers?

9 CHAIRMAN JONES: Any questions on
10 riverboats, landbased or slots at the
11 track, Board Members? [No response.]

12 Please proceed.

13 MR. BOSSIER: Harrah's New Orleans
14 is required to maintain at least 2,400
15 employees and a bi-weekly payroll of
16 \$1,750,835. This report covers the two
17 pay periods in April 2014.

18 For the first period, the Audit
19 Section verified 2,420 employees with
20 payroll of \$2,039,000. For the second
21 pay period, the Audit Section verified
22 2,419 employees with a payroll of
23 \$2,013,000. Therefore, Harrah's met the
24 employment criteria during April.

25 Are there any questions before I do

13

1 video poker?

2 CHAIRMAN JONES: Any questions,
3 Board Members? [No response.] Proceed.

4 MR. BOSSIER: Seven new video gaming
5 licenses were issued during April 2014:
6 Five bars and two restaurants. Eighteen
7 new applications were received by the
8 Gaming Enforcement Division during April
9 and are currently pending in the field:
10 Eleven bars and seven restaurants.

11 The Gaming Enforcement Division
12 assessed \$45,350 and collected \$20,450
13 in penalties in April, and there are
14 currently \$11,000 in outstanding fines.

15 Please refer to page two of your
16 handout.

17 There are presently 13,932 video
18 gaming devices activated at 1,956
19 locations. Net device revenue for
20 April 2014 was \$50,115,060, a
21 \$6.1 million decrease or 10.8 percent
22 when compared to net device revenue for
23 March 2014, and a \$1.9 million decrease
24 or 3.7 percent when compared to
25 April 2013.

14

1 Net device revenue so far for fiscal
2 year 2014 is \$490,261,760, a
3 \$19.5 million decrease or 3.8 percent
4 when compared to net device revenue for
5 fiscal year 2013. Page three of your
6 handout shows a comparison of net device
7 revenue.

8 Total franchise fees collected for
9 April 2014 were \$14,981,940, a
10 \$1.8 million decrease when compared to
11 March 2014, and a \$500,000 decrease when
12 compared to April 2012 [sic].

13 Total franchise fees collected for
14 fiscal year 2014 are \$146,618,715, a
15 \$5.7 million decrease, or 3.7 percent,
16 when compared to franchise fees for
17 fiscal year 2013.

18 Page four of your handout shows a
19 comparison of franchise fees. Does
20 anybody have any questions?

21 CHAIRMAN JONES: Any questions on
22 video poker, Board Members? [No
23 response.] Thank you very much, Jim.

24 V. CASINO GAMING ISSUES

25 A. Consideration of Petition for Approval of 15

1 Transfer of Ownership Interests by Caesars
2 Entertainment Operating Company, Inc., to a
3 subsidiary of Caesars Growth Partners, LLC

4 CHAIRMAN JONES: Casino Gaming
5 Issues: We will take up a
6 reconsideration, having been continued
7 from the April meeting, of the Petition
8 for Approval of Transfer of Ownership
9 Interests by Caesars Entertainment
10 Operating Company, Inc., to a subsidiary
11 of Caesars Growth Partners, LLC.

12 I'd like to proceed as we did last
13 month with Caesars making their initial
14 statement. I will then hear from any
15 opposition, and Caesars will answer any
16 final questions once that's been
17 completed.

18 MR. PAYNE: Mr. Chairman, Board
19 Members, my name is John Payne. I am
20 the President of the Central Markets for

21 Caesars Entertainment. Thank you for
22 having us here today.

23 First, Chairman, I need to apologize
24 for missing the last meeting, but I am
25 excited to be here today to talk about

16

1 the three Louisiana properties. Before
2 I do that and start, I wanted to
3 introduce my colleagues that are here
4 with me at the table. Michael Cohen, to
5 the right of me, is the General Counsel
6 of Caesars Acquisition Company, and to
7 the left of me is Eric Hession. He's
8 the Senior Vice-President of Finance,
9 and he's the Treasurer of Caesars
10 Entertainment Corporation.

11 Before we start, I thought I'd take
12 a minute just to tell you a little bit
13 about my background and why it's
14 important for me to be here today. I
15 have worked in the State of Louisiana
16 now for 15 years for our company. I
17 started in 1999 as the general manager
18 of Lake Charles. I was then very
19 fortunate to go to now my hometown and
20 become the General Manager of Harrah's
21 New Orleans in 2002.

22 Like many of us in our state, I was
23 forced to relocate in 2005 due to

24 Hurricane Katrina, but in 2007, I was
25 very fortunate to be promoted to the

17

1 Central Division President. At that
2 time, the division for our company was
3 based in Memphis, Tennessee. I turned
4 to our Chairman and CEO and said, I'd
5 like to relocate that division to New
6 Orleans, and in 2007, I relocated our
7 central division of our company to New
8 Orleans and have fortunately been able
9 to be there ever since.

10 Today I oversee approximately 20 of
11 our casinos nationwide. I raise my
12 children here in Louisiana, and if I
13 seem passionate about our state, I am.
14 This is a very important meeting for our
15 company. So I tell you that not because
16 I wanted to share with you my resume. I
17 tell you that because I never ever would
18 have brought a transaction in front of
19 you today if I believed it did not help
20 the three properties.

21 Today when we leave, I am not flying
22 back to New York. I am driving down
23 I-10 back to New Orleans to take care of
24 the 3,600 employees that work here in
25 the state.

18

1 So with that, I'm going to turn it
2 over to Eric who is going to talk a
3 little bit about the transaction.

4 CHAIRMAN JONES: Thank you, John.
5 Mr. Hession.

6 MR. HESSION: Thank you. Thanks,
7 John, Chairman and Commissioners, thanks
8 for having us back today. We're here
9 today to request the formal approval of
10 the sale of Harrah's New Orleans to
11 Caesars Growth Partners, as well as the
12 \$2 billion financing package and
13 management agreements as part of the
14 transaction.

15 As you know through our past
16 communications over the past five plus
17 years, Caesars and Caesars Entertainment
18 Operating Company have been undertaking
19 numerous capital market transactions to
20 address our leverage situation. In
21 fact, we've completed over 40 of these
22 transactions all in an attempt to
23 generate sufficient liquidity so we can
24 continue to push our operations forward
25 and meet our obligations, push out

19

1 maturities and to reduce debt. Those
2 transactions have come in numerous
3 forms, including asset sales, equity

4 issuances, repurchases of debt at par
5 and below par, debt for equity sales and
6 numerous refinances.

7 The transaction that we're talking
8 about today is very consistent with
9 those prior transactions, and it's also
10 very consistent with the objective of
11 continuing to create stability at
12 Caesars Entertainment Operating Company.

13 The particular transaction we're talking
14 about is primarily focused on liquidity
15 and making sure that we have sufficient
16 cash resources at the CEOC entity to
17 continue to move forward.

18 We believe these transactions, along
19 with the formation of the Services
20 Company which we talked about the last
21 meeting and Michael will talk about
22 later today in our presentation, will
23 benefit CEOC and the Louisiana
24 properties, including Horseshoe Bossier
25 and LED, Louisiana Downs, by providing

20

1 this capital and liquidity.

2 Service Company, the entity that
3 we're forming, also benefits CEOC by
4 lowering the costs -- the cash costs and
5 will have no effect on the Louisiana
6 properties from an operating

7 perspective.

8 The sale of Harrah's New Orleans
9 also is beneficial for that particular
10 property because, as John mentioned,
11 it's a destination market and requires
12 specific needs in terms of capital
13 investment. CEOC is not in a position
14 to make large scale capital outlays that
15 are -- that potentially could drive the
16 property further and enhance the
17 performance of the New Orleans property.
18 So it's beneficial for both the Harrah's
19 New Orleans and also the two properties
20 in CEOC, as well as CEOC as a whole.

21 We don't see any reason to delay the
22 transaction. We have provided all the
23 documentation. There are creditors here
24 today that have a counterview. Those
25 creditors, and some may not be here,

21

1 certainly could benefit from CEOC
2 running into financial distress. We
3 don't like that outcome. None of the
4 three of us here and Caesars would
5 benefit from that, and it would be a bad
6 outcome for the three Louisiana
7 properties.

8 The specific transaction is the sale
9 of the four properties: Harrah's New

10 Orleans, The Quad in Las Vegas, Bally's
11 Las Vegas and The Cromwell, from
12 subsidiaries of CEOC to subsidiaries of
13 CGP for \$2 billion less assumed debt.
14 The sale also includes CGP's purchase of
15 50 percent of the management fees which
16 are to be paid to the manager which are
17 CEOC subs.

18 Following the Nevada approval from
19 last month, the sale and purchase of the
20 three Nevada properties closed on
21 May 5th for a price of \$1.34 billion
22 less the assumed debt of The Cromwell,
23 which as we discussed last meeting is,
24 approximately, \$185 million.

25 It's important to note that this

22

1 transaction was fully negotiated and
2 approved by special committees of CAC
3 and CEC comprised solely of independent
4 members of the board of directors of
5 each company. Each received a fairness
6 opinion from its financial advisor, and
7 all four properties will continue to
8 benefit from the Total Rewards Program,
9 and there will be no change in the
10 day-to-day operations.

11 To finance the transaction, CGP
12 raised \$2 billion of debt, including a

13 \$1.325 billion credit agreement and
14 \$675 million of second lien notes.
15 Those funds are currently in escrow and
16 along with cash contributions from CGP
17 will be used to purchase the assets as
18 well as to refinance the Planet
19 Hollywood debt of \$485 million.

20 In order to close the three property
21 asset sales earlier in the month, a
22 \$700 million bridge loan was secured and
23 used for the Nevada transactions.
24 Currently, CGP is paying approximately
25 \$500,000 of interest a day.

23

1 CHAIRMAN JONES: How much was that?

2 MR. HESSION: I'm sorry?

3 CHAIRMAN JONES: How much was that?

4 MR. HESSION: \$500,000 a day in
5 interest waiting approval for the
6 closing. I'll pause there; and I know
7 from the last meeting, there were a
8 number of questions about Service
9 Company in particular, and Michael Cohen
10 will address a number of those.

11 MR. COHEN: Thank you, Eric. Thank
12 you, Mr. Chairman, Members of the Board.
13 I'm here to address some of the
14 questions that were raised at the last
15 board meeting regarding Services

16 Company, so I'm here to answer any
17 questions and make a brief statement
18 about that.

19 There was a lot of discussion at the
20 last hearing about Services Company, and
21 we, in the interim since the last
22 meeting -- I hope the Board Chairman
23 would agree that we provided a lot of
24 information to the Board regarding
25 Services Company, so I'm here to address

24

1 a couple of the high point.

2 Services Company is being put in
3 place because there are three entities
4 that rely on enterprise assets to run
5 those properties. Those are Caesars
6 Entertainment Operating Company, Caesars
7 Entertainment Resorts Properties and
8 Caesars Growth Partners, but the costs
9 historically have not been allocated
10 proportionately. CEOC bears the brunt
11 of these costs, and Services Co is
12 intended to fix that problem.

13 A couple of things that Services Co
14 is not that it's been accused of being:
15 Services Co is not transferring any
16 assets out of Caesars Entertainment
17 Operating Company. Every asset that it
18 owns today it will continue to own after

19 Services Co is formed. There is a
20 license of certain assets to Services Co
21 for the use and to enhance and to share
22 the costs of those enterprise assets.

23 There are no changes in property
24 functions, so you will see no changes at
25 any of the properties including the

25

1 three Louisiana properties. All three
2 will continue to have access so the
3 Total Rewards Program and the enterprise
4 assets that they've seen historically.

5 Services Co is also a benefit to
6 Caesars Entertainment Operating Company.
7 It will not make -- CEOC will not make
8 an initial cash contribution to the
9 formation of Services Co; however,
10 Caesars Growth Partners and Caesars
11 Entertainment Resorts Properties will in
12 total make cash contributions of
13 \$65 million for the formation of
14 Services Co. This is a clear benefit to
15 CEOC because it will not have to fund
16 those initial costs of keeping these
17 enterprise assets going, including the
18 Total Rewards Program.

19 CEOC will no longer fund centralized
20 services on behalf of all of the other
21 properties and wait to be reimbursed.

22 It won't have to front those costs
23 anymore. Services Co will be able to do
24 that going forward.

25 And lastly, CEOC currently funds all

26

1 the centralized services capital
2 expenditures. For a company as large as
3 Caesars Entertainment, that's about \$100
4 million a year. CEOC will not have to
5 bear the brunt of that anymore. All the
6 properties that participate will be able
7 to share that. So this is a cash saving
8 vehicle for CEOC.

9 I'm going to quickly change to
10 another topic that was -- that's
11 happened since the last hearing. I
12 wanted to address it in advance. There
13 was a question on the sale of 5 percent
14 of Caesars Entertainment Operating
15 Company which occurred a couple of weeks
16 ago and why it was not properly in front
17 of the Louisiana Gaming Control Board
18 for a hearing.

19 Under Regulation 2504, that
20 regulation requires approval of
21 transactions that exceed -- that equal
22 or exceed 5 percent. The sale of the
23 equity by CEOC was conducted through
24 several transactions. Not one of those

25 transactions equal 5 percent or more.

27

1 The names of all the buyers have been
2 disclosed to the Gaming Control Board,
3 and no one buyer owns more than
4 5 percent of CEOC. With that, I'll turn
5 it back to John Payne.

