

Board of Directors' Meeting, LGCB, (Pages 1:1 to 86:24)

1: 1 LOUISIANA GAMING CONTROL BOARD

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4 BOARD OF DIRECTORS' MEETING

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9 Tuesday, June 15, 2010

10 Natchez Room - Galvez Building

11 602 North Fifth Street

12 Baton Rouge, Louisiana

13

14 TIME: 10:00 A.M.

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1 APPEARANCES:

2

3 DANE K. MORGAN

4 Chairman

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6 MAJOR CLAUDE MERCER

7 Vice-Chairman

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9 VELMA ROGERS

10 Board Member

11

12 AYRES BRADFORD

13 Board Member

14

15 ROBERT G. JONES

16 Board Member

17

18 MARK STIPE

19 Board Member

20

21 JERRY JUNEAU

22 Board Member

23

24 JAMES SINGLETON

25 Board Member

3

1 APPEARANCES CONTINUED:

2

3 JACKIE BERTHELOT

4 Board Member

5

6 MAJOR MIKE NOEL

7 Ex-Officio Board Member

8

9

10 LANA TRAMONTE

11 Executive Assistant to the Chairman

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13 REPORTED BY:

14 SHELLEY G. PAROLA, CSR, RPR

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1 PAGE

2 I. CALL TO ORDER 6

3 II. APPROVAL OF THE MINUTES 9

4 III. REVENUE REPORTS 10

5 IV. COMPLIANCE REPORTS 14

6 V. VIDEO GAMING ISSUES

7 A. Consideration of the following

8 truckstop applications:

9 1. L.M. Daigle Oil Co., Inc.,
10 d/b/a Starks Truck Stop - No.
11 1000516060 26

12 VI. CASINO GAMING ISSUES

13 A. Consideration of renewal of
14 riverboat license of Catfish
15 Queen Partnership in Commendam
16 d/b/a Belle of Baton Rouge -
17 License No. R011700009 29

18 B. Discussion and Consideration in
19 the Matter of the Reissuance of
20 Riverboat License No. R016500086 61

21 C. Update by Louisiana State Police
22 on PNK-Baton Rouge Project -
23 License No. R011000801 72

24 VII. RULEMAKING

25 A. Institution of rulemaking

5

1 PAGE
2 procedures for the promulgation of
3 LAC 42:XI.2424 (Video Poker Fine
4 Schedule) and amendment of
5 42:XI.2407.D.17 (Advertising Fine) 76

6 VIII. PUBLIC COMMENTS 84

7 IX. ADJOURNMENT 84

8
9
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1 I. CALL TO ORDER

2 CHAIRMAN MORGAN: Good morning, come

3 to order. Call the roll, please.

4 THE CLERK: Chairman Morgan?

5 CHAIRMAN MORGAN: Here.

6 THE CLERK: Major Mercer?

7 MAJOR MERCER: Yes.

8 THE CLERK: Miss Rogers?

9 MS. ROGERS: Yes.

10 THE CLERK: Mr. Bradford?

11 MR. BRADFORD: Yes.

12 THE CLERK: Mr. Jones?

13 MR. JONES: Yes.

14 THE CLERK: Mr. Stipe?

15 MR. STIPE: Yes.
16 THE CLERK: Mr. Juneau?
17 MR. JUNEAU: Yes.
18 THE CLERK: Mr. Singleton?
19 MR. SINGLETON: Yes.
20 THE CLERK: Mr. Berthelot?
21 MR. BERTHELOT: Yes.
22 THE CLERK: Colonel Edmonson?
23 MAJOR NOEL: Major Noel for Colonel
24 Edmonson.
25 THE CLERK: Secretary Bridges? [No

7

1 response.]
2 CHAIRMAN MORGAN: I have just a few
3 announcements to make. I want to remind
4 everyone that we'll be moving our
5 office. Our administrative offices will
6 be moving to 4307 Bluebonnet Boulevard,
7 Suite A, Baton Rouge, 70809, and
8 accordingly, that's going to be around
9 the 23rd. Our phones won't be moved
10 over until the 28th, so if you call on
11 the 28th, we probably won't answer. So
12 just keep that in mind.

13 Of course, all of you have Lana's
14 cell number. It doesn't matter. It
15 will probably be -- one other thing is
16 the July board meeting, we will resume
17 back at the State Capitol meeting on

18 probably the senate side. I want to
19 thank the Public Service Commission -- I
20 don't know if anyone is in here from
21 there -- for allowing us to use the
22 facility. We really appreciate it. And
23 then also for all the attorneys in the
24 room, if you'll mark your calendars that
25 effective in August, we will be meeting

8

1 on the third Thursday of every month,
2 and we'll be remaining on the third
3 Thursday thereafter. There's a
4 multitude of reasons for why. It's an
5 opportunity to have a little more time
6 looking at the information numbers -- it
7 takes a while to get those prepared by
8 State Police -- to give us a little more
9 time. So hopefully that doesn't
10 interrupt the schedule.

11 Also, for the Board, I just want to
12 take this opportunity: Some issues came
13 up last meeting about the inspections
14 for the riverboats. I have met with
15 industry, particularly Mr. Duty, with
16 State Police and the Attorney General's
17 Office and separately with ABSC. We'll
18 have ABSC here next meeting to give a
19 presentation. I have asked them to
20 refine the inspection criteria and

21 provide clear inspection guidelines.
22 Again, they'll give a formal
23 presentation, and I've also asked the
24 State Police and the A.G. to provide
25 oversight to the program. And the

9

1 bottom line is, the program was put into
2 place, and it's time to refine it. And
3 I think that will be a good opportunity
4 to have everyone on the same page. So
5 I'm looking forward to that. If there's
6 any questions?

7 MR. JONES: Next month we start on
8 Thursday?

9 CHAIRMAN MORGAN: No, sir.

10 MR. JONES: August?

11 CHAIRMAN MORGAN: Next month we move
12 back to the Capitol, regular time.

13 II. APPROVAL OF THE MINUTES

14 CHAIRMAN MORGAN: Item II, Approval
15 of the Minutes. Everyone had a chance
16 to review the minutes? Any questions?
17 Do we have a motion to waive formal
18 reading?

19 MS. ROGERS: I move.

20 CHAIRMAN MORGAN: Motion by Miss
21 Rogers.

22 MAJOR MERCER: I'll second.

23 CHAIRMAN MORGAN: Seconded by Major

24 Mercer. Is there any objection? [No
25 response.]

10

1 One other thing, Members,
2 microphones, were are limited to five
3 today, so we'll have to share. The
4 portable mikes do not work, so for our
5 court reporter, try to share
6 microphones, that would help.

7 III. REVENUE REPORTS

8 CHAIRMAN MORGAN: Item III is
9 Revenue Reports.

10 MS. JACKSON: Good morning, Mr.
11 Chairman, Donna Jackson, Louisiana State
12 Police Gaming Audit Section.

13 Following is the riverboat revenue
14 report for May 2010. During May, the 13
15 operating riverboats generated Adjusted
16 Gross Receipts of \$137,742, 453, an
17 increase from last month of \$2 million
18 or 1.5 percent, but a decrease from
19 May 2009 of 9.7 percent, or almost
20 \$15 million.

21 Adjusted Gross Receipts for fiscal
22 year 2009-2010 to date are \$1 billion,
23 504 million, a decrease of 8 percent or
24 \$125 million from fiscal year 2008-2009.

25 During May, the State collected

11

1 fees totaling \$29,614,627. Of May 31,
2 2010, the State has collected \$323
3 million in fees for fiscal year
4 2009-2010.

5 Next is a summary of the May 2010
6 gaming activity for Harrah's New Orleans
7 found on page three. During May,
8 Harrah's generated \$30,818,224 in gross
9 gaming revenue, down \$1 million or
10 3.6 percent from last month, and down
11 \$3 million or 9 percent from May 2009.
12 Fiscal year-to-date gaming revenues for
13 2009-2010 to date are \$321 million, down
14 \$19 million or 6 percent from fiscal
15 year 2008-2009.

16 During May, the State received
17 \$5,095,890 in minimum daily payments.
18 As of May 31st, 2010, the State has
19 collected \$70 million in fees for fiscal
20 year 2009-2010.

21 Slots the at the Racetracks revenues
22 are shown on page four. During May, the
23 four racetrack facilities combined
24 generated Adjusted Gross Receipts of
25 \$35,048,238, an increase of 7 percent or

12

1 \$2 million from last month, but a
2 decrease of \$3 million or 8 percent from
3 May 2009.

4 Adjusted Gross Receipts for fiscal
5 year 2009-2010 to date are \$356 million,
6 a decrease of 5.5 percent or \$21 million
7 for fiscal year 2008-2009.

8 During May, the State collected fees
9 totaling \$5,316,818. As of May 31st,
10 2010, the State has collected \$54
11 million in fees for fiscal year
12 2009-2010. Are there any questions?

13 CHAIRMAN MORGAN: Are there any
14 questions? [No response.] Thank you.

15 MR. BOSSIER: Jim Bossier with the
16 Louisiana State Police Gaming Audit
17 Section. I am reporting video gaming
18 information for May 2010, as shown on
19 page one of your handout.

20 During May 2010, 13 new licenses
21 were issued: Nine bars and four
22 restaurants.

23 Eighteen applications are currently
24 pending in the field: Eight bars, six
25 restaurants one truckstop and three

13

1 devices owners.

