

Board Meeting, LGCB, (Pages 1:1 to 53:23)

1: 1 LOUISIANA GAMING CONTROL BOARD

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4 BOARD OF DIRECTORS' MEETING

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9 Thursday, February 17, 2011

10 House Committee Room 5

11 Louisiana State Capitol

12 Baton Rouge, Louisiana

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16 TIME: 10:00 A.M.

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1 APPEARANCES:

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3 DANE K. MORGAN

4 Chairman

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6 VELMA ROGERS

7 Vice-Chairman

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9 AYRES BRADFORD

10 Board Member

11

12 ROBERT JONES

13 Board Member

14

15 MARK STIPE

16 Board Member

17

18 GERALD JUNEAU, SR.

19 Board Member

20

21 JAMES SINGLETON

22 Board Member

23

24 DENISE NOONAN

25 Board Member

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1 APPEARANCES CONTINUED:

2

3 ELLIS BLOUNT

4 Board Member

5

6 MAJOR MARK NOEL
7 Ex-Officio Board Member
8
9 LANA TRAMONTE
10 Executive Assistant to the Chairman

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12 REPORTED BY:

13 SHELLEY G. PAROLA, CSR, RPR

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1 I. CALL TO ORDER

2 CHAIRMAN MORGAN: Good morning.

3 We'll come to order. Call the roll,

4 please.

5 THE CLERK: Chairman Morgan?

6 CHAIRMAN MORGAN: Here.

7 THE CLERK: Miss Rogers?

8 MS. ROGERS: Here.

9 THE CLERK: Mr. Bradford?

10 MR. BRADFORD: Here.

11 THE CLERK: Mr. Jones?

12 MR. JONES: Here.
13 THE CLERK: Mr. Stipe?
14 MR. STIPE: Here.
15 THE CLERK: Mr. Juneau?
16 MR. JUNEAU: Here.
17 THE CLERK: Mr. Singleton?
18 MR. SINGLETON: Here.
19 THE CLERK: Miss Noonan?
20 MS. NOONAN: Here.
21 THE CLERK: Mr. Blount?
22 MR. BLOUNT: Here.
23 THE CLERK: Colonel Edmonson?
24 MAJOR NOEL: Major Noel for Colonel
25 Edmonson.

6

1 THE CLERK: Secretary Bridges? [No
2 response.]

3 II. COMMENTS FROM THE CHAIR

4 CHAIRMAN MORGAN: We have a quorum.
5 Item II, Comments from the Chair, I want
6 to make everyone aware, we've made some
7 enhancements to our website. The
8 website address is
9 lgcb.dps.louisiana.gov, and one of the
10 most significant enhancements we've made
11 is that we have the transcripts for the
12 board meeting posted now, and they're
13 posted pretty timely, and thanks to
14 Shelley Parola, our court reporter, and

15 board staff and our data center, so I
16 think that will be of interest
17 particularly to the attorneys.

18 And if you have any suggestions for
19 further enhancements to our website,
20 please give that information to us, and
21 if we can afford to do it, we'll do it.

22 III. PUBLIC COMMENTS

23 CHAIRMAN MORGAN: Okay. We'll move
24 to Item III, Public Comments, and I
25 have -- this is an opportunity to

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1 present public comments on any matter
2 before the Board today. I do have two
3 cards of individuals wishing to speak,
4 so if you'd come forward, and anyone
5 else if you desire to speak, if you
6 would be so kind as to fill out a card.

7 Mr. Wright, Michael Wright, and
8 Mr. Richard White, introduce yourself
9 for the record.

10 MR. WRIGHT: Good morning, Members
11 of the commission. My name is Mike
12 Wright. I'm an attorney. I live in
13 Lake Charles, Louisiana, and I wanted to
14 speak on this issue. I've actually
15 spoken to this board several years in
16 the past, but the faces don't seem
17 familiar. Most of you seemed to have

18 changed.

19 As many of you know, Hurricane Rita
20 devastated the Harrah's facility in Lake
21 Charles in 2005, and Harrah's was the
22 possessor of two licenses and in
23 business there and doing a reasonable
24 amount of business. The fact of the
25 matter is, since that time, both of

8

1 those licenses have laid dormant, and
2 after that, Pinnacle Entertainment or
3 L'Auberge in Lake Charles, bought both
4 of those licenses; and they -- one of
5 which they finally gave back to this
6 board in April of 2010. The fact of the
7 matter is, from July of '04 to December
8 of '04, the two Harrah's casinos were
9 generating fees for the State of
10 approximately \$2,726 a month. Since
11 that time, the State has gotten zero
12 from those two licenses. That to this
13 date is about \$175 million that's been
14 lost.

15 I came a couple of years ago because
16 I was representing some people who had
17 an interest in trying to do something in
18 Lake Charles, and at that time, the Lake
19 Charles project on the table was
20 Sugarcane Bay. That had been touted as

21 a \$480 million super addition to the
22 Pinnacle property, and I came several
23 times and said, you know, they've had
24 years; they've not done anything. Well,
25 I'll tell you to this day what they did

9

1 until they finished. There's two test
2 pilings in the parking lot.