6 MR. PAYNE: Chairman, I'm going to
7 try to -- and, Board Members, I'm going
8 to try to wrap this up relatively
9 quickly, but I was unfortunately, as I
10 said, not able to make the last meeting.
11 I've thought about a few questions that
12 I wanted to answer if I was in your
13 shoes and the way that I thought about
14 it.

15 So the first one is: Why is this
16 transaction good for the three Louisiana
17 properties? And here's the way I
18 thought about this: What is good for
19 CEOC is good for the Louisiana
20 properties. The transaction that we
21 have today makes CEOC healthier. It
22 gives CEOC more liquidity.

23 I know there's been questions about
24 capital investment in our three
25 properties, and I thought I would give

28

1 the Board just a little bit of

2 perspective because that is my -- one of
3 my main roles for the company is
4 allocation of capital, not only to the
5 Louisiana properties but to the ones I
6 oversee in Indiana, Illinois, Missouri,
7 Iowa, around the middle part of the
8 country.

9 So to give you perspective, in
10 Bossier alone since 2009, we have
11 invested \$43 million. Okay. That is
12 more to that region than any region that
13 I oversee. In fact, if you go up there
14 today, you will see that there's a
15 brand-new \$4 million pool and day club
16 being opened in the next two weeks.

17 So why I tell you that is: That
18 entity, Bossier, sits in CEOC today; and
19 we've invested over \$43 million over the
20 last six years, and what this
21 transaction does is makes CEOC even more
22 healthier.

23 Now turning to New Orleans, I think
24 we would all agree that Bossier City and
25 New Orleans are different markets, and I

29

1 don't mean that to be bad or good, the
2 fact they're different markets. Bossier
3 is a regional market. We attract
4 customers from 200 miles away. The

5 beauty of New Orleans which makes it
6 different, it is one of the very few
7 markets in America that can attract
8 people from not only Louisiana and
9 Mississippi and Texas, but can attract
10 people from all over the United States.
11 And, in fact, we attract people all over
12 the world.

13 So its demands on capital are quite
14 different. We are looking when it moves
15 into -- hopefully moves into Caesars
16 Growth Partners, game changing capital
17 investments to attract more people from
18 around the United States: Hotels, large
19 capital investments. So when I tell you
20 simply why is this good for Louisiana?
21 It's good for CEOC; it makes it
22 healthier, and it's good for New Orleans
23 because it allows it to get larger
24 capital investments put back on the
25 table.

30

1 The second question is: Why is it
2 important not to delay? And the way I
3 looked at it is I didn't see any
4 reason -- no legitimate reason to delay.
5 You've heard from Eric that it actually
6 hurts CEOC, that since our last meeting
7 we've spent over \$10 million on expenses

8 before approval. Now, you heard it's
9 about \$500,000 a day. To give you
10 perspective, in seven days we would have
11 spent all the money we make at Louisiana
12 Downs on delay on expenses, just to give
13 people perspective.

14 So I'm going to try to conclude in
15 six bullet points why we think this
16 transaction is good and why it's good
17 for the three Louisiana properties.
18 CEOC requires cash and liquidity to
19 improve its capital structure, and it
20 does this. The sale is beneficial to
21 CEOC as it raises its liquidity, and
22 what is good for CEOC is good for
23 Louisiana.

24 All three Louisiana properties will
25 continue to be part of the Total Rewards

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1 network. Service Co is a benefit to
2 CEOC by reducing its cash expenditures
3 while preserving all rights, and there
4 will be no change to day-to-day
5 operations at our three properties. In
6 fact, Dan Real and Jane Russell are with
7 us today. I think you all would say,
8 they see you every month, they do a
9 fantastic job as part of the lead
10 operators of our three properties.

11 And finally, we see no legitimate
12 reason to delay the transaction past
13 today. So, again, I appreciate your
14 time today, and, of course, we are open
15 for questions that you have.

16 CHAIRMAN JONES: Thank you, John.
17 Just a couple quick questions before I
18 turn to the Board. One of the issues
19 raised in the April meeting was the
20 suggestion that Caesars at the corporate
21 level would not enter into any
22 negotiations with any of the creditors.
23 Has that changed in the last three
24 weeks?

25 MR. HESSION: Yes. So we commonly

32

1 talk to creditors. In fact, we had 45
2 of our lenders in Las Vegas last week
3 for a tour where we took them around the
4 high roller wheel, The Quad and a number
5 of other areas. From an investor
6 relations perspective, we always keep an
7 open door. The sponsors and our company
8 are engaged in discussions with the
9 lenders.

10 CHAIRMAN JONES: Is it safe to
11 say --

12 MR. PAYNE: I'm sorry, Chairman.

13 CHAIRMAN JONES: Go ahead, Mr.

14 Payne.

15 MR. PAYNE: Excuse me. I also
16 wanted to make sure you knew Tim Donovan
17 is here, our general counsel for Caesars
18 Entertainment, so if we have some legal
19 questions, I may ask him to come up
20 today.

21 CHAIRMAN JONES: Absolutely,
22 whatever you feel comfortable with. Is
23 it safe to say, Mr. Hession, that you've
24 come to terms with some of those
25 creditors but not all?

33

1 MR. HESSION: I'd hesitate to
2 characterize the results of the
3 discussions. There are some creditors
4 that are in favor of the transaction.
5 There are some creditors that are not in
6 favor of the transaction. As you well
7 know, we have a complex capital
8 structure with varied interests between
9 the different creditors. The -- some of
10 the creditors that were here last time
11 represented a small minority of the
12 first lien lenders. The other lenders
13 to the first lien haven't signed on to
14 the group, so we don't know exactly what
15 the positions are for the various
16 classes.

17 But I think it's safe to say at this
18 point that we have received a hundred
19 percent, or nearly thereof, approval for
20 the amendment that we announced. The
21 term loan was very much oversubscribed,
22 but in terms of reaching agreement with
23 the other two lenders, I don't believe
24 that's happened at this point.

25 CHAIRMAN JONES: Okay. One final

34

1 issue -- and I forget, one of you
2 mentioned it this morning just in
3 passing. Reassure my state citizens as
4 to your commitment to the Total Rewards
5 Program and all your properties in
6 Louisiana.

7 MR. PAYNE: Without a doubt there
8 will be no changes to the Total Rewards
9 Program, and they will operate at all
10 three properties.

11 CHAIRMAN JONES: We have Caesars
12 commitment on that.

13 MR. PAYNE: One hundred percent.

14 CHAIRMAN JONES: Very good.

15 Board Members, questions? Miss
16 Noonan. You'll have to turn your
17 microphone on, ladies and gentlemen.

18 MS. NOONAN: Thank you, and thank
19 you for your presentation. Thank you

20 for clarifying that. Thank you for
21 giving us all the information and giving
22 us more time. We realize that it did
23 cost you money for this, but we need to
24 be clear when making these decisions.

25 Just as Chairman said, my concern --

35

1 I have a couple of questions. Will the
2 patrons that visit these places, will
3 they be aware of any changes in
4 ownership? Will it be announced to the
5 general public? I mean, is there any --
6 will the patrons notice any difference
7 in their experience at these facilities?

8 MR. PAYNE: None at all. In fact,
9 if you look at the -- part of the
10 acquisition or part of the transaction
11 happened in Nevada, three of the
12 properties that happened a few weeks
13 ago, and I think if you had seen those
14 properties, there was no communication.
15 The customers didn't notice it at all.

16 MS. NOONAN: Okay. What about the
17 employees, especially of Harrah's? Will
18 there be any changes to their benefits,
19 to their -- the structure of management
20 at all?

21 MR. PAYNE: No.

22 MS. NOONAN: Okay.

23 MR. PAYNE: Dan and myself will
24 continue to be the leaders of the
25 properties and continue to manage the

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1 3,600 plus employees.

2 MS. NOONAN: Okay. Thank you.

3 CHAIRMAN JONES: Any questions from
4 other Board Members on this side?
5 Mr. Stipe.

6 MR. STIPE: On the Service Company,
7 these individuals are all going to be W2
8 employees of this Service Company,
9 correct?

10 MR. COHEN: All the employees that
11 are relocated into Services Co, which
12 are the employees that service more than
13 one property; that's correct.

14 MR. STIPE: Okay. So you will have
15 employees that -- so will all of the
16 employees at Harrah's in New Orleans be
17 W2 employees of this Service Company?

18 MR. COHEN: No. They will be
19 continue to be W2 employees of the
20 management company where they currently
21 are employed today.

22 MR. STIPE: Well, you have a
23 commitment of employment levels for that
24 facility. Are there going to be -- is
25 that going to be satisfied with W2

1 employees of the facility, or are you
2 going to have some of them allocated
3 from the Service Company to satisfy that
4 requirement?

5 MR. PAYNE: We'll continue to follow
6 the exact same process that we've worked
7 with the staff for three years.

8 MR. STIPE: Okay. And the Service
9 Company will have a capital expenditure
10 budget for intellectual property? Did I
11 misread that?

12 MR. COHEN: That's correct.
13 Services Company will have a capital
14 expenditure project to enhance the items
15 that service all the properties.
16 Infrastructure, IT infrastructure,
17 enhancing the Total Rewards Program,
18 some of those costs are capitalized
19 expenses. Those costs will be born by
20 Services Co instead of CEOC who has born
21 them in the past.

22 MR. STIPE: So when I look at the
23 capital expenditures for Harrah's, the
24 facility in New Orleans, its capital
25 budget will really be comprised of two

1 things: One, the allocated capital
2 expenditures under the Service Co, and

3 secondly, the capital expenditures for
4 relating to the physical plan at that
5 facility; is that right?

6 MR. COHEN: That's correct.

7 MR. STIPE: And is there any
8 intention to alter the existing capital
9 expenditure budget for this particular
10 facility?

11 MR. PAYNE: Well, I think with New
12 Orleans, if the transaction goes
13 through -- and obviously I have some
14 agreements to work with the hotel/motel
15 association -- but I begin looking at
16 building a hotel. I think you all have
17 been following this property for years.
18 I think you know there's a restriction
19 on number of rooms that we can build
20 today in New Orleans, but I can assure
21 you, we would leave this meeting, Dan
22 Real and I, to begin negotiations to see
23 how we could possibly begin to have an
24 extra hotel if the property goes in to
25 CGP because it allows us to do large

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1 capital investments like that.

2 MR. STIPE: Does the structure of
3 this Service Co leave open the
4 possibility that Louisiana properties
5 will lose the ability to be a part of

6 Total Rewards?

7 MR. PAYNE: Not at all. Remember,
8 I'll start by saying: My responsibility
9 is to ensure that these properties do
10 incredibly well. Total Rewards is a
11 huge value to these properties, and I
12 can assure you that it will remain with
13 these three properties.

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

15 CHAIRMAN JONES: Major Mercer?
16 Mr. Singleton?

17 MR. SINGLETON: I think you've
18 already answered the question. A couple
19 of years ago I know Dan, we talked about
20 the hotel and possibilities of moving
21 forward with a hotel, and my interest
22 was that if you could do that, it
23 improved the ability for you to attract
24 more people and increase the revenues
25 that come to the state.

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1 MR. PAYNE: You're right. First,
2 you look great. Every time I see you,
3 you look great, and you're totally right
4 that you've met with Dan, that we would
5 look at this. We have a lot of demand
6 for people to come to town. We just
7 don't have enough hotel rooms.

8 MR. SINGLETON: Okay. Everything

9 else I think I've talked to you about.

10 MR. PAYNE: Right.

11 CHAIRMAN JONES: Mr. Bradford? Any
12 other questions from the Board? [No
13 response.] We thank you for your
14 presentation.

15 MR. PAYNE: Thank you.

16 CHAIRMAN JONES: I understand we may
17 have a return visit from some opposition
18 to the resolution. Would you please
19 take the table and introduce yourselves.
20 I would ask, as I did in the letter,
21 that we not cover too much of the same
22 ground that we covered in the first
23 meeting, but thank you for your
24 responsiveness and getting information
25 getting back to us. We appreciate that.

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1 MR. BARBIN: Mr. Chairman, Jeff
2 Barbin from Phelps Dunbar in Baton
3 Rouge. With me today on my right is
4 Tuck Hardie from Houlihan Lokey and also
5 here is Jay Weinberger from Houlihan, as
6 well, and Sid Levinson to my left from
7 Jones Day.

8 As you recall, we represent several
9 of the second lien bondholders who we've
10 identified in filings to you, and we
11 appreciate the opportunity to come back

12 to you today and present some more of
13 our concerns regarding the transaction.

14 A lot has happened in three weeks, a
15 very large amount. You heard
16 Mr. Hession say that there'd been 40
17 transactions to attempt to address the
18 leverage situation at Caesars, and it's
19 a significant problem. But in those
20 three weeks, there have been five major
21 transactions that have occurred, and so
22 a lot is going on. And so it's
23 important for everyone to understand
24 what's happened in the last three weeks
25 and how that affects the properties in

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1 Louisiana, particularly the properties
2 in North Louisiana that will be most
3 affected by this transaction.

4 So we do have a deck to walk
5 through. Mr. Hardie will walk through
6 the deck. And then Mr. Levinson will
7 give some comments; and I'll have a few
8 follow-up comments, and we'll be able to
9 answer any questions.

10 MR. HARDIE: Thank you, Chairman
11 Jones, Ladies and Gentlemen of the
12 Board. We do appreciate the time again
13 this morning.

14 Like Mr. Payne, I've been a resident

15 of New Orleans since 1991. I pay my
16 fair share of property taxes and income
17 taxes to the State of Louisiana, and
18 while I will fly back to New York
19 because that happens to be where my job
20 is, my heart and my family are on
21 Prytania Street.