2 During May 2010, the Gaming
3 Enforcement Division assessed \$569 in
4 penalties, and the Gaming Enforcement
5 Division collected \$10,000 in penalties.
6 There are currently zero dollars in

7 outstanding penalties. Please refer to
8 page two of your handout.

9 There are presently 14,815 video
10 gaming devices activated at 2,253
11 locations.

12 Net device revenue for May 2010, was
13 \$50,701,455, a \$1.2 million decrease, or
14 2.4 percent when compared to the net
15 device revenue for April 2010, and a
16 \$5.2 million decrease or 9.3 percent
17 when compared to May 2009.

18 Net device revenue for fiscal year
19 2009-2010 to date is \$558,263,713, a
20 \$65.7 million decrease, or 10.5 percent
21 when compared to net device revenue for
22 fiscal year 2008-2009. Page three of
23 your handout shows a comparison of net
24 device revenue.

25 Total franchise fees collected for
14
1 May 2010 were \$15,068,202, a \$377,000
2 decrease when compared to April 2010,
3 and a \$1.5 million decrease when
4 compared to May 2009.

5 Total franchise fees collected for
6 fiscal year 2009-2010 to date are
7 \$166,302,124, a \$19.1 million, or
8 10.3 percent decrease, when compared to
9 last year's franchise fees. Page four

10 of your handout shows a comparison of
11 the franchise fees.

12 Does anybody have any questions?

13 CHAIRMAN MORGAN: Are there any
14 questions?

15 IV. COMPLIANCE REPORTS

16 CHAIRMAN MORGAN: Item IV is
17 compliance reports.

18 MS. BROWN: Good Morning,
19 Mr. Chairman and Board Members. I'm
20 Assistant Attorney General Mesa Brown.
21 I'll be entering the staff report on
22 riverboat casino and racetrack
23 licensees' compliance with employment
24 and procurement conditions for the first
25 quarter of 2010. The first quarter

15

1 reports were taken from figures reported
2 from 13 of the 15 operating riverboats
3 to the Louisiana Gaming Control Board.

4 In the first quarter of 2010,
5 approximately 12,769 people were
6 employed by the riverboat industry. Of
7 that number, 12,536 were Louisiana
8 residents, 7,697 were minorities and
9 7,182 were women. I'll begin by saying
10 that one licensee, Sam's Town Hotel &
11 Casino, achieved total compliance.

12 Next I'll move on to total

13 employment. All licensees either met or
14 exceeded their voluntary conditions of
15 total employment with the exception of
16 four casinos: Amelia Belle achieved 392
17 out of a goal of 400; Isle of Capri,
18 Grand Palais achieved 421 out of a goal
19 of 520; Boomtown Bossier achieved 653
20 out of a goal of 775; and Eldorado
21 achieved 1,308 out of a goal of 1,500.

22 In the subcategories under the main
23 categories of employment, all licensees
24 either met or exceeded their goal with
25 the exception of one casino; Hollywood

16

1 Casino fell short of its female goal by
2 achieving 48.20 out of a goal of
3 51.86 percent.

4 Next is procurement. The licensees'
5 three subcategories which appear in your
6 report; they're Louisiana, minority and
7 female procurement. With regards to
8 Louisiana procurement, ten licensees did
9 not achieve compliance with their
10 voluntary conditions: Diamond Jacks
11 Casino & Resort; they achieved 59.15 out
12 of a 71 percent goal. Horseshoe Casino
13 & Hotel achieved 49 out of 75; Boomtown
14 Casino Westbank achieved 65.94 out of
15 80; Belle of Baton Rouge, 45.69 out of

16 75 percent; Hollywood Casino, 57.87 out
17 of 80 percent; Amelia Belle, 65.28 out
18 of 80; Grand Palais Isle of Capri, 57.61
19 and 65.59 out of 90 percent; Boomtown
20 Bossier City, 64 out of 80 percent; and
21 Eldorado 58 out of 60; L'Auberge du Lac
22 Hotel and Casino, 62.30 out of 80.

23 With regards to minority
24 procurement, eight licensees did not
25 achieve compliance with their voluntary

17

1 conditions: Horseshoe Casino & Hotel, 7
2 out of 35; Treasure Chest Casino, 8.40
3 out of 15; Amelia Belle Casino, 3.74 out
4 of 30; Isle of Capri Casino, St.
5 Charles, 5.63 with construction, 5.55
6 out of 10 percent; Eldorado, 19 out of
7 25 percent; Boomtown Westbank 13.62 out
8 of 15.

9 CHAIRMAN MORGAN: Okay.

10 MS. BROWN: Belle of Baton Rouge,
11 9.91 out of 15 percent, and Boomtown
12 Bossier, 7 out of 10 percent.

13 With regards to female procurement,
14 three licensees did not achieve
15 compliance with their voluntary
16 conditions: Horseshoe Casino & Hotel,
17 they achieved 25 out of 35 percent; Isle
18 of Capri Casino, Grand Palais, 2.05 and

19 1.46 with construction, out of
20 8 percent; and Belle of Baton Rouge
21 Casino, 8.51 out of 15 percent.

22 Are there any questions?

23 CHAIRMAN MORGAN: We're working with
24 industry to try to better identify the
25 criteria for the reporting criteria and

18

1 then also for the possibility of
2 allowing them to re-petition the Board
3 to have the numbers more in line with
4 each other in a geographic area, but
5 with regard to the Louisiana presence
6 category that we're working towards,
7 what would that do to the Louisiana
8 procurement numbers, in your opinion?

9 MS. BROWN: If the goals are
10 adjusted, you would have a lot more, a
11 greater number of licensees coming into
12 compliance with their goals if the
13 numbers were adjusted.

14 CHAIRMAN MORGAN: Some of these
15 Louisiana procurement numbers are very
16 low, and I think the discussion with
17 Mr. Duty is they have to get credit
18 currently from a Louisiana company --
19 although, they're based in Louisiana
20 with regards to the distributorship,
21 employee a Louisiana employee -- and I

22 think that was an intent, but they're
23 actually from another state.

24 MS. BROWN: They have -- a lot of
25 the vendors have a Louisiana presence,

19

1 but they don't satisfy the Louisiana
2 definition, so they're not receiving
3 credit for conducting business with
4 those vendors.

5 MS. ROGERS: Are those fair numbers?

6 MS. BROWN: Those numbers were
7 actually set at the time.

8 MS. ROGERS: They're already the
9 numbers?

10 MS. BROWN: Well --

11 MR. DUTY: I'm Wade Duty, Executive
12 Director for the Louisiana Casino
13 Association. Yes is the short answer to
14 your question. Those numbers were
15 created prior to the existence of the
16 industry in the state, so there was no
17 historical background to draw upon. We
18 have also got goals in existence for 15,
19 16 years, four major hurricanes.

20 So we think it's appropriate for
21 standardizing the method of attaching
22 data. We'll look at provisions of these
23 goals, with respect to what the Chairman
24 said earlier, a Louisiana handle on the

25 dollars that are still being spent with

20

1 Louisiana companies that regrettably
2 don't meet the technical definition of
3 Louisiana business enterprise but still
4 are providing jobs for Louisiana
5 residents and Louisiana operations with
6 housing here, distribution systems and
7 things of that nature.

8 CHAIRMAN MORGAN: You know -- and if
9 you look at -- I appreciate your chart.

10 If you look at procurement, it varies
11 from 60 to 80 percent statewide, as the
12 voluntary conditions and minority varies
13 from 12 and a half to 35 percent, and
14 women varied from 8 to 35 percent. So
15 they're -- it seems that we should work
16 toward more standardization and
17 obtainable goals as actually fall in
18 line with the items, geographic area,
19 and also their operation. But not --
20 they are their goals, and they made that
21 commitment to the State when they came
22 into the State. But the law requires a
23 good faith effort to accomplish this.

24 Does that open up the questions?

25 MR. STIPE: I do have just one.

21

1 Mr. Duty, I'm looking at this

2 Pricewaterhouse --

3 MR. DUTY: Yes, sir.

4 MR. STIPE: -- report. They pick up
5 on the idea of they've got a few more
6 types of enterprises in their
7 definitions. Are y'all going to attempt
8 to work those into ours? They have
9 Veteran owned enterprises and those kind
10 of things.

11 MR. DUTY: It's a possibility;
12 however, the more you refine and
13 subsection these kind of categories, the
14 more difficult it becomes to actively
15 track them; and, you know, we'll take
16 whatever guidance the Board deems
17 appropriate, obviously, but there's
18 probably practical limits to how far
19 down you can slice this. I think the
20 statutes and administrative rules
21 provide -- we'd like to stay within
22 those limitations, if possible.

23 MR. STIPE: And if you know, I
24 didn't see a methodology for local
25 procurement or geographic procurement.

22

1 Does Pricewaterhouse use one study?

2 MR. DUTY: I'm not sure I understand
3 the question.

4 MR. STIPE: In terms of defining

5 what a Louisiana presence was, do they
6 address that issue in this?

7 MR. DUTY: They did not. What we
8 were getting some guidance from was the
9 original statute board procurement for
10 governmental entities which lists
11 certain criteria for certain Louisiana
12 presence or business enterprise. That
13 statute has been repealed, but we think
14 it's a reasonable guideline that if you
15 have a physical presence in the State
16 and employing Louisiana residents and
17 paying Louisiana taxes, we think that's
18 valid and a valid indicator of what
19 we're spending that still benefits
20 Louisiana. But, unfortunately, it
21 doesn't meet the strict definition of
22 Louisiana business enterprise.