3 The reason I'm here and talking
4 about that is because that relates to
5 one of the proposals for Lake Charles.
6 I definitely would like Lake Charles to
7 see -- to get something of what its lost
8 from the two licenses because it's cost
9 Lake Charles a lot of jobs, and it's
10 cost a lot of income from revenue in the
11 community.

12 But I'm very concerned that one of
13 these proposals is going to be Sugarcane
14 Bay II, because the fact of the matter
15 is, there were grandiose proposals
16 touted before this board, and they came
17 up here periodically. And if you look
18 at your minutes, you'll say, oh, we need
19 an extension; we need to do this; we
20 need to do that. But the bottom line
21 is, they had four and a half years to
22 build that facility, and they didn't
23 start.

24 What has effectively happened is,
25 two licenses have been killed for over
 10
1 five years. That's cost this state an
2 enormous amount of money. I said that a
3 couple years ago, and I'm saying it
4 again today. What I urge you to do when
5 you look at this is not look at pie in
6 the sky, because we heard pie in the sky
7 for four years, and at the end of the
8 day, it turned out to be the two birds
9 in the bush. They're gone. There is
10 nothing there. If there is one that's
11 viable in Lake Charles and for sure and
12 for real, I urge you to take it.

13 Now, I realize in general that you
14 want the bigger, better deal. We all
15 do. I think that's important, and if
16 something's going to generate more jobs
17 than others, I think you should look at
18 that very hard and you should consider
19 that. But what causes me the concern
20 here -- and the reason I took my time
21 out of my day to come down here and
22 speak to y'all -- is I think one of them
23 is not going to happen. That's my
24 personal belief because I've watched it
25 for a period of time before.

1 I don't -- I said when I came here a
2 couple of years ago that there was no
3 way in the world they were going to
4 spend \$480 million to enhance Pinnacle.
5 There's no reason to have a \$1 billion
6 investment in that facility. It would
7 not double your take; it wouldn't double
8 your revenue. Guess what? I was right
9 because they didn't do it, because the
10 economies don't support it. I suggest
11 to you the economy doesn't support it
12 now.

13 So, yeah, it looks good; it sounds
14 great, but if it ends up like Sugarcane
15 Bay, then everybody's got egg on their
16 face because they went for the bigger,
17 better deal and got nothing. We need
18 this to get off dead center and to get
19 moving. The fact is, our refineries are
20 slow. They've not been doing
21 maintenance; there's not a lot of
22 hiring, and fortunately what business is
23 there that's there -- and I'm not a
24 gambler, and I'm not really a proponent
25 of gambling -- but you know what? The

12

1 State's passed it, and if we're going to
2 use it for revenue, then we need to use
3 it for revenue. We need to get what we

4 can get out of it. And I urge you to
5 look at these carefully, because just
6 because it's bigger, flashier and better
7 looking doesn't mean it's going to
8 happen. If one of them will happen for
9 sure, take it, okay? But I am of the
10 belief that actions speak louder than
11 words, because the words were, we're
12 going to build Sugarcane Bay.

13 Well, you have got a recycled
14 Sugarcane Bay as Mojito Pointe, and for
15 those of you who have any legal business
16 know, there's going to be litigation out
17 the gazoo over one of these projects,
18 both in Las Vegas where it's already
19 going on and in Lake Charles. And the
20 fact of the matter is, I think if you
21 were to award that license to that
22 person, I have a doubt that they'll be
23 started any time soon because of the
24 litigation because they're going to be
25 coming back here with some more excuses

13

1 about delays.

2 So if you've got one that can start
3 now and generate jobs now, I urge you to
4 take it. And I'll be glad to answer any
5 questions, but I -- you know, I'm here
6 on my nickel. This is not anybody is

7 with me. I've looked at your records
8 and I've looked at all these minutes,
9 and the fact is, I've sat here and heard
10 all the presentations and the promises,
11 and they didn't come true. And it
12 sounds like Sugarcane Bay II to me on
13 one of them, and I urge you to reject
14 that one.

15 CHAIRMAN MORGAN: Thank you, sir.
16 Any questions? No questions, sir.
17 Thank you. Mr. White.

18 MR. WHITE: Thank you, Mr. Chairman.
19 My name is Richard White, and I thank
20 you as well, ladies and gentlemen.
21 My -- I have a client by the name of
22 Tomorrow's Investors that filed an
23 application that was woefully
24 inadequate. It was filed more or less
25 pro se. It was filed by one of the --

14

1 the equity owner of the LLC, and it was
2 very -- it was poorly prepared. It was
3 denied, and he filed a petition in the
4 19th JDC contesting the denial. He
5 filed it pro se, as well, which is
6 something that he should not have done
7 because he is a layman, and he was
8 filing on behalf of an LLC.

9 In the meantime, about six days ago

10 I was contacted and asked to enroll in
11 this matter, was contacted by a
12 gentleman by the name of Norbert Simmons
13 who asked me to get involved in this
14 matter. So I'm leading up to a request,
15 but I would like to, I guess, as a
16 parenthetical matter endorse
17 Mr. Wright's comments, because some of
18 what I'm about to say actually is
19 similar to what -- similar to some of
20 his sentiments.

21 I'm here to ask you to delay the
22 granting of the license today to any
23 party, and the reason is this:
24 Tomorrows Investors does have a lawsuit
25 pending in the 19th JDC. It is set for

15

1 a hearing on March 21st. If we are
2 successful in that lawsuit, then we are
3 going to be in a position of having
4 possibly an unresolved application out
5 there that is valid.