22 The state and CEO bondholders,
23 frankly, continue to be at the same risk
24 as they were when we were here three
25 weeks ago, and as I said then and I'll

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1 repeat today, it's not oftentimes that
2 you find financial creditors and a state
3 regulatory agency joined at the hip as
4 we are, but in this particular instance
5 we are. The state in terms of the
6 likelihood that CEOC and properties it
7 controls through its regulatory function
8 will honor their obligations, and the
9 bonds, frankly whether we'll get paid
10 back or not. And contrary to
11 Mr. Payne's suggestion, none of my
12 clients would benefit from the financial
13 distress of CEOC, so just to clear that
14 up right away.

15 Since the last hearing in April,
16 frankly, CEC and CEOC have done nothing
17 to address concerns we raised about how

18 they intend to support the two North
19 Louisiana properties. You've heard them
20 make commitments with respect to Total
21 Rewards as to those two properties;
22 although, the documents that they
23 entered into, as or materials indicate,
24 do not reflect the commitment that
25 Mr. Payne appears to be making today.

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1 And then as is reflected in the
2 materials and was referenced in
3 Mr. Payne's opening remarks, they did
4 sell 5 percent of the equity in CEOC
5 and, as my materials indicate, to secret
6 purchasers. We still don't know who
7 they are. It would appear, however,
8 that they've taken advantage of the
9 letter of the law, perhaps not the
10 spirit, by structuring those
11 transactions so as to avoid your
12 regulatory approval and break up what is
13 essentially one transaction into
14 multiple transaction, all of which was
15 designed to deteriorate or reduce the
16 credit quality of CEOC by stripping the
17 guarantee that CEC previously gave to
18 CEOC's creditors, \$13.9 -- \$13.2 billion
19 worth of creditors now who are in a
20 worse position today than they were when

21 I was here in April.

22 In addition to the stripping of that
23 guarantee and reducing the credit
24 quality of CEOC, as Mr. Payne indicated,
25 they did go ahead and close the sale of

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1 the three Nevada properties from CEOC to
2 CGP. After leaving Baton Rouge,
3 colleagues of mine traveled to Carson
4 City, Nevada, to alert the Nevada
5 authorities to our objection to this
6 transaction and raised some of the same
7 questions that we had for Louisiana
8 about this affected this transaction on
9 the properties in Nevada.

10 Less than a week after having left
11 Carson City, they closed the sale. We
12 believe they realized that there was a
13 likelihood that Nevada was going to
14 reconsider their prior approval of this
15 transaction, and they didn't want to
16 take the risk of that happening, so they
17 broke the sale into two pieces leaving
18 New Orleans behind and closed the sale
19 of those Las Vegas properties.

20 That actually has a benefit. By
21 virtue of the fact that they had to
22 break this sale into two pieces, we now
23 know exactly what they value the

24 Harrah's New Orleans property at,
25 \$660 million. It is the single most

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1 valuable asset Harrah's has -- or
2 Caesars, excuse me; I still think of
3 them as a Harrah's from back in the
4 day -- Caesars has outside of the State
5 of Nevada.

6 Caesars is here today asking you to
7 do them a huge favor: Move that casino
8 from their insolvent entity, CEOC, to
9 what is effectually known as "Good Co,"
10 the solvent entity, CGP, to the
11 detriment of all of us who remain behind
12 in CEOC. That would include the State
13 of Louisiana.

14 The other benefit, of the fact that
15 they've told us now how much they value
16 Harrah's New Orleans at \$660 million, is
17 it creates the ability to market this
18 asset to third parties who will pay more
19 and thereby benefit CEOC with
20 incremental capital over and above what
21 the affiliate transaction would -- the
22 insider affiliate transaction would pay.

23 And we've already been contacted by one
24 licensed operator who's indicated, based
25 on the information they have, they would

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1 pay more than the \$660 million for the
2 property, and that would be a
3 transaction that would not be tied up in
4 litigation over the fact that this was
5 an insider deal that was never marketed
6 to third parties. That would be an
7 outsider third party through a marketing
8 process who would bring more cash, more
9 capital to CEOC and thereby increase its
10 credit quality as opposed to decreasing
11 it which is what we have today.

12 And you've heard from Mr. Payne's
13 colleagues that they've been benefiting
14 CEOC's liquidity through these
15 transactions. It's simply not the case.
16 This is reflected on page three of our
17 materials: The cash balance that CEOC
18 is down by \$170 million. They've
19 accelerated the maturity of the B5 and
20 B6 term loans by 11 months. If you're a
21 struggling borrower, the last thing you
22 want to do is reduce the amount of time
23 to turn around your operations. You
24 defer payments. You don't accelerate
25 them.

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1 They've also increased the interest
2 expense associated with all of their
3 borrowings by roughly \$45 million a

4 year. Again, how does that help CEOC?
5 It doesn't. It only helps CGP by taking
6 the single best asset that CEOC has,
7 which is in New Orleans, and removing it
8 and leaving behind those two properties
9 in North Louisiana.

10 You've heard Mr. Payne make his
11 commitment to you that Total Rewards
12 would always be available to those two
13 North Louisiana properties. As page
14 five of our materials indicates, there
15 are two missing words. He's right.
16 They did not sell the intellectual
17 property out of CEOC. They licensed it
18 out, effectively the same thing. They
19 gave Services Co a non-exclusive,
20 irrevocable, perpetual, royalty-free
21 license to all of that intellectual
22 property.

23 What they propose to give back to
24 Bossier and the track does not include
25 the words "irrevocable" or "perpetual,"

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1 two very simple words; and perhaps Mr.
2 Payne will come back and take the chair
3 and say that they will amend the
4 document to make that license
5 irrevocable and perpetual, but my money
6 says he's not willing to do that.

7 And the reason he's not willing to
8 do that is Caesars' entire plan here is
9 to create Caesars Growth Properties,
10 which represents all of their
11 destination assets, the ones that they
12 value the most, and leave behind all
13 their regional gaming assets, places
14 like Bossier and the racetrack in North
15 Louisiana. And they have reserved for
16 themselves the right in the future,
17 because of the rights to Total Rewards
18 are no longer irrevocable or perpetual,
19 to take them away, and that is exactly
20 what they will do when they're damn good
21 and ready.

22 So I would conclude by saying,
23 Chairman Jones, that while they have
24 complied, apparently, with the letter of
25 the law, they have not complied with the

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1 spirit of the law with respect to this
2 transaction, whereby they sold 5 percent
3 of their equity. And they're asking you
4 for a giant favor, and it seems to me
5 that when they need something from you,
6 they ought to be doing it in such a way
7 that they're not essentially thumbing
8 their nose at the regulations that you
9 have in place by creating an artificial

10 series of transactions, which is really
11 just one transaction, in order to avoid
12 your oversight.

13 CHAIRMAN JONES: Thank you. Please.

14 MR. LEVINSON: Mr. Chairman, Members
15 of the Board, thank you again for
16 hearing our additional comments. I just
17 have a few points to add to what Mr.
18 Hardie said.

19 First, I want to talk just for a
20 second about a feature of the Nevada
21 sale that I think is relevant to what is
22 going on here in Louisiana. Caesars did
23 close on the sale of the three Nevada
24 properties, but they left behind in
25 Nevada one particular parcel of property

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1 on which sits a laundry facility; and
2 the closing of that is apparently not
3 going to take place until -- until
4 they've done due diligence because
5 there's concerns that there may be
6 material environmental liabilities
7 associated with that particular parcel.
8 It's related to the Bally's Las Vegas
9 property, and I imagine if it turns out
10 there are environmental liabilities,
11 they're going to leave that property
12 behind and not bring it along with the

13 other three Nevada properties.

14 How does that relate to Louisiana?

15 Well, I think it's an appropriate
16 metaphor to their approach here in
17 Louisiana. I mean, they've taken the
18 most valuable of the properties, the
19 crown jewel, the one that they say is
20 very important to the entire Caesars
21 enterprise, New Orleans, and they want
22 to move that to Growth Partners. But
23 like the potentially toxic laundry
24 facility in Nevada, they're leaving
25 behind the North Louisiana properties

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1 that they apparently regard as subject
2 to liabilities.

3 And I would respectfully submit it's
4 not in the best interest of Louisiana to
5 leave two of the three properties
6 marooned at CEOC, particularly when I
7 listen to the revenue report at the
8 outset -- and obviously the revenue
9 report didn't have a breakdown among all
10 the riverboats -- but what I took away
11 from that is a substantial amount of
12 revenue is generated from the gaming
13 program in this state, is generated from
14 the boats and -- as compared to the New
15 Orleans property. And so, again, I

16 think that just thinking about that
17 approach is useful when considering
18 whether this transaction is in the best
19 interests of Louisiana.

20 I want to touch a little bit on
21 Services JV. When we were here last
22 time and Mr. Cohen talked about the
23 reason for Services JV, what he told
24 this board was that this was something
25 that the board of Growth Partners had

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1 insisted upon as part of the transaction
2 because they wanted to have access to
3 Total Rewards. Now we hear a different
4 story that somehow this is good for
5 CEOC. I would respectfully disagree.

6 Last time they -- what we heard was
7 they're just working through the
8 details. Well, there's an expression
9 that the devil's in the details, and
10 we've gotten some of the details. We
11 don't have all the details. We don't
12 know what they've provided to this
13 board. What we saw was a page and a
14 half that was attached to an 8-K that
15 was filed on May 6th, and certainly from
16 some of those details, we know that a
17 substantial portion, 69 percent of the
18 costs of Services JV, about \$70 million,

19 is going to be born by CEOC.
20 Now, what we don't have is
21 visibility as to how that was
22 calculated, but what we do know is that
23 what CEOC is being forced to give up is
24 control of Total Rewards, its single
25 most valuable asset, and I don't think

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1 anybody in this room would disagree that
2 that's a driver.

3 And to find itself giving a
4 irrevocable, perpetual license, to say
5 that that's not a transfer of ownership
6 is obviously not the issue here. The
7 issue is that they are giving up control
8 of this asset that can be used to
9 generate growth for CEOC going forward
10 and essentially taking away from CEOC
11 the opportunity for growth, such as with
12 respect to New Orleans, to take a
13 property that obviously has significant
14 growth potential and based on their own
15 unwillingness to commit resources to
16 CEOC to make capital expenditures for
17 that property on that basis seeking to
18 transfer the property.

19 Again, Services JV, we still don't
20 have all of the details. We haven't
21 seen the term sheet. One of the

22 concerns that jumps out when you read
23 through the short description is that
24 there are clearly circumstances under
25 which access to Total Rewards -- and

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1 when I say "Total Rewards," the licenses
2 that are going to come back from
3 Services JV to the CEOC properties --
4 may no longer come into play. We don't
5 know what those triggers could be, but
6 they're of great concern to us. And
7 given that that -- Services JV has been
8 characterized as a critical element of
9 this transaction. That's not my words;
10 that's Caesars' own words in the
11 transaction agreement from March. I
12 don't think -- it remains impossible to
13 evaluate the impact of this on the two
14 properties that are in North Louisiana
15 until -- until those term sheets and all
16 of the details -- again, the devil's in
17 the details -- are disclosed.

18 Third, there was some reference to
19 amendments to the credit facility that
20 is taking place, and one of the things
21 that Caesars is seeking to do is to
22 generate proceeds as a result of that
23 refinancing. And they're intending to
24 take the proceeds of that refinancing

25 and pay in excess of \$400 million to

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1 growth to pay off bonds -- unsecured
2 bonds that are not due until 2015. So
3 for them to come to this board and say
4 we need -- that CEOC needs the
5 \$660 million in cash that's being
6 provided from this transaction and then
7 to turn around and take over
8 \$400 million and pay it to growth for
9 bonds that aren't going to mature for
10 another year seems -- I think gives a
11 pretty good sense of the relative
12 importance or unimportance of generating
13 that liquidity for CEOC. CEOC doesn't
14 need the \$660 million. What CEOC needs
15 is the New Orleans property as a crown
16 jewel that can drive the growth of this
17 company.

18 And the last point I want to make
19 is, one of the -- and the recent filings
20 there's a disclosure that CEOC intends
21 to appoint or seek permission to appoint
22 two independent directors of CEOC. And
23 this just highlights the fact that CEOC
24 hasn't had independent directors to look
25 out for its interests. They taught --

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1 they, again, refer to independent

2 committees, but this is of CEC, which
3 owns a majority of the equity in Caesars
4 Growth Partners but not of CEOC.

5 It's a little late, now that the
6 horse is out of the barn, to be
7 proposing that independent directors be
8 brought in. This has not been vetted by
9 independent directors -- truly
10 independent directors of CEOC who are
11 looking out for the interests of CEOC.

12 We represent creditors of CEOC, and
13 it is in our interest for CEOC to
14 survive, to prosper, to grow so that the
15 bonds that our clients own can get paid
16 in full. And with that, I will turn it
17 back to Mr. Barbin.

18 CHAIRMAN JONES: Thank you.

19 MR. BARBIN: One final point I'll
20 make --

21 CHAIRMAN JONES: Yes.

22 MR. BARBIN: -- and Mr. Levinson
23 spoke to it briefly, and that is the
24 urgency of the situation. When they
25 came to you, Mr. Chairman, back in

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1 December or January and said, we've got
2 to do this transaction now for various
3 reasons, some of that's been cured.
4 They now have, you know, a large bucket

5 of funds from the three Las Vegas sales.
6 It's not urgent anymore, and, you know,
7 they talked about the \$500,000 a day
8 that they're paying in interest. That's
9 a choice that they made to close that
10 transaction pending your approval.
11 That's not something that was created by
12 anyone else other than their own doing.