23 CHAIRMAN MORGAN: Where are we with
24 regard to the new model?

25 MR. DUTY: Actually, the second

23

1 quarter will be reported under the new
2 model, so you have 15 days left in this
3 month before it will close out, and the
4 licensee will begin submitting the data
5 according to the new program. So for
6 your -- I guess, your July meeting -- in
7 August you'll see the first report under

8 the new standard, but essentially we're
9 there now.

10 CHAIRMAN MORGAN: So possibly
11 having, as we discussed, two quarters to
12 gauge, then the Board can anticipate
13 conditions to amend the petition after
14 January.

15 MR. DUTY: Correct. Keep in mind,
16 too, you'll also have the results of the
17 2010 Census coming out very early in
18 2011. It will be your call, of course,
19 whether we look at those -- some of
20 these goals are based on representations
21 of demographics within Louisiana, and
22 that's going to be our most recent
23 snapshot. Of course, we'll need some
24 guidance from you if you want us to do
25 that before or after the census is

24

1 released and incorporate that data and
2 do some possible revisions. Okay.

3 CHAIRMAN MORGAN: Okay. Any other
4 questions?

5 MS. ROGERS: This is an excellent
6 report. It's very complicated. You've
7 done an excellent job. I can almost
8 understand it.

9 CHAIRMAN MORGAN: You also have a
10 glow about you. All right, thank you.

11 MS. BROWN: Are you ready for
12 racetrack now?

13 CHAIRMAN MORGAN: Yes.

14 MS. BROWN: I'll now present the
15 staff report on racetrack casino
16 licensees' compliance for statutory
17 employment and procurement conditions
18 for the first quarter of 2010. The
19 first quarter reports are taken from
20 figures reported by the four racetracks
21 to the Louisiana Gaming Control Board.

22 In the first quarter of 2010,
23 approximately 1,679 people were employed
24 by the industry. Of that number, 1,438
25 were Louisiana residents; 829 were

25

1 minorities, and 1,029 are women. One
2 licensee achieved total compliance.
3 That licensee is Churchill Downs.

4 I'll begin with employment. All
5 licensees either met or exceeded their
6 statutory condition of hiring 80 percent
7 Louisiana residents with the exception
8 of one licensee, Delta Downs Racetrack &
9 Casino. Delta Downs achieved 69.6 out
10 of a required 80 percent.

11 With regards to minority and female
12 procurement, all licensees either met or
13 exceeded their voluntary conditions with

14 the exception of Harrah's Louisiana
15 Downs. They achieved 60 -- I'm sorry,
16 they achieved 54 percent out of their
17 goal of 60 percent. With regards to
18 minority and female procurement, both
19 Delta Downs and Churchill Downs exceeded
20 minority -- I'm sorry, exceeded the
21 female procurement and their minority
22 procurement. Louisiana Downs exceeded
23 its female procurement goal but was
24 short of meeting its minority
25 procurement goal by achieving four out

26

1 of six percent; and Old Evangeline Downs
2 exceeded its female, but was slightly
3 short of achieving its minority
4 procurement goal of 1.5 out of
5 5 percent.

6 Are there any questions?

7 CHAIRMAN MORGAN: Any questions?

8 [No response.] Thank you.

9 V. VIDEO GAMING ISSUES

10 A. Consideration of the following truckstop
11 application:

12 1. L.M. Daigle Oil Co., Inc., d/b/a

13 Starks Truck Stop - No. 1000516060

14 CHAIRMAN MORGAN: Item V, Video

15 Gaming Issues, Consideration of the

16 following truckstop applications; L.M.

17 Daigle Oil Company.

18 MR. WAGNER: Good morning, Mr.
19 Chairman and Members of the Board, I'm
20 Assistant Attorney General Jonathan
21 Wagner before you with regards to the
22 original application of L.M. Daigle Oil
23 Company, Incorporated. They're doing
24 business as Starks Truck Stop.

25 On November 18th, 2009, Earl L. and
27

1 Kathryn D. Starks sold 100 percent of
2 their interest in Starks Truck Stop to
3 L.M. Daigle Oil Company, Incorporated,
4 which then submitted an application for
5 a Type 5 Video Poker Gaming License.
6 L.M. Daigle Oil Company is a Louisiana
7 LLC incorporated on September 29th,
8 1975. The establishment is located on
9 Highway 12 in Calcasieu Parish.

10 L.M. Daigle Oil Company is held
11 80 percent by Harry L. Shaheen who
12 serves as the company's president, and
13 20 percent by Kevin O. Pickett, who is
14 the Vice-President, Secretary and
15 Treasurer.

16 Master Trooper Kevin Smith conducted
17 the suitability investigation of the
18 relevant persons, as well as an on-site
19 inspection of the facilities. He is

20 here to present the Office of State
21 Police's findings.

22 M/T SMITH: Good morning,
23 Mr. Chairman, Members of the Board, I'm
24 Master Trooper Kevin Smith with
25 Louisiana State Police Gaming

28

1 Enforcement Division. I conducted the
2 suitability investigation on the
3 relevant persons associated with the
4 applicant and found no information that
5 would preclude a finding of suitability
6 for Harry L. Shaheen, his wife Karen,
7 Kevin O. Pickett and his wife Susan.

8 Tax clearance certificates and
9 inquiries revealed that the applicant
10 and its owners are current in the filing
11 and payment of all required taxes and
12 returns. An on-site inspection was
13 conducted, and it was determined that
14 the establishment meets all criteria set
15 forth in the video gaming laws as a
16 qualified truck stop facility.

17 All required state and local permits
18 were posted and valid at the time of the
19 inspection. The establishment consists
20 of at least five contiguous acres. Fuel
21 sales for the location qualify the truck
22 stop for 35 gaming devices.

23 MR. WAGNER: The Office of the
24 Attorney General has reviewed the file
25 compiled as a result of the Office of

29

1 State Police's investigation, and our
2 review indicates that there's no
3 information found which would preclude
4 the issuance of a Type 5 Truck Stop
5 Video Gaming License to L.M. Daigle Oil
6 Company doing business as Starks Truck
7 Stop.

8 At this time, I'd be happy to answer
9 any of the Board's questions.

10 CHAIRMAN MORGAN: Any questions?
11 Any questions? Do we have a motion to
12 approve the license?

13 MR. JONES: I'll move to approve.

14 MR. JUNEAU: Second.

15 CHAIRMAN MORGAN: Motion by Mr.
16 Jones, seconded by Mr. Juneau. Is there
17 any opposition? [No response.] Hearing
18 none, it's approved.

19 VI. CASINO GAMING ISSUES

20 A. Consideration of renewal of riverboat
21 license of Catfish Queen Partnership in
22 Commendam d/b/a Belle of Baton Rouge -
23 License No. R011700009

24 CHAIRMAN MORGAN: Item VI, Casino
25 Gaming Issues: Consideration of renewal

1 of riverboat license of Catfish Queen
2 Partnership in Commendam d/b/a Belle of
3 Baton Rouge, license number RO11700009.

4 MR. THOMPSON: Good morning,
5 Mr. Chairman, Board Members, I'm
6 Assistant Attorney General Buddy
7 Thompson. With me is State Police
8 Trooper Michael Daniel and Auditor Evie
9 Ficklin. Also present are
10 representatives of Belle of Baton Rouge.

11 We're here in the matter of the
12 renewal of riverboat license of Catfish
13 Queen Partnership in Commendam d/b/a
14 Belle of Baton Rouge. As you're aware,
15 riverboat licenses are issued for
16 five-year terms, and the license of
17 Belle of Baton Rouge is set to expire on
18 July 18th of this year, and it is now up
19 for renewal.

20 At this time, Auditor Evie Ficklin
21 will present her findings to the Board.

22 MS. FICKLIN: On the effective date,
23 March 8th, 2010, Belle of Baton Rouge,
24 certain of its affiliates, Tropicana,
25 Inc., emerged from bankruptcy nearly two

1 years after filing voluntary petitions
2 for relief in Chapter 11. Tropicana's

3 previous owners, the William J. Young
4 family, retained no equity interest in
5 the reorganized corporation. Tropicana
6 Inc.'s new owners, the Senior Secured
7 Lenders of its approximate \$1.71 billion
8 credit facility, exchanged their
9 interest in that debt on the effective
10 date for new Tropicana, Inc. common
11 stock.

12 As prescribed in Tropicana's plan of
13 reorganization, approximately
14 \$2.6 billion comprising Tropicana's
15 outstanding debt, inclusive of the \$960
16 million in unsecured notes, was canceled
17 on the effective date, as well as Belle
18 of Baton Rouge's guarantee of that debt.
19 Tropicana's total liabilities at
20 March 31st, 2010, were reduced from two
21 plus billion to approximately
22 \$290 million. Post bankruptcy,
23 Tropicana's outstanding long-term debt
24 is essentially the fair value its
25 outstanding \$130 million term loan under

32

1 its \$150 million exit facility.
2 Tropicana's \$20 million-dollar revolver,
3 also part of its exit facility, remains
4 untapped.

5 Tropicana also adopted fresh start

6 reporting provisions required by GAAP of
7 certain entities emerging from
8 bankruptcy. These provisions allow an
9 entity to emerge from bankruptcy with a
10 fresh start as a new entity on the
11 effective date by resetting the
12 historical value of its assets and
13 liabilities to fair value. Our
14 supplemental report includes a
15 comparison of Belle of Baton Rouge's
16 financial statements at December 31st,
17 2009, and on March 31st, 2010,
18 subsequent to the implementation of
19 fresh start provisions on the effective
20 date.