6 Now, this application was prepared
7 with the thought in mind of having a
8 minority-owned casino. Mr. Simmons is
9 an African-American, and his investor
10 group is composed exclusively of
11 African-Americans. So I guess what I'm
12 saying is: That as Mr. Wright said,

13 Lake Charles -- Lake Charles took a
14 beating on this latest fiasco in Lake
15 Charles. This casino would be located
16 in Lake Charles, and it would be
17 minority owned.

18 Maybe none of that means anything to
19 you, but if you go forward today and
20 grant a license and on January 21st we
21 get some sort of favorable resolution
22 before Judge Caldwell, we've got a
23 problem. And as Mr. Wright said, there
24 is going to be litigation. Whoever is
25 granted the license is going to probably

16

1 be looking at a TRO the first moment
2 that they're granted the license while
3 they're preparing things like the -- you
4 know, the economic impact statement and
5 that sort of thing, and it's just
6 completely unnecessary angst and
7 unnecessary legal expense.

8 I'm respectfully submitting to you,
9 ladies and gentlemen, that no party will
10 be prejudiced by a small delay, and
11 probably the best argument I have in my
12 favor is that Louisiana does need a
13 minority-owned casino. I'm asking you,
14 ladies and gentlemen, to give us a
15 chance to right this application, to

16 continue to proceed with this litigation
17 in the 19th JDC. If we don't have our
18 act together by March 21st of 2011, then
19 revisit this matter and issue that
20 license then, but we're respectfully
21 asking that you defer this matter until
22 then.

23 I'll answer any questions that you
24 may have, and I thank you very much for
25 your time. I know you have a crowded

17

1 agenda, and I don't mean to take up too
2 much of your time.

3 CHAIRMAN MORGAN: Well, thank you,
4 sir. Mr. Stipe?

5 MR. STIPE: Is there a -- has the
6 19th JDC issued an order preventing this
7 board from acting?

8 MR. WHITE: It has not.

9 MR. STIPE: I am told that there was
10 actually a hearing set before this
11 meeting date, and that it was continued
12 at the request of your client; is that
13 correct?

14 MR. WHITE: Yes, it was. Yes, sir,
15 and that is true. I requested the
16 continuance because I was retained
17 literally 36 hours before the hearing.

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

19 MR. WHITE: Thank you for your time,
20 ladies and gentlemen. I appreciate it.

21 CHAIRMAN MORGAN: Thank you, sir.
22 Is there any other public comment? [No
23 response.] That concludes public
24 comment.

25 IV. APPROVAL OF MINUTES

18

1 CHAIRMAN MORGAN: Item IV is
2 Approval of the Minutes.

3 MR. SINGLETON: Move approval of the
4 minutes.

5 CHAIRMAN MORGAN: Mr. Singleton
6 moves --

7 MS. ROGERS: I second.

8 CHAIRMAN MORGAN: -- formal --
9 waives formal reading of the minutes and
10 approval, and Miss Rogers seconds it.

11 Is there any objection? [No response.]

12 Hearing none, Item V is Revenue Reports.

13 V. REVENUE REPORTS

14 MS. JACKSON: Morning, Mr. Chairman,
15 Board Members, my name is Donna Jackson
16 with Louisiana State Police Gaming Audit
17 Section.

18 The riverboat revenue report for
19 January 2011 is shown on page one of
20 your handout. During January, the 13
21 operating riverboats generated adjusted

22 gross receipts of \$132,867,506, a
23 decrease of \$8 million from last month,
24 but a one percent or \$1.6 million
25 increase from January 2010. The

19

1 Shreveport/Bossier-City market, down
2 \$4 million from last January, may have
3 been impacted by winter weather in
4 northwest Louisiana, Dallas and
5 northeast Texas.

6 Adjusted Gross Receipts for fiscal
7 year 2010-2011 to date are \$948 million,
8 an increase of one percent or \$5 million
9 from fiscal year 2009-2010. During
10 January, the State collected fees of
11 \$28.6 million. As of January 31st,
12 2011, the State has collected almost
13 \$204 million in fees fiscal year
14 2010-2011.

15 Next is the summary of the
16 January 2011 gaming activity for
17 Harrah's New Orleans found on page
18 three. During January, Harrah's
19 generated \$26,353,567 in gross gaming
20 revenue, a decrease from last month of
21 18 percent or \$5.8 million, and a
22 decrease of 2 percent or \$600,000 from
23 last January. Fiscal year-to-date
24 gaming revenues for 2010-2011 are almost

25 \$202 million, up \$2.4 million or one
20

1 percent from last fiscal year. During
2 January the State received \$5,095,890 in
3 minimum daily payments. As of
4 January 31st, 2011, the State has
5 collected over \$35 million in fees for
6 fiscal year 2010-2011.

7 Slots at the Racetracks revenues are
8 shown on page four. During January, the
9 four racetrack facilities combined
10 generated Adjusted Gross Receipts of
11 \$32,041,683, an increase of 2.7 percent
12 from last month and a 2 percent increase
13 from last January.