13 Services JV, that entity --
14 brand-new entity going to hold the
15 license to Total Rewards, the most
16 important asset ever in the history of
17 Caesars, this new entity needs to be
18 vetted. We don't know who the officers
19 are; we don't know who the directors
20 are. To my knowledge, they have not
21 filed applications in the State of
22 Louisiana. They will have a tremendous
23 amount of influence over the properties
24 in the State of Louisiana. That needs
25 to be vetted. You will not have another

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1 opportunity to do that. You need to
2 wait to approve this transaction until
3 Services JV has been vetted.

4 That concludes our remarks. We're
5 happy to answer any questions.

6 CHAIRMAN JONES: Any questions from
7 the Board to my right?

8 MR. STIPE: You're secured
9 creditors, correct?

10 MR. HARDIE: That's correct.

11 MR. STIPE: Don't you have the
12 opportunity to build in audit rights,
13 approvals? Don't you have the ability
14 to look at the credit instrument and
15 understand the risk or accept the risk?
16 If they're going to shift properties
17 around -- you take issue with the four
18 marquis or key properties and the
19 regional ones. I mean, I can see some
20 logic to separating those and grouping
21 the regional ones together and grouping
22 those four together.

23 You don't agree with that, and I
24 understand that. I don't know if it's
25 my decision whether to agree or not

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1 agree with that decision -- I mean, with
2 the way they group it, but if you're --

3 CHAIRMAN JONES: Pull your
4 microphone up. I'm sorry.

5 MR. STIPE: I was waiting for him to
6 start responding. But if you're a
7 secured creditor, don't you have the
8 ability to kind of analyze the
9 possibility of these transactions
10 beforehand, build in whatever

11 protections you want beforehand, instead
12 of coming to us as a secured creditor
13 objecting to a transfer?

14 MR. HARDIE: You're absolutely right
15 as a secured creditor or an unsecured
16 you have the ability on the front end to
17 build in covenants that would otherwise
18 prevent a transaction of the kind that
19 we're describing or they're proposing.

20 I'm -- as I said in my opening
21 remarks both today and last month, it is
22 not often that a secured creditor, like
23 our group, and the state -- state
24 regulatory agency find themselves joined
25 at the hip with the same problem. We

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1 are both relying on an insolvent entity
2 to continue honoring its obligations:
3 You, to pay your taxes, continue to keep
4 those people in North Louisiana
5 employed, continue to do business with
6 all the small business owners up in
7 North Louisiana that support those two
8 casinos; we, to pay our interest and
9 ultimately the principal.

10 What they're doing makes it that
11 much more unlikely that either your --
12 the obligations to you or the
13 obligations to my clients ever get

14 fulfilled.

15 CHAIRMAN JONES: Any other
16 questions? The board is clear. Thank
17 you very much.

18 Gentlemen, thank you very much for
19 coming. We have provided copies of all
20 of the documents you have provided to us
21 to all the board members. They've had
22 an opportunity to review that, and I
23 would ask your indulgence as well to
24 cover new material rather than anything
25 we may have covered in the last meeting.

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1 MR. BENJAMIN: Thank you,
2 Mr. Chairman. My name is Tom Benjamin.
3 I'm from New Orleans from the Breazeale,
4 Sachse, Wilson firm. My partner, Alan
5 Goodman, is here, as well, and to my
6 left I have Ken Eckstein. He's with
7 Kramer Levin, and to my right I have
8 John McKenna from Miller Buckfire which
9 is an investment banking firm.

10 And we heard the presentations, and
11 short and simple, we agree with the
12 presentations of the second lien
13 holders. We represent the first lien
14 holders. Our interests are aligned not
15 just with the second lien holders, but
16 with the State of Louisiana. We want

17 these Louisiana properties left behind
18 to survive, and we don't think this
19 transaction is in the best interest of
20 CEOC.

21 And my colleagues are going to give
22 you all the details, but I just want to
23 make one point because it just kind of
24 struck me. We didn't get Caesars'
25 submission. You know, I guess they

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1 classified it as confidential, so we
2 didn't see all the stuff they submitted
3 to you.

4 We did get one memo. It was dated
5 April 28th. They talked about all the
6 material terms had been publicly
7 disclosed. It just really struck me as
8 not being accurate because the material
9 term of this transaction are the
10 fairness opinions, and certainly, I
11 think it's been brought out, is that the
12 fairness opinions were not done by CEOC.
13 It was done by a parent of CEOC that has
14 an interest in the deal after it's done.

15 And I don't know what you all have
16 seen, but if I could ask questions, one
17 question I would ask each of y'all is:
18 Did you receive a copy of the fairness
19 opinions, the ones they had done? If

20 not, why not? If Caesars is going to
21 come here and ask the transaction to be
22 approved, why would they not disclose
23 their fairness opinions? Why would they
24 not make it publicly available to the
25 creditors so the creditors can say this

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1 is right or wrong?

2 They haven't done that. And what's
3 happened since then, since the
4 April 24th meeting and May 6th, they've
5 done an amended transaction which now
6 has an allocated price for Harrah's of
7 \$660,000 million. Do they have a
8 fairness opinion on behalf of CEOC that
9 was retained by independent directors of
10 CEOC that says that that price is fair?
11 If not, what's happening is you're
12 having an asset stripped out for less
13 than its worth, and CEOC is being hurt.

14 And if CEOC is being hurt, so is the
15 racetrack up in North Louisiana, so is
16 the Horseshoe up in North Louisiana and
17 so is Louisiana.

18 And I'm going to let these gentlemen
19 give you a little more details and the
20 arguments, but that's it in an essence.

21 We don't think it's fair, and it's not
22 in the best interest of the State of

23 Louisiana.

24 MR. ECKSTEIN: Good morning,

25 Chairman Jones.

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1 CHAIRMAN JONES: Good morning.

2 MR. ECKSTEIN: My name is Kenneth
3 Eckstein. I'm with Kramer Levin, and I
4 want to thank the commission for giving
5 us the opportunity to make a couple of
6 remarks this morning.

7 I am a guest visiting from New York,
8 as Mr. Payne pointed out, and it's
9 actually surprising that we represent
10 first lien lenders. The group that
11 spoke previously represents the second
12 lien lenders at CEOC. It's, frankly,
13 somewhat troubling that even first lien
14 lenders today have to come before the
15 commission and express concern about
16 this transaction. One would think that
17 first lien lenders are the last people
18 that would have to be concerned in an
19 enterprise of this size; yet the
20 transactions that have taken place,
21 particularly most recently, are creating
22 a great deal of concern and instability
23 throughout the capital structure to the
24 extent that it has now reached the level
25 of the first lien lenders who are very,

1 very concerned about what is taking
2 place.

3 Mr. Chairman, last week we submitted
4 a very brief submission which included
5 identifying the clients on whose behalf
6 we speak. We represent more than
7 \$2 billion of first lien lenders, both
8 banks and bonds, and we have been in
9 communication with and have the support
10 of an additional billion dollars of
11 first lien lenders who are supportive of
12 the position that we're expressing
13 today.

14 I'm going to try not to be
15 repetitive. I know you have a busy
16 schedule, and you've heard a great deal
17 already. But the simple fact is that,
18 as Mr. Benjamin indicated, we are very
19 concerned about the lack of information
20 that is available to us and, we believe,
21 the lack of information that is
22 available to the commission that allows
23 the commission to assess whether, in
24 fact, this transaction really is in the
25 best interest of Louisiana taking this

1 as a whole.

2 Now, we understand. This is an

3 excellent business. The Caesars
4 business, the Caesars Enterprise is a
5 very strong, healthy, major operating
6 company, and it is our goal that it
7 continue to be a healthy operating
8 company. But in our view, the way in
9 which it remains a healthy operating
10 company is that it engages in
11 transactions that are not controversial
12 with \$20 billion of CEOC creditors but,
13 in fact, are transactions that have been
14 disclosed both to the appropriate
15 approval commissions and to the
16 creditors who have invested in and
17 relied upon the Caesars Enterprise.

18 The question was correctly raised,
19 "Don't the documents protect us?" And
20 the fact of the matter, as we all know,
21 the documents provide a level of
22 protection; state law provides a level
23 of protection, and creditors have a
24 right to rely upon the fact that
25 transactions are going to be approached

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1 in a manner that's in the public
2 interest and is consistent with fairness
3 and applicable laws.

4 We do not want to get into
5 litigation. That's the last thing that

6 the first lien lenders want. The first
7 lien lenders want to see Caesars resolve
8 its capital structure consensually,
9 constructively so that they can enter
10 into transactions that are ultimately in
11 the best interest of the entire Caesars
12 operation.

13 I think the commission recognized at
14 the last hearing that you've looked at
15 Caesars historically as an enterprise.
16 Candidly, that was how the creditors
17 looked at Caesars up until recently. We
18 are lenders at CEOC. CEOC is the major
19 operating hub of Caesars, and the debt
20 that my clients held had a guarantee
21 from the parent company, CEC. And so to
22 a large extent what was done at CEOC or
23 CEC didn't matter that much because we
24 had obligations at both.

25 As you just heard three weeks ago,

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1 Caesars decided that it was going to
2 sell 5 percent of the stock of CEOC,
3 one, and apparently now we learned they
4 did that in a series of multiple
5 transactions so that there was no
6 technical obligation to come to this
7 commission for approval.

8 Why was that done? Why would CEC

9 have given up 5 percent of the stock?
10 What we learned is purportedly they
11 believe that that transfer of 5 percent
12 of the stock, a \$6 million
13 transaction -- in the scheme of this
14 capital structure relatively modest --
15 that caused the elimination of the CEC
16 guarantee of more than \$10 billion of
17 public debt. That's a remarkable event,
18 that a transfer in a series of steps of
19 5 percent of stock wipes out \$10 billion
20 of CEC guarantees.

21 That transaction in and of itself
22 under the radar screen essentially has
23 caused a divorce between CEC and CEOC,
24 notwithstanding the, I'm sure, general
25 representations of Mr. Payne to be

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1 supportive. The reality on the ground
2 is that the corporate relationship and
3 the corporate support that we have
4 relied upon for the last many years by
5 CEC of CEOC has now been severed. CEOC
6 and the two properties in Louisiana that
7 remain in CEOC, whether we like it or
8 not, have now been orphaned. CEOC
9 stands alone now, and CEC no longer has,
10 according to CEC, a contractual
11 obligation to support CEOC.

12 And we know, because you've already
13 heard this, the sponsors recognize that
14 CEOC is dramatically over-levered, and
15 as you'll hear from my colleague,
16 Mr. McKinnon, is becoming more
17 over-levered. And I think that there is
18 a recognition that the original
19 investment in CEOC by the sponsors is
20 not where the value is going to come
21 from. And so what has happened is
22 sponsors, very creatively, have figured
23 out that if you move the good assets
24 into Good Co, which is not burdened by
25 the debt, and you sever CEOC, which was

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1 up until a couple of months ago the hub,
2 then essentially you can let CEOC,
3 including the two Louisiana properties,
4 go. What support they have remains to
5 be seen. They'll fend for themselves.
6 That gives us a great deal of problem.

7 As you heard, they claim that there
8 were fairness opinions, but we heard
9 again the fairness opinions were at
10 entities that really have nothing to do
11 with CEOC. CEC is the principle owner
12 of CGP. CAC is also at CGP. So they
13 looked at it from the perspective of not
14 CEOC's fairness. They looked at it from

15 the fairness of CEC who just got off the
16 guarantee and CGP who is buying the
17 assets.

18 We have to all ask ourselves: Where
19 is the fairness opinions for CEOC?
20 Where's the business plan for CEOC? I
21 heard Mr. Payne say, heard Mr. Hession
22 say we're going to support CEOC, but
23 frankly, have we seen any projections
24 that would suggest that they can support
25 CEOC? Mr. McKinnon will explain to you

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1 that when these transactions close, this
2 company, CEOC, is going to have around a
3 billion dollars of EBIDTA. That's a lot
4 of EBIDTA. That's a very, very
5 profitable business, but it's going to
6 have \$1.6 billion of annual debt
7 service.

8 There's a problem. There's too much
9 leverage. Now, we understand that. We
10 would expect that a company that is
11 issued this much debt, \$20 billion of
12 debt in the bank and public markets,
13 rather than taking advantage of whatever
14 technical opportunities may be
15 available, would sit down and try to
16 come up with a fair de-levering of the
17 balance sheet.

18 Now, I recognize that may not be the
19 problem of this commission. We respect
20 that, but we do believe that getting
21 access to fairness opinions,
22 understanding who acted on behalf of the
23 CEOC -- were there any independent
24 directors? We don't believe so. Are
25 there projections that would lead the

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1 commission and other parties to have
2 some level of confidence that CEOC can
3 satisfy its obligations? We believe
4 that it's appropriate, when transferring
5 one of the crown jewels of this
6 enterprise, the major casino in
7 Louisiana, to a new entity away from
8 \$20 billion of debt, it is fair to ask
9 these basic questions.

10 We didn't create this structure.
11 The transactions that have been created
12 over the last several weeks were the
13 doings of the Caesars Enterprise. To
14 come now and say, well, we need to close
15 them, I understand that; but there are
16 serious questions that many, many
17 parties have, and we believe ultimately
18 the appropriate answer is to leave
19 Harrah's New Orleans in CEOC, but at a
20 minimum, given the fact that there is no

21 urgency today and you haven't heard of
22 any urgency, the questions that we think
23 are out there for information at a
24 minimum support an adjournment of
25 approval of this for another 60 days to

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1 let people really understand the reality
2 as it effects CEOC.