21 Belle of Baton Rouge is Tropicana's
22 only Louisiana licensee. Belle's Casino
23 operates adjacent to its 300-room hotel.
24 Until recently, Belle's hotel operated
25 under a Sheraton franchise fee

33

1 agreement. In April 2010, Tropicana's
2 management terminated its affiliation
3 with Sheraton Hotels, opting instead to
4 operate the hotel as an integrated
5 casino/hotel resort.

6 Belle is party to several agreements
7 with East Baton Rouge Parish. Its most
8 significant agreement with local

9 government is its Admission Fee
10 Agreement. Beginning January 1st, 2009,
11 this agreement requires Belle to remit
12 to the parish 3.5 percent of its monthly
13 net gaming revenues until it's
14 aggregated net gaming revenues reached
15 73.6 million and then 4.5 percent
16 thereafter. The agreement also provides
17 for a reduction in the admission fee to
18 2 percent of net gaming revenues in
19 economic downturns and during
20 construction phases of capital projects
21 at the casino. Belle paid the parish
22 approximately \$2.78 million in fees in
23 2009, and approximately \$615,000 through
24 March 2010.

25 Belle is party to numerous leases

34

1 detailed in this report beginning on
2 page eight. The most significant ones
3 are the signage wall and interior
4 storage lease with rental payments of
5 \$36,000 per year; its lease of a levee
6 building for approximately \$26,000 per
7 year; and the lease of its 141-space
8 surface parking lot for approximately
9 \$600,000 per year.

10 Belle of Baton Rouge's revenues
11 steadily declined from 2006 through 2007

12 and ranked third among the gaming
13 facilities in the Baton Rouge market.
14 Belle's revenue forecast is shown on
15 page 13. Management attributed the
16 decline in Belle's forecasted revenues
17 in 2012 and 2013 to the addition of
18 Pinnacle's PNK gaming operations in the
19 Baton Rouge Market.

20 In June 2008, Belle opened its \$11
21 million 326-space parking garage. It's
22 planned capital expenditures for 2010
23 are shown on page 13. Mr. Scott Butera,
24 Tropicana's CEO and President, is here
25 to discuss any future plans management

35

1 may have for Belle.

2 Belle's financial statements are
3 shown beginning on page 16. The
4 \$29.8 million shown under the
5 intercompany accounts as "Advances to
6 the Parent Company" were primarily for
7 bankruptcy and administrative costs.
8 This loan was eliminated with all
9 intercompany accounts as prescribed in
10 the plan of reorganization.

11 Also, eliminated on the effective
12 date was Belle's \$2 billion plus
13 obligation as guarantor under the parent
14 company's debt.

15 It is important to note that
16 Tropicana has a healthy balance sheet
17 after its emergence from bankruptcy. As
18 stated previously, its total liabilities
19 were reduced from \$2.6 billion to
20 approximately \$290 million.

21 In conclusion, no financial matters
22 came to our attention to preclude the
23 Board's approval for Belle of Baton
24 Rouge's five-year renewal of its gaming
25 license.

36

1 Trooper Daniel will now present the
2 results of his investigation.

3 TROOPER DANIEL: Good morning,
4 Chairman Morgan and Members of the
5 Board. I'm Trooper Michael Daniel with
6 the Louisiana State Police Gaming
7 Enforcement Division. I assisted with
8 the suitability investigations regarding
9 the license renewal of Tropicana
10 Entertainment, Incorporated, doing
11 business as the Belle of Baton Rouge
12 Casino.

13 An updated suitability investigation
14 was conducted on Tropicana
15 Entertainment, Incorporated, associated
16 companies and key personnel. This
17 consisted of inquiries to Federal, State

18 and local law enforcement agencies,
19 computerized criminal history databases,
20 financial and civil institutions and
21 gaming and regulatory agencies.

22 Tax clearances were obtained from
23 the Internal Revenue Services, the
24 Louisiana Department of Revenue to
25 ensure applicants are current in their

37

1 tax filings.

2 During the suitability
3 investigation, I discovered no
4 information that would adversely effect
5 the suitability for the applicants.

6 MR. THOMPSON: A review of the file
7 compiled as a result of the
8 investigation conducted by State Police
9 revealed no information that would
10 preclude the renewal of the license of
11 Catfish Queen Partnership in Commendam
12 d/b/a Belle of Baton Rouge. I've
13 prepared a suggested resolution
14 authorizing the renewal of the license
15 until July 18th, 2015, if the board so
16 approves the renewal. We would be glad
17 to answer your questions.

18 CHAIRMAN MORGAN: Okay. Thank you.
19 I have a -- I do have a question with
20 regard to the agreement on the parking

21 lot surface parking, the \$630,000 a
22 year; and this might be Trooper Daniel.

23 Who is that agreement with?

24 MS. FICKLIN: It is with PCW.

25 CHAIRMAN MORGAN: It says, "PCW

38

1 Management, Incorporated." Who is that?

2 MS. FICKLIN: I believe it's owned
3 by Mr. Bill Ware.

4 CHAIRMAN MORGAN: How long has that
5 agreement been in effect?

6 MS. FICKLIN: This particular
7 agreement has been in effect since 2007,
8 but I don't have a copy of the previous
9 one.

10 CHAIRMAN MORGAN: And the garage was
11 not built at that time?

12 MS. FICKLIN: No, sir. The garage
13 was open for business June 2008.

14 CHAIRMAN MORGAN: I have questions
15 for the licensee with regard to the
16 arrangement. But one other question,
17 and I'll turn it over to the board
18 members. I don't know if you covered
19 this or not. On page 16, the
20 intercompany elimination for \$29.8
21 million. Can you cover that briefly
22 again.

23 MS. FICKLIN: Yes, sir.

24 Intercompany -- the elimination, it's
25 eliminated during the process of the

39

1 bankruptcy as part of the
2 reorganization, but the \$29 million
3 represented basically costs that were
4 forwarded up to the parent company to
5 cover interest payments, administrative
6 costs, bankruptcy costs, and I believe
7 some information I received yesterday,
8 insurance for, I think, the employees.
9 There's an agreement, I guess, between
10 the parent company and the subsidiary in
11 so as far as providing insurance and the
12 transmission of the payments between the
13 two.

14 CHAIRMAN MORGAN: And it was
15 reasonable? I'm putting you on the
16 spot. Any questions for the Attorney
17 General's Office and State Police?

18 MR. STIPE: The information, the
19 financial projections you had as I read
20 it, it showed the impact of Pinnacle's
21 Baton Rouge property opening in 2013; is
22 that right?

23 MS. FICKLIN: Actually, I think it
24 should probably have been when it ramps
25 up probably between 2012, 2013. That

40

1 was the sense we received from corporate
2 that it would be a process, and during
3 that process of racking up, the
4 competition becomes a little more there.

5 MR. STIPE: This facility derives
6 its customers primarily from the Baton
7 Rouge market?

8 MS. FICKLIN: Yes, sir, about
9 45 miles.

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

11 CHAIRMAN MORGAN: Any other
12 questions? Why don't we have the
13 licensee come up.

14 MR. DUNCAN: Good morning, Mr.
15 Chairman, I'm Kelly Duncan, counsel to
16 Tropicana and Belle of Baton Rouge. To
17 my immediate left is Scott Butera, who
18 is the CEO, President and Director of
19 Tropicana Entertainment, which is the
20 parent company of the Catfish Queen
21 licensee; and to Scott's left is Marcel
22 Vernon, the General Manager of the Belle
23 of Baton Rouge and then Elizabeth Shear,
24 who is the director of compliance, is
25 with us as well. Thank you very much.

41

1 CHAIRMAN MORGAN: I'll ask a few
2 questions. So did y'all want to make a
3 statement?

4 MR. DUNCAN: Mr. Butera might.

5 CHAIRMAN MORGAN: Sure.

6 MR. BUTERA: Mr. Chairman, before we

7 start, I would actually like to thank

8 the Board, as well as the Attorney

9 General's Office and the State Police.

10 Throughout the course of our meetings

11 leading up to this meeting has been a

12 very healthy and productive

13 relationship, and I've really enjoyed

14 working with each of those individuals.

15 We really appreciate the services that

16 the State's providing us.

17 Since we last met and emerged from

18 the Chapter 11, I think we have made

19 significant strides in improving the

20 operations and the facility at the Belle

21 of Baton Rouge. I think one need only

22 walk through there to see how much

23 cleaner and safer the place looks and

24 how much better the customer service has

25 been. It's something that's really been

42

1 focused on.

2 In addition, in January just prior

3 to our emergence, we immensely completed

4 reconfiguration to make the floors, to

5 make them more entertaining and user

6 friendly for our customers. We also

7 replaced and reconfigured approximately
8 162 slot machines, which is
9 approximately 20 percent of our floor,
10 and added a couple of new table games,
11 new crap games and expanded our poker
12 room. So we have been doing a fair
13 amount of work on improving the gaming
14 environment on the boat.

15 In addition, we have been working
16 very hard on improving our staffing
17 levels. I think as we sit here today,
18 we have just over 800 employees, and we
19 have 25 additional employees who are
20 pending processing that will bring us to
21 857. I know that was an issue at the
22 time we last met, and we have spent a
23 fair amount of time focusing on that.
24 We've done 18 job fairs in the time
25 since we've last met, and we've been

43

1 very fortunate in hiring people.