14 Adjusted Gross Receipts for fiscal
15 year 2010-2011 to date are \$221 million,
16 an increase of 1 percent or \$1.6 million
17 from fiscal year 2009-2010. During
18 January, the State collected fees
19 totaling \$4.9 million. As of
20 January 31st, 2011, the State has
21 collected \$33.6 million in fees for
22 fiscal year 2010-2011.

23 Overall, riverboats, landbased and
24 slots at racetracks combined generated
25 \$191 million, which is \$1.6 million or

21

1 one percent more than last January.

2 Are there any questions before I
3 present the Harrah's employee count and
4 payroll information?

5 CHAIRMAN MORGAN: Any questions?

6 [No response.]

7 MS. JACKSON: I've included the
8 spreadsheet for the employee numbers in
9 the chart folders if you want to follow
10 along.

11 Harrah's New Orleans is required to
12 maintain at least 2,400 employees and a
13 bi-weekly payroll of \$1,750,835. This
14 report covers the two pay periods in
15 January 2011.

16 For the first pay period, the audit
17 section verified 2,461 employees with a
18 payroll of \$2,145,800. For the second
19 pay period, the audit section verified
20 2,446 employees with a payroll of
21 \$2,075,000. Therefore, Harrah's met the
22 employment criteria during January.

23 CHAIRMAN MORGAN: Very good. Any
24 questions? Mr. Singleton.

25 MR. SINGLETON: Do you keep up with

22

1 how many employees are full-time versus
2 the part-time employees?

3 MS. JACKSON: To be honest, I just
4 present the information they give me.

5 MR. TRAYLOR: Jeff Traylor, Audit
6 Director for the Gaming Division. We
7 have that information. What we do when
8 we're verifying these numbers, is we run
9 the numbers based on the number -- we
10 run our analysis based on hours worked
11 and paid during that pay period. The
12 information they sent us does show what
13 they consider to be full-time and what
14 they consider to be part-time.

15 MR. SINGLETON: Okay. Mr. Chairman,
16 I guess the reason I'm raising the
17 question: Having spent a lot of years
18 on the city council, I get a lot of
19 calls from people, and I guess one of
20 the concerns I have, people are
21 suggesting that we would rather have
22 full-time employees than part-time. And
23 I guess I'm trying to understand, we
24 supposed to have 2,400 employees, but I
25 know a whole lot of those employees are

23

1 part-time as opposed to full-time. And
2 I'm not sure today how I would want to
3 approach this or raise any more
4 questions about it. But I guess we
5 start with the contract, and I'm not
6 sure right now whether it's the City or
7 whether it's the Board. But I remember

8 back when it was done there was a
9 contract where the City required certain
10 things in the lease. So I'm not sure,
11 is it with the Board, or is it with the
12 City? And I want to go back and take a
13 look at that.

14 But if you had 3,000 full-time
15 employees versus 2,400 part-time -- or
16 all of them part-time, it would be
17 better or worse. I guess that's one of
18 questions that's in my mind.

19 CHAIRMAN MORGAN: Several months
20 back we had actually spoke with
21 Harrah's, sat down with them, and I
22 think they would be amenable to having
23 that determined with regard to the
24 full-time percentage, but the contract
25 as it stands now only talks about the

24

1 total number. And the make-up is not
2 covered in the contract with regard to
3 part-time. It's just the minimum
4 employment salary.

5 MR. SINGLETON: Would the City have
6 to change this, or would it be the
7 Board -- the State? That's what -- I
8 guess, what I'm trying to understand.

9 CHAIRMAN MORGAN: I think
10 Mr. Campbell is here.

11 MR. SINGLETON: I don't mind going
12 back to deal with it, but I just need to
13 know -- I don't want to waste time on
14 something that can't be done anyway.

15 CHAIRMAN MORGAN: Fortunately, we
16 have Mr. Campbell here, so.

17 MR. SINGLETON: Okay.

18 MR. CAMPBELL: Mr. Singleton, John
19 Campbell. I'm Special Assistant
20 Attorney General for landbased gaming.

21 MR. SINGLETON: Okay.

22 MR. CAMPBELL: This is the issue
23 you're raising. Before the Board, we're
24 dealing with a contract that follows a
25 statute that requires minimum salary

25

1 levels and what's called total personnel
2 or operating force. The statute and the
3 casino operating contract requires that
4 the operator shall not reduce its total
5 operating force or personnel -- that's
6 the language -- below 90 percent of the
7 force or level that existed on
8 March 8th, 2001. That was when the
9 Harrah's entity came out of the most
10 recent Chapter 11 bankruptcy. So the
11 statute did not define what is total
12 operating force or personnel.

13 As a practical matter, what the

14 personnel or total operating force was
15 as of March 8 of 2001, is what was
16 adopted in the statute and in the
17 contract. So we would be looking at
18 full-time, part-time, on-call, whatever
19 the different classifications of
20 employees were at that time, that would
21 continue on in the contract as a
22 requirement. But there wasn't a
23 specification or requirement that there
24 be 80 percent, 70 percent or 90 percent
25 full-time as opposed to part-time.

26

1 So I can't give a precise answer to
2 your question, but I can answer this:
3 This is not something that is controlled
4 by contracts or agreements with the City
5 of New Orleans or the Parish of Orleans.