3 I'm going to let Mr. McKenna just
4 very briefly walk through one of the
5 slides that we think is very
6 illustrative, and then I will thank you
7 for the indulgence and the time.

8 CHAIRMAN JONES: Thank you.

9 Mr. McKenna.

10 MR. MCKENNA: Good morning,
11 Mr. Chairman and Ladies and Gentlemen of
12 the Board. I am John McKenna from
13 Miller Buckfire, and we're very grateful
14 for your time here today.

15 As Mr. Epstein said, I will do
16 everybody the favor of keeping my
17 comments focused on just one of the
18 slides we submitted. You've heard a lot
19 of good arguments here today, and I just
20 wanted to point out a couple of things
21 that I feel are important for the Board
22 to understand.

23 We certainly appreciate your hearing

24 two sides of the story today, and the
25 presentation from the Caesars folks

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1 opened up with saying what's good for
2 CEOC is good for Louisiana and that
3 these transactions are good for CEOC.
4 On behalf of our clients from a
5 financial point of view, I could not
6 agree less. This transaction is bad for
7 CEOC, and if you just look at page six
8 in the materials we sent around, I can
9 show you some just plain facts that
10 support that versus opinions.

11 First of all, the debt trading
12 discount has increased from \$2.9 billion
13 to \$4.5 billion as a result of these
14 proposed transactions. That means that
15 from the creditors perspective, it's
16 gotten \$1.6 billion worse. You've heard
17 a lot today about how there were special
18 committees at CEC and CAC that decided
19 that all of this was fair; but nobody at
20 CEOC was represented, and their stock
21 went down.

22 What did the stock prices of CAC and
23 CEC do? They went up. The equity
24 value -- the sponsors' stake went up
25 from \$606 million to \$2.2 billion in

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1 that same time. So when people say that
2 what's being done here isn't necessarily
3 in the interest of CEOC, the financial
4 markets are confirming that point.
5 Three different independent rating
6 agencies, S & P, Moody's and Fitch, all
7 decreased their ratings by over two
8 notches as a result of these
9 transactions, and as Mr. Epstein points
10 out, that the total cash flow available
11 relative to the debt is increased from
12 13 times to over 16 times. From a
13 financial point of view, these
14 transactions and the sale of Harrah's is
15 not in the interest of CEOC.

16 And I'm going to end with one final
17 point, and they basically said that --
18 Caesars people just said is that this
19 makes CEOC even more healthy, and they
20 said that they would give you their word
21 that they would stay committed to the
22 properties up north. This is the same
23 company that had a contractual, written
24 guarantee, a guarantee of our
25 obligations, and they went through a

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1 transaction that they structured in
2 steps to avoid hitting the 5 percent
3 threshold to come back to this

4 transaction to release that guarantee.
5 They've gone out of their way to not
6 meet up to the obligation that they made
7 to us on that guarantee, and so I think
8 we all need to sit back and just ask
9 ourself a very simple question: Is this
10 good for CEOC? And I've laid out some
11 facts, Mr. Hardie laid out some facts,
12 and other representatives laid out some
13 facts; and I appreciate that you need to
14 focus on that, and we'll let you get
15 right to that.

16 CHAIRMAN JONES: Board Members,
17 questions? Mr. Stipe.

18 MR. STIPE: All of the creditors
19 that you're representing are all secured
20 creditors; they are not any trade
21 vendors at issue, the clients that
22 you're representing; is that correct?

23 MR. ECKSTEIN: They're all
24 institutional financial creditors.

25 MR. STIPE: And the same kind of

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1 questions as we went into before: As an
2 institutional investor, I mean, on one
3 level didn't you have the opportunity to
4 build in these protections as to this
5 guarantee on the front end?

6 MR. ECKSTEIN: There certainly are

7 opportunities to build in all types of
8 covenants, and the reality is that the
9 documents are complex; and candidly,
10 we're not sure sitting here today
11 whether all the covenants have or have
12 not been complied with because the
13 information is not fully available to
14 us. But there are priorities; and
15 people rely upon levels of collateral,
16 and people rely upon state law, as well.

17 And it's a whole basket of
18 protections that financial creditors
19 rely on, and this is a difficult
20 situation, I think, on both sides
21 because of the complexities of the
22 documents and the transaction. But at
23 the end of the day, financial creditors
24 rely upon the fairness of the
25 transaction and on state law protections

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1 as much as the documents.

2 MR. STIPE: The guarantee that was
3 discharged, that's not a public debt;
4 that's not a government entity that was
5 guaranteed; there was no public funds
6 associated with that guarantee, correct?

7 MR. ECKSTEIN: It is not state debt,
8 but it is publicly issued debt. It was
9 issued in the public market.

10 MR. MCKENNA: Along those lines just
11 to add to amplify the answer a little
12 bit, the fact that the debt was out
13 there and it was guaranteed was the
14 expectation of the financial marketplace
15 when these securities were purchased and
16 when they traded. The day that it
17 became known broadly in the marketplace
18 that this guarantee may be released, the
19 debt traded sharply down, so it was the
20 expectation all along that this debt
21 would be guaranteed from the -- not
22 initially from the time it was issued,
23 but from the time it's been traded and
24 up until it was clarified that there
25 were certain circumstances under which

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1 this guarantee can be removed.

2 My comments are much more simple.

3 They said that they're going to
4 guarantee and state that they'll look
5 out for the properties up north. They
6 told us they would guarantee that our
7 debt would be repaid back. You got to
8 look at that and say, okay, can we trust
9 that they'll meet those obligations?

10 And that's what you have to decide.

11 They've presented; we've presented, and
12 I'm sure you can deliberate on it and

13 get to the right conclusion.

14 CHAIRMAN JONES: Any other
15 questions? Thank very much, gentlemen.

16 MR. ECKSTEIN: We thank you for your
17 time.

18 CHAIRMAN JONES: I'd ask Caesars to
19 close, a few brief remarks.
20 Mr. Gautreaux, on behalf of the Attorney
21 General's Office, could you just briefly
22 address the 5 percent ownership issue
23 from your viewpoint.

24 MR. GAUTREAU: Two parts on that:
25 First, the proper way to approach this

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1 is for us to do an independent
2 investigation and see if there were any
3 rule violations and bring that to the
4 Board for our normal process, not
5 through this. Second, we have taken a
6 preliminary look at it, and as they
7 acknowledge, it meets the rule. There
8 was no single -- and we know who they
9 are; they may not, but we know who they
10 are -- acquired more than 5 percent of
11 the interest in the stock, and that's
12 what triggers it. If an owner acquires
13 more than 5 percent interest in the
14 stock, then that owner will have to
15 submit to suitability and go through the

16 background checks. That wasn't the case
17 here.

18 CHAIRMAN JONES: Not the case here.

19 Thank you.

20 Gentlemen?

21 MR. PAYNE: Chairman, I wanted to
22 officially introduce Tim Donovan,
23 General Counsel of Caesars Entertainment
24 Corporation. Tim's going to address
25 most of the issues.

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1 MR. DONOVAN: Good morning,
2 Mr. Chairman, Members. First of all,
3 appreciate having the opportunity to
4 come back up here and to address a few
5 things.

6 To me it's very striking that so
7 much time has passed since, I think, the
8 initial letter came in from the second
9 lien holders at the end of March and
10 then the other letter came in from the
11 first lien holders in April, and it
12 strikes me as worth noting that while
13 they're here today arguing against this
14 transaction, they have yet to file a
15 lawsuit. And as Member Stipe pointed
16 out on a couple of his questions, at the
17 end of the day, this is a contractual
18 dispute, and the proper forum for a

19 contractual dispute is in a court of
20 law. But yet for some reason I fail to
21 understand, they have yet to file a
22 lawsuit.

23 With that, let me just talk about a
24 few things I feel compelled to address
25 in light of the presentations from the

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1 representatives of the two creditor
2 groups. I tried to take notes. CEOC
3 did not -- "CEOC" means Caesars
4 Entertainment Operating Company -- did
5 not strip the guarantee. The guarantee
6 was released automatically by virtue of
7 the contractual terms in the indenture
8 when it was no longer a wholly-owned
9 subsidiary of CEC. That happened
10 automatically.

11 Now why would CEOC -- it's been
12 suggested that CEOC structured this
13 transaction to avoid seeking approval of
14 this Board. Not true. It is true that
15 no single owner that purchased in the
16 transaction a few weeks ago owns five
17 percent or greater.

18 Why did we sell the stock? We sold
19 the stock as part of our plan to make
20 CEOC a more healthy company than it is
21 today. How does that happen? That

22 happens because in the initial sale of
23 this stock, we now have shareholders.
24 We plan to sell more shares so we can
25 position CEOC to be a publicly traded

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1 company, and, in fact, I think we
2 disclosed in our disclosure regarding
3 this that we committed to the original
4 three shareholders -- three or four
5 shareholders that bought that we would
6 undertake that, and that if we could
7 accomplish it, we would.

8 Why would we want to do that? It
9 gives CEOC a currency. And what will we
10 do with that currency? That currency we
11 hope to utilize as part of our
12 negotiations with lenders to negotiate
13 an overall reduction in the amount of
14 debt at CEOC, as well as an overall
15 reduction in the amount of annual
16 interest. I think we can all agree
17 that, if we can accomplish that, will
18 make CEOC a much healthier company than
19 it is today.

20 It's no question that we have too
21 much debt, and I think that's obvious.
22 So the transactions that we've set out
23 to accomplish were all designed and are
24 designed, and it is our hope that it

25 succeeds, to make CEOC a much healthier

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1 company than it is today.

2 Independent directors I know a big
3 deal was made of. CEC prior to three
4 weeks ago was a wholly-owned subsidiary
5 of CEC. We committed to put independent
6 directors on the board of CEOC because
7 why? In order to be a publicly traded
8 company, you have to have independent
9 directors, and so that was the purpose
10 of why we undertook that obligation when
11 we sold to the original investors a
12 couple weeks ago.

13 We hope to move forward with that
14 transaction; we hope to move forward
15 with additional sales of CEOC, and we
16 hope to move forward with converting
17 CEOC into a publicly traded company for
18 reasons that I mentioned.

19 Another point that was raised was
20 the fairness opinion. CEOC, in fact,
21 does have a fairness opinion. It was a
22 beneficiary of a fairness company, and
23 why was that? Again, Member Stipe,
24 contractual reasons. So the credit
25 agreement requires that we get a

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1 fairness opinion for CEOC. So that is a

2 fairness opinion that exists. So it did
3 receive a fairness opinion and is the
4 beneficiary of that.

5 Growth Partners \$427 million, why
6 the 2015 maturities? Because that is
7 our next group of debt that's coming
8 responsible to be paid. 2015 is the
9 next set of maturities. We obviously
10 chose to repay that because that gave us
11 more room. It was the next tranche of
12 debt that we had due that was maturing,
13 and that gave us room. And we needed
14 room. We needed head room; we needed
15 liquidity -- additional liquidity, and
16 we needed more time so that we could,
17 again, hopefully negotiate a reduction
18 in debt and a reduction in the annual
19 interest at CEOC, all of which I think
20 we all agree would be a benefit and make
21 CEOC a healthier company.

22 That's -- really I just wanted to
23 address those main issues and, again,
24 you know, emphasize the fact that I
25 think the most important and appropriate

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1 forum for which these things, the
2 objections that the creditors'
3 representatives want to bring, is in a
4 court of law, and they have yet to file.

5 Thank you.

6 MR. PAYNE: Chairman, I'll be brief
7 on this and, Board Members. I'm a
8 licensed employee of the State of
9 Louisiana. As you know, I am obligated
10 to tell the truth, as I meet in front of
11 you all the time. There's been comments
12 made that we're leaving the Bossier
13 properties behind. I'm here to say
14 Total Rewards will remain. The
15 treatment of our employees will remain
16 exactly the same as it has been for the
17 15, 20 years that we've been involved in
18 the State of Louisiana. So the idea
19 that we're thumbing up our noses to you
20 is simply not true.

21 CHAIRMAN JONES: Thank you.
22 Mr. Hession, do have anything to add?

23 MR. HESSION: No. I think Tim
24 covered the points well that I was going
25 to address.

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1 CHAIRMAN JONES: Any questions from
2 the Board?

3 MR. SINGLETON: Just a couple. I
4 would just like to go back over this
5 again because I've heard it from each of
6 the groups about Bossier and what's
7 going to happen to Bossier. Would y'all

8 go over this again, please.

9 MR. PAYNE: Bossier will remain in
10 CEOC. My points -- and I'll let others
11 join in. We've been operating Bossier
12 for many, many years, since 2009. We've
13 put \$43 million of capital into this
14 facility. We run two great properties.
15 The employees that work there deliver
16 the best service in our company, and
17 they're going to continue to do that.
18 And if there's opportunities to invest
19 capital there -- we're under
20 construction with a \$4 million pool.
21 We'll continue to find those
22 opportunities in Bossier, and Dan and
23 myself will continue to operate those
24 facilities.

25 MR. SINGLETON: Do you find anywhere

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1 in this that if we vote for this that we
2 are ditching Bossier aside from not
3 keeping them two together? My concept
4 has been New Orleans and Bossier City
5 has all been one, and if one goes, the
6 other one goes and they're not
7 separated.