2 One of the things that was
3 mentioned, there was another significant
4 thing, we did embark upon rebranding of
5 the hotel facility. We did end our
6 relationship with Sheraton and decided
7 to run that operation ourselves, which
8 allows us to have much more control over
9 those operations, and we also save over

10 \$800,000 a year in licensing fees which
11 we're able to now apply toward the
12 facility at the boat.

13 So I think, you know, it's a fairly
14 decent start for us. Obviously, there's
15 a lot more we want to do with the Belle.
16 It's a very important asset for our
17 company. We think it could be an
18 extremely successful asset, well beyond
19 what it is today, and the things that
20 we're working on are things which will
21 hopefully make the Belle much more of a
22 resort destination, entertainment
23 facility as we look into the upcoming
24 years.

25 So once more, I appreciate all the

44

1 help we've gotten along the way and look
2 forward to continuing to do a lot more
3 at this property.

4 CHAIRMAN MORGAN: I appreciate it.
5 I had a meeting with the mayor and
6 expressed opinions on the Baton Rouge
7 area and downtown; and certainly
8 yourself and Hollywood are anchor
9 clients, but there is a concern with the
10 third riverboat coming in. What's your
11 strategy for competition? And,
12 obviously, you have a hotel, so that's a

13 perk, but did you look at the numbers?
14 Your numbers are down comparatively
15 speaking. So what's the plan?

16 MR. BUTERA: Right. Well, you know,
17 the new competition is coming. We
18 understand that. I think it's more for
19 us trying to figure out how can we
20 coexist with the new competition. I
21 think Pinnacle's coming in with a nice
22 facility, so I think that could be good
23 for Baton Rouge even if it does provide
24 additional competition for us. And if
25 it's good for Baton Rouge, ultimately it

45

1 will be good for us.

2 What we need to do is we need to
3 make sure that we have one great
4 customer service, because it's been my
5 experience in being in this business
6 since the late 80's, that it's never
7 always about the building. You know,
8 there's a lot of hole-in-the wall
9 restaurants I like to go to because they
10 have great service and great food. So I
11 think, one, just making sure that we
12 have great customer service, and I think
13 that that's something that Marcel Vernon
14 has really done a good job of
15 emphasizing that with the staff, and

16 then again, making our product a little
17 bit more fun and exciting. So we're
18 looking at a couple of alternatives that
19 would dramatically change the common
20 areas of the facility and add, you know,
21 entertainment facilities, more food and
22 beverage type facilities.

23 Also, I have had some conversations
24 with the mayor's office and some of his
25 staff, and we want to work together with

46

1 them on some of the capital improvements
2 that they're making to that area so we
3 can integrate better with them and get
4 group and convention business.

5 So I think the type of product that
6 Pinnacle will have will be a different
7 product than ours, and hopefully they'll
8 be able to attract one type of customer
9 base, and we'll be able to attract
10 another type. And we think that, you
11 know, given the different locations and
12 given the different styles of property,
13 that's something that can be achievable.

14 So I would be a lot more concerned
15 if we were both trying to do the same
16 type of facility in the same area going
17 after the same customer. I think there
18 is a different customer base; and I also

19 think that we'll see growth in Baton
20 Rouge, and hopefully we'll benefit from
21 that.

22 CHAIRMAN MORGAN: I hope you're
23 right. I'll get on the surface parking
24 in a second. Since your company took
25 over, though, the procurement numbers

47

1 have gone down in every category, and
2 that needs to be addressed. I do
3 commend you on the employment numbers.

4 MR. BUTERA: Yeah. No, we
5 understand the procurement numbers, and
6 I'll share a couple of things on that.
7 One, obviously, we went through a
8 bankruptcy process; and as you go
9 through that process, you know,
10 relationships with vendors are sometimes
11 things that get affected by that. Also,
12 under previous management, we didn't
13 really have a procurement team. We
14 didn't have integrated technology for
15 procurement.

16 So what we have done since emergence
17 is we've actually hired a procurement
18 director. We completely automated our
19 procurement services so that we can
20 identify, you know, how much we're
21 procuring with Louisiana companies, how

22 much we're procuring with minorities,
23 how much we're procuring with women. So
24 now we can track this stuff. In
25 addition, we've reached out to other

48

1 businesses in the area and asked who are
2 they doing business with in these
3 categories and tried to identify people.

4 So I'm very confident with the
5 systems that we now have in place, and
6 the fact that we're a healthy company
7 that people will be maybe more willing
8 to work with; although, I don't think
9 it's understood that the safest
10 companies in the world that you can do
11 business with are companies that are in
12 bankruptcy. It isn't the perception.
13 But it is a focus of ours, and I'm very
14 confident that the employment numbers
15 are something that we'll have solved
16 relatively quickly.

17 CHAIRMAN MORGAN: Okay. I just have
18 one little observation. You heard my
19 question with regard to the surface
20 parking, particularly with your parking
21 garage. I'm not exactly sure what lot
22 this is. Is this the one next to the
23 levee?

24 MR. BUTERA: Yes, it is.

25 CHAIRMAN MORGAN: So you're gonna

49

1 use that for valet?

2 MR. BUTERA: Well, actually I have a
3 couple comments, and believe me, I wish
4 the numbers were a lot lower myself.
5 It's something I think about all the
6 time. But when the garage was built, it
7 was built by prior ownership, and there
8 were several -- not -- well, there were
9 several design flaws in the garage,
10 which made it kind of user unfriendly to
11 our customer base. The ramps are very
12 steep. Where you exit the garage is
13 actually a fairly long walk to the
14 facility, and for a variety of reasons,
15 the surface parking is much more
16 desirable to our primary customers and
17 our better customers.

18 So for those reasons, we decided to
19 actually keep that lot, and it's
20 actually used as surface parking for our
21 customers that have easy access to the
22 boat. One of the things you may know
23 about our boat is we have a fairly
24 lengthy walkway that gets us up to the
25 boat, and one of the things we are

50

1 studying is a way to maybe bring that

2 boat in and shorten that amount of time.
3 But we have a fairly lengthy walkway,
4 and if you actually park in that garage,
5 it really extends the length of that
6 walk. So, really, it was kept for
7 customer convenience, and it's been so
8 far successful for us. Albeit, I
9 understand it's costlier than we would
10 like it to be.

11 CHAIRMAN MORGAN: It's about 4,200 a
12 space per year.

13 MR. BUTERA: Yeah, I understand.
14 We'll continue to evaluate it, and, you
15 know, as we redesign our facility, each
16 term is two years. So we're not, you
17 know, wed to this thing in perpetuity,
18 and if we can make some design changes
19 to the facility that we think we can,
20 perhaps we can, you know, eliminate
21 that.

22 CHAIRMAN MORGAN: Well, it's part of
23 our responsibility to look at business
24 relationships and to make sure that
25 they're within the norm. So I might

51

1 have State Police look at this just to
2 make sure.

3 MR. BUTERA: Sure. We're fine with
4 that. From our understanding, it's

5 nothing more than just a cost, but a
6 very important customer amenity for us.

7 CHAIRMAN MORGAN: It just happens to
8 be right in the middle of your profit.

9 MR. BUTERA: And it floods a lot,
10 too, so we're trying to get the owner to
11 clean it up a little bit for paying that
12 amount of money. But we understand and
13 welcome any investigation.

14 CHAIRMAN MORGAN: Anyway, I'll open
15 it up for questions to board members.

16 MR. STIPE: We talked in January
17 about the capital expenditures, and I --
18 as I read this, you projected about
19 \$8.6 million in capital expenditures
20 between the fourth quarter in 2009 and
21 including 2010, and the materials I'm
22 looking at total about \$4 million in
23 capital expenditures. And since that
24 time, as I understand it, you're now
25 going to be responsible for the hotel

52

1 maintenance and capital expenditures, as
2 well. I mean, am I misreading
3 something?

4 MR. BUTERA: You know, the numbers
5 might have changed a little bit because
6 we revised our budget, but I believe
7 that's generally correct. And we

8 have -- you know, we have been spending
9 those moneys. We've done a lot, you
10 know, sort of behind the scenes that
11 doesn't necessarily get seen. So we
12 began trying to make the building safer,
13 and so we've added significant fencing
14 around the back of the building, done
15 things to improve fire and light safety.
16 We're working on, you know, fixing our
17 walkways.

18 Within the hotel, we have replaced
19 the furniture and fixtures and
20 equipment, and we added flat screen TVs;
21 you know, obviously we did hotel
22 rebranding; we added some technology,
23 Internet and those types of things in
24 the room; and, you know, we did make
25 significant purchases on our slot and

53

1 gaming equipment.

2 But we will continue to do that, and
3 what we're doing is we're really
4 planning things out, you know, as best
5 we can. Obviously in the wake of new
6 competition, we don't want to rush into
7 anything. We want to see if, you know,
8 we get the right architects and get the
9 right people involved and get the right,
10 you know, partners. And we're working

11 with some outside partners, too, that
12 are prominent in the business that can
13 come in and work with us on capital, as
14 well.

15 So I'm very comfortable that you
16 will see some significant, you know,
17 events hopefully in the near term.

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

19 MR. BRADFORD: A quick question on
20 procurement. We can touch on this a lot
21 during the course of the year with a lot
22 of different licensees. I'd just like
23 your opinion -- and, Marcel, you feel
24 free to jump in as far as the voluntary
25 goals that have been set. I was

54

1 wondering if -- if these tend to cause
2 you to pay more for the same product
3 that you could buy somewhere else out of
4 state basically.