6 This is a statutory matter that is
7 then set forth in the casino operating
8 contract, which is what we call a
9 bilateral contract between the casino
10 operator and the State of Louisiana.

11 So the contract which was drafted in
12 compliance with the statute is what
13 controls. I'm sorry to sound like a
14 lawyer in saying all that, but I want to
15 be sure that I say it technically
16 accurately, as well as trying to answer

17 your question.

18 MR. SINGLETON: And I appreciate
19 what you're saying, and I'm still not
20 sure that I know what direction to go
21 in. But let me just say what the
22 concern would be, being said to the
23 employees, and if you get complaints
24 from people, at least I try and listen.
25 And I've been looking at this because

27

1 there's a lot of turnover in certain
2 portions, and I start asking questions,
3 why is there such a large turnover? The
4 minute the person has an opportunity,
5 they go somewhere else and get a little
6 better job where they can feed their
7 family a little bit better; they do
8 that.

9 So -- and it seems to me there ought
10 to be some way of at least looking at
11 these things and trying to come up with
12 a remedy for what's going on and dealing
13 with employees there, and I'm just
14 raising the question, but, you know,
15 I'll keep asking questions until I
16 figure out what direction to go in.

17 MR. CAMPBELL: I understand that,
18 and what you're suggesting is that aside
19 from what the contract and statute

20 requires, is there a way in working with
21 the Harrah's entity that the concerns of
22 employees can be accommodated?

23 MR. SINGLETON: Right.

24 MR. CAMPBELL: So that's not a legal
25 issue. That's a business-type issue,

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1 which is appropriate if an understanding
2 could be reached between the State and
3 the Harrah's entity by consent and
4 agreement that would not violate the
5 statute. It's not mandated, however; in
6 other words, we cannot -- from the
7 standpoint of enforcing the contract and
8 the statute, we can't mandate or require
9 that, but we can cooperate in attempting
10 to achieve that if that's what the
11 parties want to accomplish.

12 MR. SINGLETON: Okay.

13 MR. CAMPBELL: Okay.

14 MR. REAL: Dan Real from Harrah's
15 New Orleans. Mr. Singleton, as we
16 spoke, I appreciate the question. We
17 are at over 70 percent full-time status.
18 The 2,400 rule as we know it, we are --
19 we take very seriously. As you heard
20 from the reporting earlier, we're at
21 2,460. One indicator of the commitment
22 is we have a \$1.75 million bi-weekly

23 payroll. We're well over \$2 million
24 right now for each pay period. We're
25 absolutely at a point where we feel very

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1 comfortable that we are honoring the
2 integrity of what the agreement was.

3 I agree with you on turnover. Part
4 of the problem is, we have 2,400
5 employees. We're the only casino
6 mandated to have a certain amount of
7 employees, and that's regardless of
8 revenue. And as you know, many of these
9 employees are tipped employees. When
10 revenue decreases, volume is decreased;
11 therefore, the hours decrease, and so do
12 tips. And when mandated numbers are
13 there, it makes it a little difficult.

14 All I can say is we'll be happy to
15 continue the dialogue. We're not sure
16 as well what the proper answer is, other
17 than what we know right now is our
18 commitment is to have 2,400 employees
19 and to meet that payroll number; and
20 we're doing both, and we will continue
21 to do both. And I welcome continued
22 dialogue on this topic, because as I've
23 mentioned in the past, it seems as
24 though the 2,400 rule protects
25 positions; but I think if you dig

1 deeper, sometimes it actually hurts your
2 employees rather than helps them. And
3 that's something that I would like to
4 continue dialogue on.

5 In the meantime, you'll see Harrah's
6 New Orleans continue to meet the
7 obligations that are expected of us.
8 Hopefully that helps a little bit, and I
9 look forward to continuing or answering
10 any further questions you have.

11 CHAIRMAN MORGAN: Okay, thank you.
12 Thank you, Mr. Campbell. Video gaming
13 revenue.

14 MR. BOSSIER: Jim Bossier with the
15 Louisiana State Police Gaming Audit
16 Section. I'm reporting video gaming
17 information for January 2011, as shown
18 on page one of your handout.

19 During January 2011, 21 new licenses
20 were issued: 13 bars, 6 restaurants and
21 2 device owners. Twenty-one new
22 applications were received during
23 January and are currently pending in the
24 field: 12 bars, 6 restaurants, 2
25 truckstops and 1 device owner.

1 During January 2011, the Gaming
2 Enforcement Division assessed \$2,100 and

3 collected \$54,854 in penalties. There
4 are currently \$1,000 in outstanding
5 fines. Please refer to page two of your
6 handout.

7 There are presently 14,610 video
8 gaming devices activated at 2,204
9 locations. Net device revenue for
10 January 2011 was \$50,095,517, a \$2.8
11 million decrease or 5.3 percent when
12 compared to net device revenue from
13 December 2010, and a \$1.25 million
14 increase, or 2.6 percent when compared
15 to January 2010.

16 Net device revenue for fiscal year
17 2010-2011 to date is \$349,704,118, a
18 \$5.6 million increase or 1.6 percent
19 when compared to net device revenue for
20 fiscal year 2009-2010. Page three of
21 your handout shows a comparison of net
22 device revenue.