8 MR. GAUTREAUX: No. All you are
9 doing is approving the transfer of the
10 New Orleans property into the new

11 entity. Everything else remains the
12 same. Bossier, Louisiana Downs and
13 Horseshoe are obligated. They're
14 licensed under the State of Louisiana
15 just under the CEOC entity subject to
16 the conditions that they have to follow
17 and all the other obligations. So it's
18 just basically splitting them into two
19 separate companies, but they're still
20 obligated under our rules and
21 regulations and all our laws and
22 conditions and everything.

23 MR. SINGLETON: Okay.

24 CHAIRMAN JONES: Any other
25 questions? [No response.] Just a

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1 couple of closing comments. We've heard
2 a lot. This is a tough call for all of
3 us, and in response, one of the
4 attorneys for the opposition pointed out
5 that \$500 million a day, the interest
6 that you're paying, that's your choice.
7 Y'all made the choice, much like
8 creditors made a choice to do business.
9 It's all about contracts.

10 I'm not an attorney, gentlemen, but
11 one of the first legal lessons I learned
12 in this state was after gaming was
13 passed, I read the law; and it said that

14 to be found suitable to be licensed in
15 this state -- and I'm paraphrasing --
16 was a privilege, and it was absolutely
17 revocable.

18 Well, the first judge I went before,
19 I found out, well, that wasn't exactly
20 what the law said. So this issue of
21 irrevocability and perpetuity, I'm
22 sorry. I'm going to take the gentlemen
23 at their word on that issue.

24 You know, I haven't heard a lot of
25 good alternatives here. I mean, we're

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1 damned if we do, and we're damned if we
2 don't. But the fact is from my view, we
3 have to protect the interests of the
4 state citizens, and I have a somewhat
5 different view that this isn't in the
6 interest of the citizens. You've given
7 a lot of good information, and I
8 appreciate that. We've considered every
9 bit of it, but I think it's going to be
10 up to this Board to make the hard
11 decision.

12 We have a resolution before us to
13 approve the transfer. Do I have a
14 motion?

15 MR. BRADFORD: I'll move approval of
16 the resolution.

17 CHAIRMAN JONES: By Mr. Bradford.

18 MR. SINGLETON: Second.

19 CHAIRMAN JONES: Second by
20 Mr. Singleton. We have a motion and a
21 second. Miss Tramonte, would you read
22 the resolution into the record.

23 THE CLERK: On the 19th day of May,
24 2014, the Louisiana Gaming Control Board
25 did, in a duly noticed public meeting,

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1 consider the issue of the petition of
2 Jazz Casino Company, LLC, seeking
3 approval of certain restructure
4 transactions, and upon motion duly made
5 and second, the Board adopted this
6 Resolution.

7 Be it resolved that, subject to the
8 terms of the Amended and Renegotiated
9 Casino Operating Contract between the
10 State of Louisiana through the Board and
11 Jazz Casino Company, LLC, the following
12 be and are hereby approved.

13 One, the contribution of all equity
14 interest in JCC Holding Company II, LLC,
15 to JCC Holding Company II NewCo, LLC.

16 The transfer of all equity interest in
17 JCC Holding Company II NewCo, LLC, to
18 Caesars Growth Harrah's New Orleans,
19 LLC.

20 The debt transactions for the
21 financing are as follows:
22 \$1.175 billion senior secured credit
23 facility with a \$300 million incremental
24 facility, a \$150 million revolving
25 credit facility, \$6,752 million second

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1 lien facility or notes, and \$628 million
2 in equity from Caesars Growth Partners,
3 LLC.

4 The revised management agreement
5 between Harrah's New Orleans Management
6 Company and Jazz Casino Company, LLC.

7 Thus done and signed in Baton Rouge,
8 Louisiana, this 19th day of May 2014.

9 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: Mr. Stine -- he's not
24 here. Chairman Jones?

25 CHAIRMAN JONES: Yes. The motion

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1 carries. The resolution has been
2 approved. Congratulations. Thank you,
3 B. Consideration of Application for Shelf Approval
4 for Debt Transactions by Boyd Gaming
5 Corporation

6 CHAIRMAN JONES: Next one we'll take
7 up is Consideration of Application for
8 Shelf Approval of Debt Transactions by
9 Boyd Gaming Corporation. Introduce
10 yourself.

11 MS. WARE: Good morning, Mr. Jones
12 and Members of the Board. I am Trnessia
13 Ware with State Police Corporate
14 Securities Audit.

15 Boyd seeks to increase its shelf
16 application for debt transactions for
17 the current \$5 billion amount to a \$6
18 billion amount for a period of three
19 years. Boyd anticipates that the
20 potential use of such proceeds will be
21 for general corporate purpose, including
22 capital expenditures, working capital
23 and repayment of amounts outstanding on
24 the Boyd's revolving credit facility.

25 Although Boyd does not currently

1 anticipate the need to issue any public
2 debt or equity, over the next three
3 years Boyd stated that it is continually
4 evaluating developing opportunities and
5 needs the ability to timely issue public
6 debt or equity to take advantage of
7 opportunities should they arise.

8 Boyd's long-term debt schedule is
9 shown on page five of the report.

10 Boyd's credit facility described on page
11 seven consists of a \$600 million credit
12 facility, including a 100 million swing
13 lump sum limit, a 250 million Term A
14 loan, a \$900 million Term B loan. The
15 revolver and Term A loan mature in
16 August 2018 and Term B loan August 2020.

17 As of December 31st, 2013, Boyd had
18 approximately \$268.4 million available
19 under its credit facility. Boyd
20 projects sufficient cash flows from
21 operations to maintain its debt and
22 cover capital expenditures. Based on
23 Boyd's conservative financial data on
24 these cash flows, Boyd's projections
25 appear reasonable.

1 In conclusion, Boyd is seeking the
2 Board's approval of its application for

3 \$6 billion shelf for debt transactions.
4 No financial issues came to our
5 attention to preclude the Board approval
6 of Boyd's request.

7 Are there any questions?

8 CHAIRMAN JONES: Any questions? [No
9 response.] Does the Attorney General
10 wish to speak on this? Leonce, do you
11 want to speak on this?

12 MR. GAUTREAUX: This is the
13 traditional resolution that we prepare
14 for the shelf applications. I would
15 like to point out that Boyd previously
16 had a shelf application that expired
17 last month; and this is basically their
18 second application, and they've asked to
19 increase it.

20 CHAIRMAN JONES: Thank you.
21 Anything from Boyd? [No response.] We
22 have before us a resolution. Do I have
23 a motion to adopt the resolution? By
24 Mr. Bradford, second Mr. Gaston. Read
25 the resolution, ma'am.

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1 THE CLERK: On the 19th day of May
2 2014, the Louisiana Gaming Control Board
3 did, in a duly noticed public meeting,
4 consider the amended application for
5 shelf approval of debt transactions

6 filed by Boyd Gaming Corporation, and
7 upon motion duly made and second, the
8 Board adopted this resolution.

9 Be it resolved that Boyd Gaming
10 Corporation's application for shelf
11 approval of debt transaction be and is
12 hereby approved subject to the following
13 terms and conditions:

14 One, for a period of three years
15 beginning May 19th, 2014, Boyd Gaming
16 Corporation is granted approval pursuant
17 to LAC 42:III.2545 to enter into debt
18 transactions as defined in LAC
19 42:III.2522 not to exceed a cumulative
20 total of 6 billion. For purposes of
21 this shelf approval, the cumulative
22 total of 6 billion shall include debt
23 currently existing or approved in
24 earlier debt transactions.

25 Two, within ten days of consummation

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1 of a debt transaction, including
2 amendments and modification of existing
3 debt transactions, Boyd Gaming
4 Corporation shall provide a term sheet
5 or executive summary of the debt
6 transaction and executed copy of the
7 documents evidencing the debt
8 transaction, to the Louisiana State

9 Police Gaming Enforcement Division,
10 Audit Section Corporate Securities Unit.

11 Three, this shelf approval may be
12 rescinded by the Chairman of the Board
13 upon issuance of a written notice of
14 rescission setting forth the reasons
15 therefore. The rescission shall remain
16 in the effect until lifted by the Board
17 upon such terms that are satisfactory to
18 the Board. This shelf approval shall
19 expire May 19th, 2017.

20 It is further resolved that the
21 Chairman of the Louisiana Gaming Control
22 Board be delegated the authority to
23 issue a written rescission of the shelf
24 approval in accordance with LAC
25 42:III.2525(e) and as provided here and

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1 above.

2 Thus done and signed in Baton Rouge,
3 Louisiana, this 19th day of May 2014.

4 Mr. Bradford?

5 MR. BRADFORD: Yes.

6 THE CLERK: Mr. Stipe?

7 MR. STIPE: Yes.

8 THE CLERK: Mr. Singleton?

9 MR. SINGLETON: Yes.

10 THE CLERK: Miss Noonan?

11 MS. NOONAN: Yes.

12 THE CLERK: Major Mercer?

13 MAJOR MERCER: Yes.

14 THE CLERK: Mr. Jackson?

15 MR. JACKSON: Yes.

16 THE CLERK: Mr. Gaston?

17 MR. GASTON: Yes.

18 THE CLERK: Chairman Jones?

19 CHAIRMAN JONES: Yes. The motion

20 passes. Thank you.

21 C. Consideration of Petition for approval of Third

22 Amendment to Note Purchase Agreement by Bossier

23 Casino Venture, Inc., d/b/a Margaritaville

24 Bossier City - No. R011000841

25 CHAIRMAN JONES: We now have before

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1 us, Consideration of Petition for

2 Approval of Third Amendment to Note

3 Purchase Agreement by Bossier Casino

4 Venture, Inc., doing business as

5 Margaritaville Bossier City. That's

6 R011000841.

7 MS. MALONE: Good morning, Chairman

8 Jones and Members of the Board. I am

9 Maggie Malone with the State Police

10 Corporate Securities Audit.

11 The organizational structure of the

12 licensee, Bossier Casino Venture

13 referenced as Margaritaville, as seen on

14 page two of your report, consists of the

15 licensee and the parent, Holdco, as it
16 is commonly called. Initially the
17 facility was built with funds from three
18 separate loans that were all approved by
19 the Board. Two loans were issued by the
20 licensee and one by Holdco.

21 This proposed transaction involves
22 the two notes initially issued by the
23 licensee. As a result of this
24 transaction, the licensee retains one
25 note and transfers the other to Holdco.

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1 Margaritaville has petitioned the Board
2 for approval of an amendment to the
3 licensee note purchase agreement. They
4 also are petitioning for approval of a
5 new loan, the proceeds of which will be
6 used to refinance the other licensee
7 loan.

8 This amendment and note refinancing
9 were necessitated by Margaritaville's
10 noncompliance with a senior leveraged
11 financial ratio as of December 31st,
12 2013, and a series of technical and
13 notice defaults that took place after
14 the notes were initially issued. The
15 financial ratio was not achieved because
16 revenues from operations from the casino
17 opening in June 2013 to December 2013

18 fell below projections. The technical
19 defaults were due to timing of
20 notifications and document submissions.
21 To allow time to cure the defaults,
22 Margaritaville worked out forbearance
23 agreements and waivers with the initial
24 project lenders.

25 In analysis of the proposed new

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1 structure, audit looked at revised
2 projections for 2014 to 2016 for
3 revenues, debt increases, ratio
4 compliance and debt maintenance. As
5 shown on page 20 of your report, debt
6 increases over that period due to paid
7 in kind interest being added to debt
8 principal balances. Revenue projections
9 now seem to be in line with historical
10 performance for the market. If revenue
11 projections are met, Margaritaville is
12 more likely to remain in compliance with
13 the required financial ratio ranges.

14 Management points out advantages
15 to this refinance on page 21. One, some
16 of the debt shifts from the licensee to
17 the Holdco. Two, the current debt
18 required quarterly repayment over four
19 years, but the new debt requires no
20 quarterly repayment; and, three, it

21 provides more flexibility in attaining
22 the required financial ratios because of
23 the shift of the borrower from the
24 licensee to the Holdco.

25 The Board is being asked to approve

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1 29.5 million in new notes in an
2 amendment to the existing notes. The
3 new notes replace existing notes with an
4 increase in interest rates from
5 7 percent to 11 percent but no increase
6 in debt. The amendment does not
7 increase the loan amount or interest
8 rate but waives and forebears current
9 defaults and allows for issuance of new
10 notes.

11 No financial issues came to our
12 attention to preclude the Board's
13 approval of the requested transactions.
14 We will, however, continue to monitor
15 Margaritaville's financial position,
16 compliance with financial covenants and
17 its ability to cover and maintain its
18 debt and capital expenditures.

19 Speaking next is Deborah Harkins to
20 introduce Margaritaville's executive
21 team for questions and a brief
22 operations update from the general
23 manager.

24 CHAIRMAN JONES: Good morning.

25 MS. HARKINS: Good morning, Deborah

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1 Harkins with the law firm of McGlinchey
2 Stafford, and I'm here representing
3 Margaritaville Casino. I am pleased to
4 have with me our executive team who will
5 give you a brief statement and update on
6 where we are.

7 The first gentlemen would be
8 Mr. Barry Regula, who is our General
9 Manager of Margaritaville.

10 MR. REGULA: Good morning,
11 Mr. Chairman and Members of the Board.
12 I am Barry Regula, General Manager of
13 Margaritaville in Bossier City. I'm
14 here today to provide a brief update on
15 our operations. And while operating any
16 new casino project in the mature market
17 in the past few years have proven to be
18 challenging, we are very proud of the
19 progress we are making at
20 Margaritaville.

21 We constructed a beautiful new
22 facility on time and on budget, and we
23 won an award for the best design for a
24 new casino over a hundred million
25 dollars built in the United States in

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1 2013.