5 MR. BUTERA: Yeah. Well, in our
6 case, the answer's perhaps, because
7 we're a national firm and we can, you
8 know, do business on a national basis
9 with some larger providers. So, you
10 know, to the extent that we've -- we're
11 not able to do that to meet the certain
12 goals, then that can be an issue. It's
13 also kind of an issue when you're

14 dealing with percentages, you know,
15 because if we were to go out and secure,
16 you know, let's say a million dollar,
17 you know, procurement contract with
18 somebody, then all of a sudden now
19 you've got to spend \$150,000 with
20 somebody, you know, to meet the
21 number -- the goal; whereas, maybe if
22 you have an aggregate dollar and/or, you
23 know, situation, that might be more
24 helpful.

25 Because, you know, to me that's more

55

1 of an issue where you for some reason
2 have to have a national firm come in for
3 a big number or a big law firm or
4 something like that. Now you're in
5 bankruptcy, now almost you're forced to
6 spend money; whereas, the overall goal
7 might have been -- let's say 50,000
8 would have been acceptable, but now we
9 have to spend 150 to get to the 15.

10 So I consider maybe there is an
11 and/or provision. I will say that our
12 relationships with local providers has
13 been very good, and we've been pleased
14 with relationships and we feel like
15 we've gotten good product and good
16 services. So it hasn't been a quality

17 issue, but as you look forward and, you
18 know, as a national firm, you do have
19 large contracts but we understand.

20 MR. BRADFORD: And there may be a
21 way -- and Wade touched on it, Wade Duty
22 touched on it as far as possibly
23 reclassifying some of the local vendors
24 that might qualify.

25 MR. BUTERA: Sure. That would be

56

1 very helpful because a lot of these
2 national providers do have a presence,
3 you know, in Louisiana, but they don't
4 qualify, so that's something that I
5 think is a very legitimate point.

6 MR. BRADFORD: On an annualized
7 basis, would you have any idea dollars
8 that you would spend more than you would
9 normally have to spend?

10 MR. BUTERA: That's something I'd
11 have to research.

12 MR. BRADFORD: It would be an
13 interesting number to see what that
14 would be.

15 MR. BUTERA: It's something we could
16 research.

17 CHAIRMAN MORGAN: Any other
18 questions? You're at the table. You're
19 general manager? This is your time.

20 MR. VERNON: I just wanted to thank
21 you for the opportunity that Scott
22 mentioned to have us here and consider
23 us for the license. To echo many things
24 that Scott has said today, I really
25 think we're making greater steps and

57

1 strives in regard to where we're headed
2 as a property. We've made several
3 changes in regard to structure and
4 cleanliness and the service standards
5 most important.

6 I think one of our great efforts is
7 to change how the community views the
8 facility. So it's been really one of my
9 main focuses to shift the focus to
10 superior service standard, so hopefully
11 you'll continue to see that in the
12 future and continue to work with us as
13 we try to achieve our goals. Thanks.

14 CHAIRMAN MORGAN: I have more of a
15 vested interest probably than any board
16 member. This is my area, and I
17 represent Baton Rouge. And I opened up
18 that property with State Police, so a
19 little ownership there. It's a
20 phenomenal property. It had gone down
21 by the previous owner, and I will tell
22 that you my gambling friends in Baton

23 Rouge tell me that it suffered by
24 customer service prior to y'all coming
25 onboard. So I do appreciate your effort

58

1 in that regard.

2 MR. BUTERA: I think if you have
3 those people come back, they'll have a
4 much better --

5 CHAIRMAN MORGAN: I try to stay away
6 from them now. They always complain.
7 They never win anyway.

8 MR. BUTERA: I'm the same way, and
9 when I see these jackpots on Monday
10 morning, I'm, like, how come that
11 couldn't be me.

12 CHAIRMAN MORGAN: Any other comment?

13 MR. BUTERA: I'd just like to make
14 one more comment on the procurement
15 side. As a general philosophy, I always
16 believe that it's important to support
17 the local businesses, because for us,
18 anything that we can do to make Baton
19 Rouge successful, Baton Rouge's
20 businesses successful, that's going to
21 actually work for us from a business
22 standpoint because it creates more
23 customers and will hopefully attract
24 more businesses to this area.

25 So I do respect the goals. I actually

1 like them, and I think it's an important part of
2 what we do. And I've always been a supporter of
3 trying to support what makes it successful for the
4 business.

5 CHAIRMAN MORGAN: We have high
6 expectations for your company. I can't
7 wait until next year when you are back
8 before us.

9 MR. BUTERA: I look forward to that,
10 as well.

11 CHAIRMAN MORGAN: If there's not any
12 other questions or questions for State
13 Police or the A.G.'s office, do we --
14 does anyone make a motion?

15 MAJOR MERCER: I move we approve.

16 CHAIRMAN MORGAN: Okay. we have a
17 motion to adopt the resolution by Major
18 Mercer. Is there a second?

19 MR. BRADFORD: Second.

20 CHAIRMAN MORGAN: There's a second
21 by Mr. Bradford. Lana, can you read
22 that into the record, please.

23 THE CLERK: On the 15th day of June,
24 2010, the Louisiana Gaming Control Board
25 did, in a duly noticed public meeting,

1 consider the issue of the Catfish Queen
2 Partnership in Commendam d/b/a Belle of

3 Baton Rouge license renewal, and upon
4 motion duly made and second, the Board
5 adopted the following resolution: Be it
6 resolved that the riverboat casino
7 license of Catfish Queen Partnership in
8 Commendam d/b/a Belle of Baton Rouge, be
9 renewed for a term of five years
10 commencing on July 18th, 2010, subject
11 to all conditions previously placed upon
12 the license. This done and signed in
13 Baton Rouge, Louisiana, this 15th day of
14 June, 2010.

15 CHAIRMAN MORGAN: Okay. Call the
16 roll, please.

17 THE CLERK: Major Mercer?

18 MAJOR MERCER: Yes.

19 THE CLERK: Miss Rogers?

20 MS. ROGERS: Yes.

21 THE CLERK: Mr. Bradford?

22 MR. BRADFORD: Yes.

23 THE CLERK: Mr. Jones?

24 MR. JONES: Yes.

25 THE CLERK: Mr. Stipe?

61

1 MR. STIPE: Yes.

2 THE CLERK: Mr. Juneau?

3 MR. JUNEAU: Yes.

4 THE CLERK: Mr. Singleton?

5 MR. SINGLETON: Yes.

6 THE CLERK: Mr. Berthelot?

7 MR. BERTHELOT: Yes.

8 THE CLERK: Chairman Morgan?

9 CHAIRMAN MORGAN: Yes.

10 Congratulations. Thank you very much.

11 B. Discussion and Consideration in the
12 Matter of the Reissuance of Riverboat
13 License No. R016500086

14 CHAIRMAN MORGAN: Next item is:

15 Discussion and Consideration in the

16 Matter of the Reissuance of the

17 Riverboat License No. R016500086.

18 Members, if you recall last board

19 meeting, we adopted a resolution to open

20 up a public notice to open up any

21 opportunity for an interested party to

22 submit a written notice of interest. We

23 did receive three written notices: One

24 from Peninsula Gaming, who did not state

25 the intended location; one from St.

62

1 Gabriel Downs, LLC, who indicated that

2 Lake Charles would be the venue of

3 preference; and Tomorrow Investors, LLC,

4 in Lake Charles who indicated --

5 indicated Lake Charles would be their

6 venue of preference.

7 And I wanted to give -- the public

8 notice indicated that there would be a

9 opportunity to express interest to
10 appear before the Board today, so it's
11 not mandatory, but if you'd like to
12 appear and make a statement before the
13 board, any of the three.

14 Will you introduce yourself for the
15 record.

16 MR. CHESTER JONES: My name is
17 Chester Jones, and I live in Lake
18 Charles, Louisiana. And I'm heading the
19 group that is putting in for the
20 riverboat -- I mean, for the casino
21 license.

22 CHAIRMAN MORGAN: You're Tomorrow
23 Investors?

24 MR. JONES: Tomorrow's Investors,
25 yes.

63

1 CHAIRMAN MORGAN: Do you want to
2 make any presentation or just tell us
3 about this project, what you anticipate?

4 MR. CHESTER JONES: Well, one of the
5 things that we anticipate doing is
6 bringing in a first rate casino. It
7 would be in our best interest to do that
8 and, of course, the best interest of the
9 parish itself. And, of course, the
10 existing gaming that's already there,
11 when we bring another casino, we should

12 bring a casino that's going to increase
13 the market; and, of course, there's been
14 studies that have been made by the
15 professors at McNeese University that
16 indicate -- clearly indicate that
17 Calcasieu is prime road.

18 So if we bring the kind of casino
19 that we have in mind of bringing, then
20 we're going to grow the market, and it
21 would be good for the State, good for
22 the parish and, of course, the City of
23 Lake Charles and, of course, we as the
24 investors.

25 I might also add that four years

64

1 ago, I appeared before the gaming
2 commission, and, of course, we put in an
3 application to go after the license when
4 they were available four years ago. We
5 were not successful at that time;
6 however, I was very proud that I was
7 able to come before the Board and have a
8 letter of commitment for \$77 million to
9 take and buy those license. Also, they
10 also had the money at that time to take
11 an build the facility; however, we were
12 not awarded that, but we were put into a
13 secondary position that if the
14 referendum that had to be passed in Lake

15 Charles did not pass, then we would be
16 given the opportunity to have those
17 license.

18 And, of course, we are putting in
19 again, and we hope that this time that
20 we're successful. And being the local
21 boys from the City of Lake Charles,
22 we're going to build a first rate
23 facility.