23 Total franchise fees collected for
24 January 2011 were \$14,894,112, a
25 \$849,000 decrease when compared to

32

1 December 2010, and a \$327,000 increase
2 when compared to January 2010. Total
3 franchise fees collected for fiscal year
4 2010 -- 2011 to date are \$104,046,839, a
5 \$1.5 million or 1.5 percent increase

6 when compared to last year's franchise
7 fees. Page four of your handout shows a
8 comparison of franchise fees, and does
9 anybody have any questions?

10 CHAIRMAN MORGAN: Any questions?

11 VI. PROPOSED SETTLEMENT FROM HEARING OFFICER

12 CHAIRMAN MORGAN: Item VI is
13 Proposed Settlement from the Hearing
14 Officer in reference to Rhett Guidry
15 doing business as Paradise II, license
16 number 2704111657.

17 MS. HIMEL: Good morning, Members of
18 the Board, I'm Assistant Attorney
19 General Dawn Himel. I'm standing in for
20 Assistant Attorney General Katie
21 Chaubert on behalf of the Office of
22 State Police in the matter of the
23 proposed settlement of Rhett Guidry
24 doing business as Paradise II, as you
25 stated, license number 2704111657.

33

1 Rhett Guidry doing business as
2 Paradise II failed to submit its annual
3 license form, state sales tax clearance,
4 local sales tax clearance, record update
5 form, copy of its current ATC permit and
6 the \$200 annual fee as required by
7 August 31st, 2010, in violation of
8 gaming law.

9 The licensee did submit the missing
10 forms and fees on January 7th, 2011. In
11 lieu of revocation, the licensee has
12 agreed to pay and the Division has
13 agreed to accept a \$1,000 penalty for
14 this violation within 15 days of the
15 approval of this settlement by the
16 Board.

17 The settlement agreement was
18 approved by Hearing Officer Brown on
19 February 9th, 2011, and we now submit it
20 for your approval.

21 CHAIRMAN MORGAN: Okay. Thank you.
22 Any questions? [No response.] We need
23 a motion to approve the settlement.

24 MR. BRADFORD: I make a motion.

25 MR. JUNEAU: Second.

34

1 CHAIRMAN MORGAN: Motion by
2 Mr. Bradford, seconded by Mr. Juneau.
3 Is there any objection? Hearing none,
4 that's approved. Thank you.

5 MS. HIMEL: Thank you.

6 VII. RULEMAKING

7 CHAIRMAN MORGAN: Item VII,
8 Rulemaking. Mr. Wagner, I'll let you
9 introduce this item for me.

10 MR. WAGNER: Good morning, Mr.
11 Chairman, Members of the Board, I'm

12 Assistant Attorney General Johnathan
13 Wagner.

14 In November, the Board voted on to
15 institute rulemaking procedures in
16 response to a legislative mandate
17 creating the Child Support Casino
18 Interceptions -- Winnings Interception
19 System. Part of the rule promulgation
20 process requires that we hold the
21 proposed rule open to public comments,
22 and I'm to come report to you on any
23 kind of substantive comments received.

24 As I recall, this is the first time
25 we've ever received a comment to a rule.

35

1 The comment came from the Louisiana
2 Casino's Association, which proposed
3 that in the event that the Department
4 of -- DCFS's Children and Family
5 Services child support database goes
6 down or has other technical
7 difficulties, that they provide an
8 e-mail address that they can contact
9 after hours, as DCFS, obviously, being a
10 State entity closes at 5:00. This will
11 provide the casinos, the licensees, a
12 way to document that they did attempt to
13 fulfill their requirements by contacting
14 DCFS to alert them of the technical

15 problems.
16 I've discussed this issue with DCFS
17 who agrees that it's a good idea, and we
18 have drafted a slight change to the
19 proposed rule. I believe y'all have
20 copies of it, 27:37G2 we have added to
21 read: Licensees may notify DCFS that
22 the database is either off line or
23 experiencing other technical
24 difficulties by electronic mail sent to
25 an address provided by DCFS and approved

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1 by the Board.

2 At this time, in order to change it,
3 the notice of intent, the Board would
4 actually have to vote to allow this
5 change to it.

6 CHAIRMAN MORGAN: Is Mr. Duty here?
7 Wade, will you come down. On the
8 administrative rule -- go ahead and
9 introduce yourself for the record.

10 MR. DUTY: Good morning, Wade Duty,
11 Executive Director of the Louisiana
12 Casino Association.

13 CHAIRMAN MORGAN: Are y'all in
14 agreement with the change?

15 MR. DUTY: We are.

16 CHAIRMAN MORGAN: I had to get you
17 on the record.

18 MR. DUTY: I understand.

19 CHAIRMAN MORGAN: Easy enough. Are
20 there any questions? I'll make a motion
21 to amend the public notice of intent to
22 include a proposed 27:37G2.

23 MR. WAGNER: Correct.

24 MS. ROGERS: I'll second.

25 CHAIRMAN MORGAN: Seconded by Miss

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1 Rogers. Is there any objection?

