

LOUISIANA GAMING CONTROL BOARD

Minutes of July 20, 1999

APPROVED

9/21/91

The Louisiana Gaming Control Board conducted a meeting on Tuesday, July 20, 1999, 10:00 a.m., at the Louisiana State Capitol, House Committee Room 6, in Baton Rouge, Louisiana. Board members present were Hillary J. Crain, Chairman, Robert M. Fleming, Vice Chairman, James Boyer, General Sherian Cadoria, Marcia Morgan, Dudley Lastrapes, and Rupert Richardson. Absent were Board members Ralph Perlman and Ecotry Fuller and ex-officio members Col. "Rut" Whittington, Louisiana State Police, and Secretary of the Department of Revenue and Taxation, Brett Crawford.

The meeting was called to order. General Cadoria moved to approve the minutes of the last meeting. The motion was seconded by Mr. Boyer and was unanimously approved by the Board.

The next item on the agenda was the lease of the Gaming Control Board office. After discussion, Judge Fleming moved and Ms. Morgan seconded the motion that the Chairman be authorized to enter into a lease based on \$20.74 per square foot for usable space. The motion was unanimously approved by the Board.

Mr. Robert Tucker presented the riverboat revenue report and Mr. Michael Lejandre presented the monthly statistics from video gaming.

The next item on the agenda was discussion of the fifteenth riverboat gaming license. It was moved by Ms. Richardson and seconded by Ms. Morgan that the Board open the application process for the fifteenth license. The motion was unanimously approved by the Board. Mr. Boyer moved that the application process for the fifteenth license be opened on August 15, 1999, and close on November 15, 1999. Ms. Richardson seconded the motion which was unanimously approved by the Board.

The next item on the agenda was a request from Boyd Gaming for approval of a line of credit. Ms. Maggie Malone, auditor with the Riverboat Gaming Division of Louisiana State Police, presented a report regarding the request. Boyd Gaming requests approval to amend its credit facility from \$500 million to \$600 million and extend the terms from the year 2001 to 2003. Mr. Boyer moved and Ms. Richardson seconded the motion to approve the request. The motion was unanimously approved by the Board.

The next agenda item was a request for approval of conditions on Hollywood Casino Shreveport (QNOV) project. Addressing the Board were Walt Evans, general counsel with Hollywood Casino Corporation, Paul Yates, Hollywood Casino's CFO, Kelly Duncan, attorney, John Waldron, managing director of Bear Sterns, and Jim Smith, attorney for Shreveport Paddlewheels. Mr. Yates updated the Board on the project.

Mr. Yates brought to the attention of the Board a problem with financing for the project because of the structure of the QNOV partnership. The Board was informed that a structural change to add the new C-Corporations as partners in the general partnership was needed. Mr. Boyer moved that the Board approve the change of the partnership structure to allow the addition of the two new partners. The motion was seconded by Mr. Lastrapes and unanimously approved by the Board.

The next matter regarding the QNOV project was Condition 8, Board review and approval of the escrow agreement. Mr. Leonce Gautreaux, Assistant Attorney General, and Ms. Maggie Malone presented the review of the agreement. Mr. Evans explained certain provisions of the agreement. Hollywood Casino Corporation-Louisiana agreed that any change in the disbursement agent would be subject to the Board's approval. It was moved by Ms. Richardson and seconded by General Cadoria that the Board approve the recommended escrow agent and disbursement agent and the contracts under which they are operating with the condition that any substantial changes to these contracts prior to the time they are actually executed will have to be submitted to the Chairman for approval. The motion was unanimously approved by the Board.

The next condition addressed was Condition 2 which requires Board review and approval of the contract of the shipyard to construct the gaming vessel. It was moved by Judge Fleming and seconded by Mr. Lastrapes that the Board give conditional approval to the contract subject to review by the Assistant Attorneys General, and give the Chairman authority to give final approval based on their recommendation. The matter was unanimously approved by the Board.

The Board agreed that approval of Condition 8 encompassed approval of Conditions 9 and 14. Ms. Malone informed the Board that the transactions outlined and approved by the Board in Condition 8 satisfied part of the requirements in Condition 12.