24 CHAIRMAN MORGAN: Good, very good.
25 Is there any questions?

65

1 MR. JONES: I would just ask one
2 question: Do you have any idea about
3 the dollar amount that you might invest
4 in the project?

5 MR. CHESTER JONES: We're looking at
6 from 400 to \$500 million to take and
7 build this facility. There's other
8 things that we had hoped to do four
9 years ago, and we're looking at some of
10 those things in addition to having the
11 gaming and hotel, other things that can
12 be a draw for us.

13 MR. JONES: Okay.

14 CHAIRMAN MORGAN: Anyone else? [No
15 response.] Well, thank your, sir,
16 appreciate it. We're going to hear from
17 anyone else, and then we have -- would

18 likely open up the application process.
19 It's up to the Board, but I anticipate
20 us opening up the application process,
21 which would be the formal process that
22 you've been through before. You have
23 the opportunity to actually formally
24 apply.

25 MR. CHESTER JONES: Okay. Well, I

66

1 had my expectations that this morning
2 you were going to give me the license
3 and we'd get after it.

4 CHAIRMAN MORGAN: Not that quick.
5 Not that quick. There's a little thing
6 called a suitability check.

7 CHESTER JONES: Thank you.

8 CHAIRMAN MORGAN: Thank you, though.
9 I appreciate it.

10 Miss Hawkins? You're
11 representing --

12 MS. HAWKINS: St. Gabriel.

13 CHAIRMAN MORGAN: Okay. Members, I
14 had sent you the submissions. We also
15 had the Attorney General's Office
16 prepare the resolution. It would be my
17 recommendation that we open up the
18 formal application process since we do
19 have interested parties. Certainly the
20 application process is not limited to

21 these three individuals. It will be
22 available to anyone that's interested in
23 applying.

24 The resolution is before you. If it
25 fits your desire to open this up for

67

1 formal application, we would need to
2 adopt the resolution, and then if we do
3 adopt it, I would like for the State
4 Police to just briefly -- I think Major
5 Noel will just briefly tell us about the
6 application process. Is there any
7 discussion? Do we have a motion?

8 MR. JONES: I'll make a motion.

9 CHAIRMAN MORGAN: We have a motion
10 by Mr. Jones to adopt the resolution.
11 Is there a second?

12 MS. ROGERS: I second.

13 CHAIRMAN MORGAN: Seconded by Miss
14 Rogers. Lana -- Lana's sick. Do you
15 want me to read it, or can you do it?

16 THE CLERK: I can do it. On the
17 15th day of June, 2010, the Louisiana
18 Gaming Control Board did, in a duly
19 noticed public meeting, consider the
20 issue of the application process: The
21 Reissuance of Riverboat License No.
22 RO16500086, and upon motion duly made
23 and second, the Board adopted the

24 following resolution: Be it resolved
25 that the Louisiana State Police Gaming

68

1 Enforcement Division is authorized to
2 begin accepting applications for
3 Riverboat License RO16500086. Be it
4 further resolved that application for
5 riverboat license No. RO16500086 must be
6 received by the Division on or before
7 September 23rd, 2010. This done and
8 signed in Baton Rouge, Louisiana, this
9 15th day of June, 2010.

10 CHAIRMAN MORGAN: Okay. Is there --
11 are there any objections to the
12 resolution? Hearing none, the
13 resolution's adopted.

14 Just to reiterate, the application
15 process is open to any interested party.
16 You would need to apply by filling out a
17 formal application with those little
18 brief instructions -- what, about, a
19 couple hundred pages, I guess -- with
20 the Office of State Police.

21 Major, why don't you come on down
22 and we'll talk about how you get the
23 application. Upon conclusion of the
24 Louisiana State Police investigation of
25 applicants and submission to the Board

69

1 for review, the Board will then schedule
2 applicants for formal presentation of
3 their projects.

4 I want to remind everyone that
5 principle to the Board's evaluation will
6 be the consideration of the Louisiana
7 Revised Statute 27:42, which the
8 legislature adopted as public policy of
9 the state which says that the
10 legislature hereby finds and declares to
11 be the public policy of the state that
12 Louisiana resources, goods and services
13 be utilized in the operation and
14 construction of riverboats to the extent
15 allowable by law.

16 I want to make sure that applicants
17 realize that this information will be
18 taken into consideration for your
19 project in preference of the project.

20 Okay, Major.

21 MAJOR NOEL: Thank you, Mr.
22 Chairman, Board Members. I'm Major Mike
23 Noel with the State Police Gaming
24 Enforcement Division.

25 Two months ago, as soon as the

70

1 license became vacant, we internally
2 began a process of planning for this
3 application, or the applications that we

4 hope to receive. Knowing how intensive
5 the process is and the time sensitive
6 nature, you know, we wanted to look at
7 the resources we had.

8 So we put together a team of
9 experienced people within the Division
10 to look at our current processes, some
11 of the past processes, and make sure
12 that the our staff is aware of what
13 their role and responsibility is,
14 because it's important that we be as
15 efficient as possible. We've
16 tentatively identified teams within the
17 Division that will consist of
18 troopers, auditors, investigative
19 specialists, and also the Attorney
20 General's Office will assign an
21 Assistant Attorney General to each team.
22 And, of course, those teams will be
23 assigned handling any applications that
24 we've received.

25 The application forms themselves

71

1 have been posted on our website, so any
2 interested party can visit the Louisiana
3 State Police website, which is LSP.org,
4 and forms are available. There's also a
5 checklist that lists all the documents,
6 application forms and supplemental

7 information that is required to be
8 submitted with the application, and it
9 also has contact information. So any
10 applicants can contact us with specific
11 questions throughout the process.

12 Once we receive an application, we
13 have seven days to review it, and from
14 experience, it's -- it should be quite a
15 large amount of paperwork. So we're
16 making those plans and making sure
17 everybody is up to speed on what needs
18 to be done. But we'll be -- we'll have
19 to review them quickly and inform the
20 applicant if there's any missing
21 information, and that starts the
22 process.

23 CHAIRMAN MORGAN: I want to
24 encourage applicants to communicate
25 first with State Police. Who is your

72

1 point of contact?

2 MAJOR NOEL: Sergeant Richard
3 Swearingen and Lana Willingham from our
4 audit staff will be our points of
5 contact, but certainly their -- their
6 contact information is on the
7 information sheet. Please contact them
8 if you have questions.

9 CHAIRMAN MORGAN: Because there's

10 some -- there's a litany of things you
11 have to submit; and some things you're
12 not able to submit, and we realize that,
13 right now. So to move your application
14 along, it is permissible to -- they can
15 identify what is crucial to submit at
16 this time, and that way the sooner you
17 get them it in, the sooner State Police
18 can start working on them.

19 Is there any questions for State
20 Police? Plus submit that \$50,000 fee
21 that's required.

22 MAJOR NOEL: Yes.

23 CHAIRMAN MORGAN: Okay. Thank you,
24 man. We look forward to having a lot of
25 applicants.

73

1 C. Update by Louisiana State Police on
2 PNK-Baton Rouge Project License No.
3 R011000801

4 CHAIRMAN MORGAN: Item C, Update by
5 Louisiana State Police on PNK Baton
6 Rouge project. Members, you should have
7 had a nice booklet that they put
8 together with pictures. Captain, is
9 somebody -- who is -- is somebody here?
10 So if anyone wants to apply today, they
11 just give it to you.

12 CAPTAIN HALE: Yes, sir, just

13 contact me. I'll give you my cell
14 phone, number.

15 CHAIRMAN MORGAN: Briefly tell us
16 what's going on with Baton Rouge
17 project.

18 SGT. SWEARINGEN: Good morning,
19 Chairman Morgan and Members of the
20 Board. I'm Sergeant Richard Swearingen
21 with the State Police Gaming Enforcement
22 Division that currently supplies the
23 riverboat licensing section of the
24 Division.

25 I have been tasked with monitoring

74

1 Pinnacle's progress of the Baton Rouge
2 site on River Road. During the last two
3 months, I have been taking pictures of
4 the berth site on a weekly basis,
5 monitoring river levels and speaking
6 frequently with Marty Thomas, Pinnacle's
7 Vice-President of construction. I've
8 also been in contact with the
9 Pontchartrain Levee District, as well as
10 the Army Corps of Engineers.

11 As you're aware, Pinnacle put up \$25
12 million and agreed to begin construction
13 of the project on May 20th. As you can
14 see from the photographs we provided to
15 you, Pinnacle has yet to begin the

16 project as of last week. Since the last
17 board meeting, the Division personnel,
18 along with Pinnacle representatives, met
19 with the Pontchartrain Levee District.
20 They advised us that no piling work
21 could be done within 1,500 feet of the
22 levee until the river was at or below
23 11 feet.

24 On May 18th, Mr. Thomas stated that
25 the river level was expected to be below

75

1 11 feet on June 2nd, and then they could
2 begin construction at that time.

3 However, I received an e-mail last week
4 from Mr. Thomas which stated that the
5 river level was expected to be below 11
6 feet this Sunday past, and they could
7 begin clearing on the Batcher (phonetic)
8 side of levee yesterday.

9 As of Friday evening, the river
10 level was at 11.7 feet. Significantly
11 lower than a couple of weeks ago when it
12 was above 13; however, it was at
13 9.45 feet this morning. A member of the
14 Division visited the site this morning
15 and verified some heavy equipment was
16 moved in over the weekend, and
17 (inaudible) had been built over the
18 levee.