2 Hearing none, it's approved.

3 MR. WAGNER: Thank you.

4 MR. DUTY: Thank you for
5 accommodating that.

6 VIII. CASINO GAMING ISSUES

7 A. Consideration of the Casino Support
8 Services Contract with the City of New
9 Orleans

10 CHAIRMAN MORGAN: We're on Item
11 VIII, Casino Gaming Issues,
12 Consideration of the Casino Support
13 Services Contract with the City of New
14 Orleans. Who are you looking for?

15 MS. BOGRAN: Someone from the City
16 of New Orleans.

17 CHAIRMAN MORGAN: We have new
18 members on the Board. If you could
19 introduce what we're doing.

20 MS. BOGRAN: Okay. Chairman Morgan,

21 Board Members, I'm Olga Bogran from the
22 Attorney General's Gaming Division's
23 Services Contract.

24 Louisiana Revised Statute 27:247
25 requires a Casino Support Services

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1 Contract be negotiated every year prior
2 to March 31st. Pursuant to the statute,
3 the role of the Gaming Control Board is
4 to reduce the agreement to writing and
5 to submit it to the Joint Legislative
6 Committee on the Budget.

7 The terms of the contract itself in
8 Section 5.1, spell out that the Board's
9 only obligation in reference to this
10 contract is that the Board passes a
11 resolution that authorizes a completion
12 of the contract, and that it's submitted
13 to the legislative committee. And
14 that's the limit of the Board's
15 involvement.

16 Essentially, the Gaming Control
17 Board acts as a conduit through which
18 the City of New Orleans makes its
19 request to the legislative committee,
20 but all the power to approve and fund or
21 void and nullify the contract rests
22 solely with the Legislature.

23 The contract before the Board today

24 is essentially the same contract as has
25 been submitted in the previous years.

39

1 The total amount asked for in the
2 contract is 3.6 million, which is the
3 same amount that's been requested since
4 2003.

5 The City has submitted an unaudited
6 expenditures report relative to the
7 support services provided to the casino.

8 This report will be forwarded to a
9 legislative committee. The contract
10 specifies that the State has the right
11 to review and audit the City's report if
12 they so desire.

13 Joining us today is a representative
14 of the City of New Orleans who's here to
15 answer any questions that you might
16 have.

17 MS. SATPATHI: Good morning, Mr.
18 Chairman, Members of the Board. My name
19 is Suchitra Satpathi. I am the Deputy
20 Director of Intergovernmental Affairs
21 for the City of New Orleans, and I'm
22 here to answer your questions and
23 certainly ask that you send this matter
24 to the Joint Legislative Committee on
25 the Budget.

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1 Really, this is just a recitation of
2 our previous agreements. We are just
3 asking a favorable passage to recoup the
4 costs -- the direct costs that we pay
5 for support services to the Casino of
6 New Orleans.

7 CHAIRMAN MORGAN: Thank you.
8 Mr. Jones.

9 MR. JONES: What's the primary
10 support services that are provided?

11 MS. SATPATHI: We provide direct
12 costs for fire, sanitation and police to
13 the landbased casino in New Orleans.

14 CHAIRMAN MORGAN: Mr. Singleton.

15 MR. SINGLETON: Who requests this
16 3.6 million?

17 MS. SATPATHI: The City requested it
18 as a --

19 MR. SINGLETON: From what she was
20 saying a few minutes ago, that all we
21 have to do is approve whatever is
22 requested, and you mentioned
23 3.6 million. Is that the City requested
24 that --

25 MS. BOGRAN: Yes.

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1 MR. SINGLETON: -- or is that
2 somebody else? Or did somebody just
3 say, that's what you're going to get?

4 MS. BOGRAN: That's the negotiated
5 amount that the City asked for.

6 MR. SINGLETON: I just want to beg
7 to differ with you; and I'm sitting on
8 this board now, but before I was
9 somewhere else. And I know it wasn't
10 that way, and that's why I'm just trying
11 to understand. It was the State telling
12 the City back then that this is what
13 you're going to get, because it started
14 off just in case, it was \$6 million that
15 the City had requested back when I was
16 there. That's some years ago.

17 MS. BOGRAN: Right. But there was a
18 reduction in what was available. When
19 the State came --

20 MR. SINGLETON: The State
21 legislature decided to reduce it down --
22 that's what I'm just trying to
23 understand -- to that amount.

24 MS. BOGRAN: When the State payment
25 was reduced, then the City payment was

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1 commensurately reduced.

2 MR. SINGLETON: Okay.

3 MS. BOGRAN: So when they went from
4 a 100 million, it went down. It went to
5 60 million, and then the payments to
6 this amount for the City also went down.

7 MR. SINGLETON: What sense does it
8 make for us to approve this based on
9 what I've heard you say a few minutes
10 ago?

11 MS. BOGRAN: You're required by --

12 MR. SINGLETON: Because there's a
13 law says this board needs to say okay to
14 a contract, and then it goes to the
15 legislature and they would determine --

16 MS. BOGRAN: Actually, what the law
17 says --

18 MR. SINGLETON: -- how much money
19 the City's going to get?

20 MS. BOGRAN: The law says we need to
21 submit a contract. It's not for the
22 Board to approve a contract. It's just
23 that a contract is negotiated, reduced
24 to writing.

25 MR. SINGLETON: Well, why do we put

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1 an amount in there if we simply need to
2 submit a contract?