2 We have assembled and maintained a
3 terrific group of nearly 1,200 direct
4 and contract employees who are
5 delighting thousands of guests on a
6 daily basis. Since opening mid-June of
7 2013, to April 30th, 2014, we've
8 reported 2,035,000 admissions into our
9 casino, which has generated adjusted
10 gaming revenues of \$110 million.

11 Our restaurants, entertainment
12 venues and hotel have generated an
13 additional \$31 million in revenues, and
14 over 280,000 guests have enjoyed our
15 casino loyalty club program allowing us
16 to generate in excess of 300,000
17 marketing touches per month via direct
18 mail or e-mail.

19 We have been cash flow positive
20 since day one and have generated
21 substantial cash reserves and have
22 recently expanded our working capital on
23 hand. We will be able to generate and
24 spend additional capital expenditures in
25 excess of \$3 million to reinvest back

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1 into the business on things like new
2 slot machines and additional amenities
3 for our guests. We have amortized over

4 \$3.5 million of our debt since
5 inception.

6 So in conclusion, I can say we can
7 say we are engaged in a very competitive
8 market, and such competition has been
9 exacerbated by \$467 million in
10 expansions by large Native American
11 casinos in Oklahoma north of Dallas.

12 But the Shreveport/Bossier City market
13 has grown since we entered the market,
14 albeit not as much as we had expected,
15 but we are looking forward to a strong
16 summer and hope that it will also result
17 in an overall improved market economics.

18 And I thank very much for your time.

19 CHAIRMAN JONES: Thank you.

20 Questions from the Board?

21 MR. GASTON: Mr. Chairman, I'd like
22 to move approval.

23 CHAIRMAN JONES: Hold it for just a
24 moment. We have a question.

25 MR. STIPE: You had debt covenants

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1 in your \$32 million loan, and you didn't
2 meet those, and so everything got just
3 classified as just general debt. Is
4 that really the source off the problem?

5 MR. REGULA: That's basically the
6 source of the problem.

7 MR. STIPE: Roy Anderson's lien, his
8 arbitration, where is that matter? Have
9 we resolved it or moving towards
10 resolving it?

11 MS. HARKINS: We're waiting to
12 initiate arbitration on it before
13 September of this year, so it's pending.

14 MR. STIPE: And that will be
15 arbitrated?

16 MS. HARKINS: We anticipate that,
17 yes.

18 MR. STIPE: Thank you.

19 CHAIRMAN JONES: Any other questions
20 from the Board? [No response.] Do you
21 have anything to add, Mr. Gautreux, from
22 the Attorney General's office. [No
23 response.]

24 MR. GASTON: I move.

25 CHAIRMAN JONES: We have a motion by

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1 Dr. Gaston, and Mr. Stipe seconds, to
2 adopt the resolution. Miss Tramonte.

3 THE CLERK: On the 19th day of
4 May 2014, the Louisiana Gaming Control
5 Board did, in a duly noticed public
6 meeting, consider the issue of Bossier
7 Casino Venture, Inc.'s, request for
8 approval of its new credit agreement,
9 and upon motion duly made and second,

10 the Board adopted this resolution.

11 Be it resolved that Bossier Casino
12 Venture, Inc.'s, new credit agreement
13 consisting of \$29.5 million secured term
14 loan and a third amendment to note
15 purchase agreement is hereby approved.

16 Thus done and signed in Baton Rouge,
17 Louisiana, this 19th day of May 2014.

18 Mr. Bradford?

19 MR. BRADFORD: Yes.

20 THE CLERK: Mr. Stipe?

21 MR. STIPE: Yes.

22 THE CLERK: Mr. Singleton?

23 MR. SINGLETON: Yes.

24 THE CLERK: Miss Noonan? [No
25 response.] Major Mercer?

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1 MAJOR MERCER: Yes.

2 THE CLERK: Mr. Jackson?

3 MR. JACKSON: Yes.

4 THE CLERK: Mr. Gaston?

5 MR. GASTON: Yes.

6 THE CLERK: Chairman Jones?

7 CHAIRMAN JONES: Yes. Motion

8 carries. The resolution's been

9 approved.

10 MS. HARKINS: Thank you, Mr.
11 Chairman. I do want to note that my
12 Chairman of the Board, Mr. Trotter, is

13 also here and just wanted to say hello
14 to you today, and the President of the
15 company, Lauren Oshto (phonetic), is
16 also here on our behalf just to say
17 hello.

18 CHAIRMAN JONES: Thank you very
19 much. Thanks for coming, Mr. Trotter.

20 MR. TROTTER: I'm going back home
21 now to Lafayette, not Vegas or New York.

22 D. Consideration of Certificate of Compliance for
23 the Alternate Riverboat Inspection of the
24 gaming vessel of Catfish Queen Partnership in
25 Commendam d/b/a Belle of Baton Rouge -

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1 RO11700009

2 CHAIRMAN JONES: The last item on
3 the casino agenda: Consideration of the
4 Certificate of Compliance for the
5 Alternate Riverboat Inspection of the
6 gaming vessel Catfish Queen Partnership
7 in Commendam doing business as Belle of
8 Baton Rouge. That's number R011700009.
9 Good morning.

10 MR. TYLER: Good morning, Chairman
11 Jones, Board Members, Assistant Attorney
12 General, Michael Tyler, appearing with
13 John Francic of the American Bureau of
14 Shipping Consultants, also known as
15 ABSC.

16 We come before you today with
17 respect to the consideration for the
18 issuance of a renewal Certificate of
19 Compliance to the Belle of Baton Rouge
20 Casino.

21 On February 28th, 2014, the Belle of
22 Baton Rouge began the alternate
23 inspection process for the renewal of
24 its Certificate of Compliance. Some
25 issues were found and a follow-up

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1 inspection set. For more on this
2 process, I now turn this presentation
3 over to John Francic.

4 MR. FRANCIC: Morning, again,
5 Chairman, Board Members. I'm John
6 Francic with ABS Consulting. I'm here
7 to report the annual certification for
8 Belle of Baton Rouge Casino.

9 The inspectors, Doug Chapman, and
10 Lindsey Dew, did, on February 28th,
11 attend the riverboat Belle of Baton
12 Rouge to conduct an annual inspection in
13 accordance with the alternative
14 inspection program in the State of
15 Louisiana.

16 The inspector reviewed the fire
17 protection equipment, life saving
18 equipment, egress routes, mooring

19 systems and conducted a fire drill.
20 Deficiencies noted on page six of your
21 report.

22 The vessel's currently manned under
23 the U.S.C.G. requirement -- U.S. Coast
24 Guard. The 2014 annual survey as
25 required by the Louisiana Gaming Control

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1 Board is complete and presents no safety
2 concerns to its patrons or employees
3 onboard the riverboat. It is the
4 recommendation of ABSC that the Belle of
5 Baton Rouge be issued a Certificate of
6 Compliance to expire May 31, 2015.

7 MR. TYLER: I now present these
8 findings to this honorable board and
9 request that upon the Board accepting
10 the reported findings of ABSC, that the
11 Board will move for the renewal of the
12 Certificate of Compliance for the Belle
13 of Baton Rouge Casino.

14 CHAIRMAN JONES: Any questions from
15 the Board?

16 MR. BRADFORD: We got the March 14th
17 report that had the three discrepancies,
18 and then we got the March 31st report
19 that they had been cleared up and
20 approved. Do you physically go see that
21 those repairs were made, or do you take

22 their word for it?

23 MR. FRANCIC: It all depends on if
24 it's material. Like fire protection
25 equipment, we just usually review the

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1 report. If it's physical stuff, then
2 we'll go back onboard and look at it to
3 verify.

4 CHAIRMAN JONES: Any other
5 questions? [No response.] Do we have a
6 motion by Mr. Bradford, seconded by
7 Mr. Singleton. All in favor?
8 [Collective "aye."] Any opposed? [No
9 response.] The motion carries.

10 MR. TYLER: Thank you.

11 CHAIRMAN JONES: Thank you.

12 Mr. Francic, unless you would be
13 biking through the Balkans in June,
14 would you get with Miss Tramonte and
15 give her three or four dates. We need
16 to meet with you and talk over some
17 riverboat issues. We seem to be having
18 trouble getting together with you.

19 MR. FRANCIC: I understand. Yes,
20 sir.

21 CHAIRMAN JONES: Thank you.

22 VI. RULEMAKING

23 A. Consideration of adoption of amendments to

24 LAC 42:XI.2405 and LAC 42:XI.2424

25 (Application and License)

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1 B. Consideration of adoption of amendments to

2 LAC 42:XI.4209 and LAC 42:2424 (Revenues)

3 C. Consideration of adoption of amendments to

4 LAC 42:XI.4215 (Placement of Devices)

5 D. Consideration of adoption of amendments to

6 LAC 42:XI.4201, LAC 42:XI.4203, LAC

7 42:XI.4205, LAC 42:XI.4207, LAC 42:XI.4209,

8 LAC 42:XI.2413, LAC 42:XI.4215, LAC

9 42:XI.2424 (Operation of Video Poker

10 Devices)

11 E. Consideration of adoption of the repeal of

12 LAC 42:XI.2407.A.13 and amendments to LAC

13 42:XI.2424 (Operation of Video Poker

14 Devices)

15 CHAIRMAN JONES: Rulemaking. At

16 this point, we would like to consider on

17 final consideration the final adoption

18 of changes in the agenda items as noted

19 Roman Numeral 6A through E. Mr. Pitre.

20 MR. PITRE: Chairman, Board Members,

21 I'm Assistant Attorney General, Earl

22 Pitre, Jr., here in the matter of rule

23 adoption for Items 6A through E.

24 As you recall, the Board initiated

25 rulemaking procedures back in January.

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1 The notices of intent were published

2 informing the public to address their
3 concerns, questions regarding the
4 proposed rules, to me. No comments or
5 questions were received. At the same
6 time, the notice of intent were sent for
7 publication. The first reports were
8 sent to the oversight committees.

9 As there was no comments received
10 during that time period, the second
11 reports were sent to oversight
12 committees, and any comments and
13 questions were not received.

14 After that time period, the
15 oversight committees have 30 days to
16 call for hearings for any concerns and
17 questions that they have. That 30-day
18 period has passed with no hearings
19 called, so the last option -- last
20 action for the Board at this time is to
21 approve the proposed rules.

22 So if the Board has no questions,
23 motions to adopt the rules is needed.

24 CHAIRMAN JONES: And that's all the
25 rules as enumerated.

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1 MR. PITRE: Yes, sir.

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

3 CHAIRMAN JONES: By Dr. Gaston and
4 seconded by Miss Noonan. All in favor?

5 [Collective "aye."] Any opposition?
6 None. Thank you very much, rules are
7 adopted.

8 VII. CONSIDERATION OF PROPOSED SETTLEMENT AND
9 APPEALS IN THE FOLLOWING:

10 1. In Re: C & E Services of Metairie, LLC,
11 d/b/a VooDoo BBQ & Grill - No. 2600216474
12 (proposed settlement)

13 CHAIRMAN JONES: The final item to
14 do is the Consideration of Proposed
15 Settlements and Appeals in the following
16 matters. Up first: C & E Services of
17 Metairie doing business as VooDoo BBQ &
18 Grill. It's No. 2600216474. This is a
19 proposed settlement, I believe. Good
20 morning.

21 MR. HEBERT: Good morning, Chairman
22 and Members of the Board. Christopher
23 Hebert representing the Louisiana Office
24 of State Police in this matter.

25 On or about February 8th, 2013, the

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1 Division mailed a video gaming advisory
2 notice to the VooDoo BBQ & Grill
3 advising it to submit its completed
4 annual licensee form with appropriate
5 fee and required documents no later,
6 excuse me, than July 1st of 2013.

7 The Division again mailed the

8 licensee an Urgent Reminder informing
9 the licensee that as of June 6th, the
10 Division had not received the licensee's
11 completed annual licensee form, \$200
12 annual fee and all the required
13 documents.

14 On October 17th, 2013, the Division
15 did receive all required documents and
16 the annual fee; however, the licensee
17 failed to timely submit the required
18 documents and annual fee.

19 In lieu of administrative action,
20 VooDoo BBQ & Grill has agreed to pay a
21 \$750 civil penalty. The hearing officer
22 has signed off on this settlement
23 agreement, and we're here this morning
24 seeking your approval.

25 CHAIRMAN JONES: Any questions for

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1 Mr. Hebert?

2 MR. GASTON: I approve -- I move,
3 Mr. Chairman.

4 CHAIRMAN JONES: Unless there's
5 someone else who wants to be heard on
6 this matter, we have a motion by Dr.
7 Gaston, seconded by Miss Noonan. All in
8 favor? [Collective "aye."] Any
9 opposed? [No response.] Motion
10 carries.

11 2. In Re: Jeffrey Foltz - No. PO40059828
12 (rehearing)

13 CHAIRMAN JONES: The second matter,
14 Jeffrey Foltz. That's No. PO40059828.
15 Please come forward. I think that's on.

16 MR. FOLTZ: Good morning, I am
17 Mr. Foltz, Sr., and this is Jr., Jeffrey
18 D.

19 MR. FOLTZ, JR.: Jeffrey D. Foltz,
20 Jr. How are you doing?

21 CHAIRMAN JONES: And you're asking
22 for?

23 MR. FOLTZ: It's a request for a
24 hearing. There was a mixup when he was
25 notified. I'm a little nervous because

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1 the attorney had to make -- had to be
2 somewhere else this morning.