After explanation by Mr. Evans, Mr. Lastrapes moved that the Board approve a pledge of interest in the Hollywood Casino Shreveport (QNOV) partnership to the financiers in the partnership. This motion was seconded by Ms. Morgan and unanimously approved by the Board. General Cadoria moved for approval of contingent interest being granted to the bond holders. This motion was seconded by Mr. Boyer and unanimously approved by the Board. General Cadoria moved that the Board approve the equipment financing by the Bank of America with the equipment that is purchased with the loan to be the security for the loan. The motion was seconded by Ms. Richardson and unanimously approved by the Board.

The next items on the agenda were consideration of the renewal application of Louisiana Riverboat Gaming Partnership (Isle of Capri-Bossier City), St. Charles Gaming (Isle of Capri-Westlake), and Grand Palais Riverboat Inc. (Isle of Capri-Westlake). The investigation team presented their reports on the three riverboat license renewals. The Board questioned representatives of the licensees. State Police found no derogatory information. Mr. Boyer moved that all three licenses be renewed. The motion was seconded by Mr. Lastrapes and unanimously approved by the Board.

The renewal application of Red River Entertainment of Shreveport Partnership In Commendam (Harrah's) was next considered. The investigation team then presented its part. A representative of the licensee, Mr. George Loveland, was questioned. Ms. Morgan moved that the license be renewed. The motion was seconded by Ms. Richardson and approved unanimously by the Board.

The Board next considered the renewal application of Louisiana-1 Gaming (Boomtown Belle Casino). The investigation team gave their report. The team was questioned by the Board. It was moved by Mr. Boyer and seconded by Ms. Morgan that the license be renewed. The motion was unanimously approved by the Board.

The next item on the agenda was a request for reconsideration by Bally's regarding the escrow of funds. The Chairman informed the Board that a temporary restraining order has been issued by the 19<sup>th</sup> JDC on the escrowing of funds. Mr. Thomas Tucker appeared on behalf of Metro. After discussion of the fact that the Board exercises jurisdiction over licensees, Ms. Richardson moved that matters be placed on the agenda dealing with a licensee only at the request of the licensee, not an individual party. When there is a dispute between the parties as to who has authority to act on behalf of the licensee, that matter has to be resolved before items are placed on the agenda. The motion was seconded and unanimously approved by the Board.

The next item on the agenda was rulemaking. By unanimous vote, the Board approved the changes to the previous changes to the accounting regulations of the riverboat rules. Mr. Tom Warner, Assistant Attorney General, made a presentation on the institution of the rulemaking procedure regarding an amendment to L.A.C. 42:XIII.1701 (definitions), the addition of 42:XIII.2108 (non-gaming suppliers permits) and 42:XIII.2331 (supplier permit criteria) and an amendment to 42:XII.2325 (imposition of sanctions.). Mr. Lastrappes moved to institute the rulemaking process on all rules presented to the Board. The motion was seconded by Ms. Morgan and unanimously approved by the Board.

General Cadoria moved to go into Executive Session. The motion was seconded by Mr. Boyer and unanimously approved by the Board.

Following the Executive Session, the Board returned to the regular session.

The Board acted upon appeals, settlements and related matters as follows:

1. In Re: ODW Enterprises, Inc.(rehearing)-The matter was continued to the August Board meeting.
2. In Re: Lanlinx Wireless Communications (proposed settlement)-Motion to approve proposed settlement by Judge Fleming, seconded by Mr. Boyer, and unanimously approved by the Board .

3. In Re: St. Charles Gaming Co., Isle of Capri Lake Charles- Nos. RGS970597-C, E, G, H (proposed settlement)-Motion to approve the settlement by Ms. Richardson, seconded by Mr. Boyer, and unanimously approved by the Board.

4. In Re: Queens Restaurant - Continued until August 17<sup>th</sup>.

5. In Re: Showboat Star Partnership (appeal) - Ms. Morgan moved to issue a fine of \$5,000. Mr Lastrappes seconded Ms. Morgan's motion. Ms. Richardson made a substitute motion to fine the licensee \$10,000. The substitute motion was not seconded and thus failed. Ms. Morgan's motion passed by a 6-1 vote, Ms. Richardson voting against it.

6. In Re: Smoke Shak (appeal)-the State Police requested that its appeal be dismissed. There was no objection.

The Board heard public comments from Mr. Delesdernier regarding permitting masters and mates.

Ms. Richardson moved to adjourn. The motion was seconded by General Cadoria and unanimously approved by the Board.

The meeting was then adjourned.