19 Additionally, according to
20 Mr. Thomas, Pinnacle is awaiting bids
21 for the construction of the vessel's
22 hull. They hope to have the hull
23 completed by December when the river
24 level is expected to be at a high point
25 and they will be able to. Yesterday I

76

1 received a copy of a proposal for
2 consulting services contract from ABS
3 Consulting for the engineering of the
4 vessel's hull.

5 At this time, I will gladly answer
6 or attempt to answer any questions you
7 may have.

8 CHAIRMAN MORGAN: Any questions?
9 [No response.] Thank you. Maybe you
10 have more to report next month. Thank
11 you very much.

12 VII. RULEMAKING

13 A. Institution of rulemaking procedures for
14 the promulgation of LAC 42:XI.2424 (Video
15 Poker Fine Schedule) and amendment of
16 42:XI.2407.D.17 (Advertising Fine)

17 CHAIRMAN MORGAN: Item VII is
18 Rulemaking: Institution of rulemaking
19 procedures for the promulgation of LAC
20 42:XI.2424 (Video Poker Fine Schedule).

21 Mr. Wagner.

22 MR. WAGNER: Good morning,
23 Mr. Chairman, Members of the Board. I'm
24 Jonathan Wagner with the Attorney
25 General's Office. With me is Captain

77

1 Glenn Hale with the Office of State
2 Police, and we are here to present you
3 with the proposed fine schedule for
4 video poker offenses.

5 As you are aware, Revised Statute
6 27.308.1 requires the Board to adopt the
7 schedule of penalties for all video
8 poker violations. As such, the
9 Division, charged with this mandate by
10 the legislature, chose to take its time
11 and study the results of the
12 administrative process we have in place
13 in order to see what penalties the
14 hearing officer's were comfortable
15 imposing with the particular violations,
16 as well as what amounts -- cases for the
17 various violations tended to settle for.
18 The Division results are reflected in
19 the new schedule which we have provided
20 for you.

21 At this time, we would be glad to
22 try and answer any of your questions
23 prior to your voting to institute
24 rulemaking procedures for this.

25 CHAIRMAN MORGAN: One other thing,

78

1 Members, is that this was a -- Colonel
2 Edmonson had had a legislative auditor
3 do a performance audit, so his office,
4 which part of it pertained to the Board
5 and its activity, and one of the
6 findings or recommendations was that a
7 fine schedule -- I don't know if the
8 finding was that it be adopted, but that
9 we did not have a similar fine schedule
10 as in the other venues that we regulate.

11 So there again, that's in trying to
12 be in compliance with the finding of the
13 legislative audit. Any questions on the
14 -- of the Attorney General's Office?

15 MR. STIPE: How did you-all deal
16 with violations that involved
17 suitability?

18 MR. WAGNER: Well, if someone was
19 unsuitable, obviously they couldn't have
20 a license, or it was revoked, but...

21 CAPTAIN HALE: Once they came into
22 suitability, if they did violate the
23 rules, we'd go ahead and assess the
24 penalty. But if they're not suitable,
25 assess on the penalties -- well, they

79

1 can't practice, they can't operate. I

2 don't know if that answers the question,
3 but you can't find a suitability issue
4 unless they come into compliance.

5 MR. STIPE: So are those in the
6 schedule you've got?

7 CAPTAIN HALE: The ones that address
8 suitability, if they come into
9 compliance, yes, sir, they are, but if
10 they don't come into compliance, we're
11 going to take administrative action and
12 do whatever we need to do. I mean,
13 these penalties are normally the most
14 common, if you will, and the most -- the
15 decisions that are being handed down by
16 administrative law judges, we've gone in
17 and backtracked it and saw what those
18 decisions were and incorporated them
19 into the fine schedule to try to
20 somewhat streamline the process to those
21 individuals that want to ask for a
22 hearing.

23 MR. WAGNER: And it should be noted,
24 also, that the penalties listed in the
25 schedule are -- can be used in lieu of

80

1 administrative action, which is always
2 an option depending on how egregious the
3 violation may be.

4 CHAIRMAN MORGAN: And administrative

5 action would be to find them unsuitable
6 or to take them or suggest going to
7 revocation or going to the
8 administrative law judge for a hearing.

9 MR. WAGNER: Yes, sir.

10 MS. ROGERS: We had a question last
11 month about the fines. Was that taken
12 into consideration? Is this new
13 information, or is this information
14 you've been going --

15 CHAIRMAN MORGAN: This will
16 standardize. So when occurrences,
17 violations happen, they will be
18 standardized instead of --

19 MS. ROGERS: But we had a question
20 about comparisons last month.

21 CHAIRMAN MORGAN: That's what this
22 will --

23 MS. ROGERS: This will take care of
24 them?

25 CAPTAIN HALE: Yes, it should,

81

1 ma'am. This is in lieu of
2 administrative action. If something
3 comes up and it's covered here and it's
4 real serious, then we always have that
5 option. We have administrative action.

6 CHAIRMAN MORGAN: I see Mona in the
7 back. I don't know if she wants to come

8 up. Has industry been involved in this?

9 It's very important.

10 MISS MONA: Yes.

11 MS. ROGERS: I think my question

12 last month was it was just not

13 comparable. It wasn't consistent or

14 something, and I'm just wondering if

15 that covers our complaint.

16 CHAIRMAN MORGAN: Well, in one

17 instance was the security guard issue.

18 MS. ROGERS: I can't remember what

19 it was.

20 CHAIRMAN MORGAN: The fine to me

21 didn't meet the violation, but we took

22 that and a similar situations out of the

23 fine schedule. So if that -- if this

24 occurrence happens again, they will have

25 to go to administrative hearing before

82

1 settlement because it's not promulgated

2 into --

3 CAPTAIN HALE: It didn't address

4 each and every issue that came up.

5 CHAIRMAN MORGAN: These are some of

6 the most common ones.

7 MR. BRADFORD: I had a quick

8 question, and I think this is excellent

9 work, by the way.

10 MR. WAGNER: Thank you.

11 MR. BRADFORD: But I did catch -- my
12 eye caught one item. Most of the --
13 almost all of the items here, the first
14 offense is a certain amount; the second
15 offense violation is another amount, and
16 then you go in the administrative action
17 or revocation or whatever. But the last
18 item, allowing underaged patrons to play
19 video gaming devices, the first offense
20 is a \$1,000 fine, the second offense is
21 also a \$1,000 fine.

22 MR. WAGNER: That's by law.

23 MR. BRADFORD: That's by law?

24 CAPTAIN HALE: Yes, sir, we couldn't
25 change it.

83

1 CHAIRMAN MORGAN: Okay. Any other
2 questions? And we need to take these up
3 separate or -- the advertising fine?

4 MR. WAGNER: They can be taken up as
5 one agenda item.

6 CHAIRMAN MORGAN: You want to
7 explain that?

8 MR. WAGNER: This schedule has
9 been -- a lot of time has gone into
10 this. Through the drafting stage, as
11 things came along, they were added in.
12 Well, previously the Board had voted on
13 2407 for advertising penalties, and in

14 that notice of intent, which is actually
15 being published this month in the
16 Register, was an inclusion of D.17,
17 which said the penalty for a violation
18 of D.17 shall be \$500. Well, that goes
19 against what is in the fine schedule,
20 but, however, since it preceded the
21 schedule, we need to go in and remove
22 that line out of D.17, so the schedule
23 will actually trump what was passed in
24 the previous rule.

25 CHAIRMAN MORGAN: Okay. Very good

84

1 work by the way. Do we have a motion to
2 institute rulemaking procedures for
3 these rules?

4 MR. BERTHELOT: So moved.

5 CHAIRMAN MORGAN: So moved by Mr.
6 Berthelot, seconded by Miss Rogers. Is
7 there any objection? [No response.]
8 Okay. It's been approved.

9 VIII. PUBLIC COMMENTS

10 CHAIRMAN MORGAN: Last item is
11 Public Comments. No public comments?

12 IX. ADJOURNMENT

13 CHAIRMAN MORGAN: Do we have a
14 motion to adjourn?

15 MS. ROGERS: I move.

16 CHAIRMAN MORGAN: By Miss Rogers,

17 seconded by Mr. Juneau.

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85

1 REPORTER'S PAGE

2

3 I, SHELLEY PAROLA, Certified Shorthand

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

5 officer before whom this sworn testimony was

6 taken, do hereby state:

7 That due to the spontaneous discourse of this

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

9 used to indicate pauses, changes in thought,

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

11 for a Court Reporter's transcription of a

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

13 that words or phrases have been left out of this

14 transcript;

15 That any words and/or names which could not

16 be verified through reference materials have been

17 denoted with the word "(phonetic)."

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Certified Court Reporter #96001

25 Registered Professional Reporter

86

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 in the

7 preceding matter on June 15, 2010, as taken by me

8 in Stenographic machine shorthand, complemented

9 with magnetic tape recording, and thereafter

10 reduced to transcript, to the best of my ability

11 and understanding, using Computer-Aided

12 Transcription.

13 I further certify that I am not an

14 attorney or counsel for any of the parties, that I

15 am neither related to nor employed by any attorney

16 or counsel connected with this action, and that I

17 have no financial interest in the outcome of this

18 action.

19 Baton Rouge, Louisiana, this 21st day of

20 July, 2010.

21

22

23

SHELLEY G. PAROLA, CCR, RPR

CERTIFICATE NO. 96001

24