3 CHAIRMAN JONES: That's okay.

4 MR. FOLTZ: We're not exactly sure
5 what we're doing here, but he wants to
6 keep his job, is what he wants to do.

7 MR. HEBERT: I just want to object
8 for the record for Mr. Foltz, Sr.,
9 speaking on behalf of his son. It's
10 Mr. Foltz, Jr., that's the licensee
11 here -- or permittee, excuse me.

12 CHAIRMAN JONES: So if I understand
13 correctly, Mr. Foltz, you're here asking

14 for a rehearing; is that correct?

15 MR. FOLTZ, JR.: Yes, sir.

16 CHAIRMAN JONES: Mr. Hebert.

17 MR. HEBERT: Yes. This matter --

18 I'm sorry. Are you going to allow us to

19 --

20 CHAIRMAN JONES: Absolutely. Yes,

21 proceed.

22 MR. HEBERT: Okay. This matter came

23 before y'all, and it's titled a motion

24 for a rehearing. That's a bit

25 inaccurate. There was never a hearing

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1 in this matter.

2 CHAIRMAN JONES: Okay.

3 MR. HEBERT: Okay. Mr. Foltz was

4 mailed a notice of recommendation of

5 revocation on or about April 8th, 2014,

6 and that notice gave him ten days from

7 receipt of that notice within which to

8 ask for a hearing.

9 The Division has verified that

10 Mr. Foltz never received that letter.

11 Kentravis Aubrey, who is the apartment

12 manager of Mr. Foltz's apartment,

13 received and signed for that letter, and

14 a few days later that letter was

15 returned to the United States Postal

16 Service. Because the Division was able

17 to independently verify this, we are not
18 objecting to Mr. Foltz having a hearing
19 from -- before the hearing officer,
20 excuse me.

21 CHAIRMAN JONES: So it's not a
22 rehearing because he didn't get the
23 hearing the first time.

24 MR. HEBERT: Right.

25 CHAIRMAN JONES: Are there any

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1 questions from the Board?

2 MR. BRADFORD: I have a question.

3 CHAIRMAN JONES: You have a
4 question.

5 MR. BRADFORD: You're Jeffrey Foltz,
6 Jr?

7 MR. FOLTZ, JR.: Yes, sir.

8 MR. BRADFORD: This is your business
9 today, and you're the dad. You're just
10 here helping out.

11 MR. FOLTZ: Yes, sir, moral support.

12 MR. BRADFORD: Okay.

13 MR. FOLTZ: By the way, the spelling
14 is incorrect, R-E-Y.

15 MR. HEBERT: We do have an agent
16 from the Division that can personally
17 serve Mr. Foltz with his notice and have
18 him sign for his notice here this
19 morning.

20 MR. BRADFORD: So you got
21 automatically revoked because you didn't
22 get the notice and you didn't make the
23 hearing.

24 MR. FOLTZ, JR.: Yes, sir.

25 MR. BRADFORD: And so you want a

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1 rehearing, and I'm okay with that; and
2 you were revoked because you were issued
3 your third offense DWI, is why you got
4 the revocation notice in the first
5 place; is that correct?

6 MR. FOLTZ, JR.: Yes, sir.

7 MR. BRADFORD: So I'm all in favor
8 of you getting a rehearing, and I'm
9 going to tell you, you better go loaded
10 for bear to be able to state your case
11 when you go before the hearing officer,
12 because your chances are not that great
13 unless you really have a real good
14 argument for keeping your license. Just
15 a little word to the wise.

16 MR. FOLTZ, JR.: Sure. Thank you.

17 CHAIRMAN JONES: Do we have a motion
18 to grant the hearing?

19 MAJOR MERCER: I move.

20 CHAIRMAN JONES: By Major Mercer,
21 seconded by Mr. Bradford. All in favor?

22 [Collective "aye."] Motion carries.

23 You'll be served, and you'll have the
24 opportunity for a hearing.

25 MR. FOLTZ, JR.: Thank you.

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1 MR. FOLTZ: Thank you.

2 3. In Re: Renata L. Pool - No. PO40042554

3 (appeal)

4 CHAIRMAN JONES: Third matter on the
5 agenda, Renata L. Pool. That's No.
6 PO40042554. This is an appeal. Miss
7 Pool? You do not have the opportunity
8 to present any new evidence. All we can
9 hear is what's already presented.

10 MS. POOL: Yes, sir. I just would
11 like to request a new trial or a new
12 hearing because of the new evidence, and
13 it was dismissed against me. I would
14 like to keep my gaming license. This
15 was the first and only time I've ever
16 been in trouble like that; and it was
17 bad judgment, and I would like a chance
18 to make up for it and go back to work.

19 CHAIRMAN JONES: Mr. Hebert.

20 MR. HEBERT: This is an appeal of
21 the hearing officer's decision of
22 April 7th of this year, and the hearing
23 officer revoked the non-key gaming
24 employee permit of Miss Pool finding
25 that her charge for violating --

1 aggravated assault and crime of violence
2 was pending at the time of the hearing.

3 The Division contends that the
4 hearing officer's order should be
5 affirmed as it is based on evidence that
6 was presented at the time. Miss Pool,
7 nor anyone else, presented any evidence
8 contrary to the evidence that was
9 submitted by the Division.

10 However, we are aware that in a
11 letter dated April 15th of this year,
12 Miss Pool requested an appeal before
13 this Board and attached a certified copy
14 of the minutes from her criminal
15 proceeding, which indicate that the
16 charge of aggravated assault was
17 dismissed. That evidence was not
18 submitted during the hearing and was not
19 considered by the hearing officer;
20 therefore, that evidence is new evidence
21 that cannot be considered by this Board.

22 So we would respectfully request
23 that either you affirm the hearing
24 officer's decision, or in the
25 alternative that the Board remand this

1 matter to the hearing officer for proper
2 introduction and consideration of

3 evidence of that dismissal.

4 CHAIRMAN JONES: You or one of your
5 staff saw the trial minutes dismissing
6 the charge; that's correct?

7 MR. HEBERT: Yes, that's correct.

8 CHAIRMAN JONES: So the decision
9 will be to affirm, or based on the new
10 evidence, which apparently is there, to
11 remand for an appeal before the hearing
12 officer; is that correct?

13 MR. HEBERT: Yes.

14 CHAIRMAN JONES: Do I have a motion
15 from the Board to remand? I have a
16 motion by Miss Noonan, second by
17 Mr. Jackson. All in favor? [Collective
18 "aye."] Opposition? None. You'll get
19 your hearing.

20 MR. HEBERT: Thank you.

21 4. In Re: Monica M. McCoy - No. PO40009988
22 (appeal)

23 CHAIRMAN JONES: The next matter is
24 Monica M. McCoy. That's No. PO40009988.
25 This is an appeal.

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1 Good morning.

2 MS. MCCOY: Good morning.

3 CHAIRMAN JONES: Miss McCoy, you may
4 make a statement in the appeal before
5 the Board. You may not present any new

6 evidence. Pull the microphone to you,
7 please.

8 MS. MCCOY: Good morning.

9 CHAIRMAN JONES: What can you tell
10 us?

11 MS. MCCOY: Sorry. I didn't hear
12 you.

13 CHAIRMAN JONES: You're appealing
14 from the decision of the hearing
15 officer, correct?

16 MS. MCCOY: Yes, sir.

17 CHAIRMAN JONES: All right. And why
18 do you think you should be entitled to
19 your license -- your renewal
20 application?

21 MS. MCCOY: Because -- can I first
22 state that I've had my gaming license
23 for 18 years, and at the point of this
24 happening -- the situation happening, I
25 have had no criminal background of any

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1 source. It was a mistake made on my
2 part for as another party, and I would
3 just want the chance to show the Board
4 that I am after 18 years of having my
5 license without having any other
6 criminal thing happening. So I'm
7 nervous. I'm sorry.

8 CHAIRMAN JONES: That's okay.

9 MS. MCCOY: I just want to prove
10 that, you know, what took prior to that
11 is not on my record. My attorney -- my
12 counsel advised me to take whatever the
13 diversion that I presented into my
14 hearing as a way of not having
15 anything -- the arrest on my record. So
16 that's what that was about, but prior to
17 my renewing my license, there's nothing
18 on my record.

19 CHAIRMAN JONES: Thank you.

20 MS. BROWN: Good morning, Chairman
21 Jones, Board Members. I'm Mesa Brown,
22 Assistant Attorney General, representing
23 the Division of hearing in the matter of
24 In Re: Monica M. McCoy.

25 Here the permittee is appealing the

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1 hearing officer's decision denying her
2 permit renewal application. The
3 Division asks that the hearing officer's
4 decision be affirmed based on the
5 following: One, at the time of the
6 hearing, Miss McCoy had felony theft
7 charges pending against her which
8 stemmed from her participation in a
9 theft at Academy Sports store.

10 Two, at the administrative hearing,
11 Miss McCoy presented evidence of her

12 pre-trial diversion agreement whereby
13 she admitted that she was guilty of
14 felony theft.

15 As a result of this admission of
16 guilt for violation of felony theft,
17 Miss McCoy is not a person of good
18 character, honesty and integrity, and is
19 not suitable to participate in the
20 gaming industry. Accordingly, the
21 Division asks that the Board sustain the
22 hearing officer's decision denying Miss
23 McCoy's renewal application.

24 CHAIRMAN JONES: Any questions,
25 Board Members? [No response.] You do

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1 understand that just because you're in a
2 diversion program doesn't mean that the
3 crime did not occur? You understand
4 that?

5 MS. MCCOY: Yes, sir.

6 CHAIRMAN JONES: That has to do with
7 the penalty, not the commission of the
8 act. And you understand that it's the
9 obligation of this Board by law to
10 maintain the propriety of the people who
11 work in this industry in this state; you
12 understand that?

13 MS. MCCOY: Yes, sir.

14 CHAIRMAN JONES: You may well have

15 worked for many years, and we thank you
16 for that good work; but this is clearly
17 a problem. What's the pleasure of the
18 Board?

19 MR. GASTON: I move to affirm the
20 hearing officer's decision.

21 CHAIRMAN JONES: We have a motion to
22 affirm and a second --

23 MR. JACKSON: Second.

24 CHAIRMAN JONES: -- by Mr. Jackson.

25 All in favor to affirm? [Collective

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1 "aye."] Any opposition? No opposition.

2 The matter has been affirmed. It
3 stands.

4 MS. MCCOY: Okay. Thank you.

5 CHAIRMAN JONES: Thank you for
6 coming.

7 5. In Re: Carl D. Jones, Jr. - No.

8 PO40061045A (appeal)

9 CHAIRMAN JONES: The final item on
10 the agenda is Carl D. Jones, Jr. That's
11 No. PO40061045A. Is Mr. Jones here, Mr.
12 Carl D. Jones?

13 MS. BROWN: May I proceed?

14 CHAIRMAN JONES: Go ahead.

15 MS. BROWN: Chairman Jones, Board
16 Members, I'm Mesa Brown, Assistant
17 Attorney General, appearing in the

18 matter of In Re: Carl D. Jones, Jr.,
19 permit number PO40061045.

20 Based upon the appeal submitted by
21 Mr. Jones, he appears to be appealing
22 the hearing officer's decision
23 suspending his non-key gaming employee
24 permit and ordering him to pay a \$250
25 civil penalty.

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1 The Division asks that the Board
2 affirm the hearing officer's decision
3 because Mr. Jones has had more than
4 enough time to resolve his tax
5 delinquencies. He was initially
6 notified by the Division of the tax
7 delinquency on April 8th, 2013. He was
8 also notified by a notice sent by the
9 Louisiana Gaming Control Board on
10 September 18th of 2013. He requested
11 and was granted a hearing, which was
12 held on January 27th of 2014. Mr. Jones
13 has had over a year to resolve his tax
14 issues, and as of last week, he was
15 still delinquent with the IRS in the
16 payment and/or filing of his federal
17 taxes.

18 Accordingly, the Division asks this
19 Board to affirm the hearing officer's
20 decision ordering Mr. Jones' permit

21 suspended and ordering him to pay a \$250
22 civil penalty.

23 CHAIRMAN JONES: Thank you. Since
24 he's not here to appear for himself, we
25 have to make an assumption that he could

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1 have been appealing both. So from a
2 procedural standpoint, I would ask the
3 Board to affirm both decisions by
4 motion, if they are so inclined.

5 Mr. Jackson and Miss Noonan. All in
6 favor? [Collective "aye."] Motion
7 carries. Thank you very much.

8 VIII. ADJOURNMENT

9 CHAIRMAN JONES: Do I have a motion
10 to adjourn?

11 MR. SINGLETON: I move we adjourn.

12 MAJOR MERCER: I move.

13 CHAIRMAN JONES: By Major Mercer and
14 seconded by Mr. Singleton. We'll see
15 you in June.

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1 REPORTER'S PAGE

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3 I, SHELLEY PAROLA, Certified Shorthand

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

5 officer before whom this sworn testimony was

6 taken, do hereby state:

7 That due to the spontaneous discourse of this

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

9 used to indicate pauses, changes in thought,

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

11 for a Court Reporter's transcription of a

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

13 that words or phrases have been left out of this

14 transcript;

15 That any words and/or names which could not

16 be verified through reference materials have been

17 denoted with the word "(phonetic)."

18

19

20

21

22

23

24 SHELLEY PAROLA

Certified Court Reporter #96001

25 Registered Professional Reporter

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 May 19,

7 2014, 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 27th day of

19 June, 2014.

20

21

22

SHELLEY G. PAROLA, CCR, RPR

CERTIFICATE NO. 96001

23

24