3 MS. BOGRAN: Because the point of
4 the contract is to have an amount in
5 there for the payment for the services.

6 MR. SINGLETON: But the state
7 legislature can change that if they want
8 to.

9 MS. BOGRAN: They can.

10 MR. SINGLETON: Okay.

11 CHAIRMAN MORGAN: Mr. Stipe.

12 MR. STIPE: Just so that I'm clear:
13 Some of these expenses that are attached
14 to this contract I may take issue with,
15 but by approving this contract, we're
16 not ratifying these indirect or
17 administrative expenses, are we?

18 MS. BOGRAN: Correct. All you're
19 saying is this is what the contract is.
20 The legislative committee can do
21 anything on that line.

22 MR. STIPE: Okay. That's all.
23 Thank you.

24 CHAIRMAN MORGAN: Any other
25 questions? Mr. Bradford.

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1 MR. BRADFORD: If there's no other
2 questions, I'm prepared to make a
3 motion. I've got a motion prepared by
4 the A.G.'s Office I'd like to make
5 relative to the Casino Support Services
6 Contract. I'll move that we authorize
7 the Chairman to forward the contract to
8 the Joint Legislative Committee on the
9 Budget, that we authorize the Chairman
10 to make any changes in the contract as
11 may be required by the committee or the
12 legislature, and that we authorize the

13 Chairman to sign the contract after
14 approval and appropriation by the
15 legislature.

16 MR. SINGLETON: I'll second the
17 motion.

18 CHAIRMAN MORGAN: Seconded by
19 Mr. Singleton. Is there any objection?
20 Hearing none, that's approved. Thank
21 you.

22 B. Consideration of Available Riverboat
23 License

24 CHAIRMAN MORGAN: Item B is
25 Consideration of the Available Riverboat

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1 License. Members, I'd like to afford
2 you an opportunity if you have any
3 questions of the Attorney General's
4 Office or the Office of State Police, or
5 if you'd like to make any statement
6 prior to entertaining a motion? [No
7 response.] The board is clear.

8 At this time, the Chair recognizes
9 Mr. Jones.

10 MR. JONES: Yeah, I'd like to make a
11 statement followed by a motion, and I
12 want to start by, as our Chairman did
13 last week, thanking the three
14 applicants. Y'all put in a lot of time
15 and effort and money to make three

16 strong proposals, and we are most
17 appreciative of that.

18 As Dane said last week, it's
19 unfortunate two of you have to walk away
20 empty handed; but the good news is from
21 the State's standpoint, we have three to
22 choose from, and the State needs some
23 good news at this point in time.

24 What I'd like to do is briefly sum
25 up my feelings on the three projects,

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1 three proposals, the pluses and the
2 minuses, and I'd like to start with Penn
3 Gaming. The plus, obviously, is the
4 financial end of it. You can write a
5 check right now. You don't have to
6 worry about the whims of the financial
7 market. The negative is that in looking
8 at this, there are two prime
9 considerations from my viewpoint.
10 Number one, how much revenue does the
11 project create, how much potential
12 revenue to the State, number one? And
13 number two, how many people is it going
14 to employ? To me those are the two main
15 parameters, and on both counts, Penn
16 Gaming is at the bottom of the totem
17 pole.

18 I'd like to talk a little bit about

19 Hard Rock and start with the negatives
20 or perceived negatives. Of course, the
21 first one is financing. You've got to
22 get financing, and the climate -- the
23 financial climate is such that I think
24 it can be financed. Another negative
25 that I brought up last week was the

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1 financial problems of the parent company
2 of Hard Rock in Las Vegas.

3 I'm no longer really concerned about
4 that. You know, this would not -- this
5 would be a win-win situation for them
6 whoever is running it next week or next
7 month.

8 The third concern is the corps of
9 engineers in filling in part of the
10 lake, and I was kind of surprised. I
11 had a number of people have approached
12 me in recent weeks saying, we don't want
13 to fill up the lake. Well, it's not
14 really a concern to me; and I live on
15 the lake, and I probably spend more time
16 on the lake than anybody because I have
17 a little racing skull that I row for
18 exercise. And filling in one to two
19 percent of the lake, which is about what
20 it would entail according to my
21 calculations, is not a big deal,

22 especially when something nice is going
23 to go there.

24 On the plus side, I'm in the
25 financial business, and we have what's

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1 called a risk/reward ratio of how much
2 you stand to make versus how much you're
3 putting -- how much money you're putting
4 on -- in the investment, and from a
5 risk/reward standpoint, one could make a
6 pretty good argument that the Hard Rock
7 is maybe the best of the three.

8 Interstate 10, a big guitar sticking
9 up there. I mean, I think it would have
10 a very good chance of success; however,
11 I'm not looking at this from the
12 standpoint of an investor. I'm looking
13 at it from a standpoint of what's best
14 for the State, and I go back on my two
15 parameters: How much revenue might it
16 produce for the State, and how many
17 people is it going to employ?

18 You know, on both of those accounts,
19 I see the Mojito Pointe project as a
20 clear winner. It would employ 2,000
21 people, which is more than the other two
22 projects put together, and I think the
23 caliber of folks that would visit the
24 site is such that it would produce a lot

25 more revenue for the State. And we've

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1 got a little lagniappe in there, in that
2 it would be an absolutely world class
3 facility of which I think all
4 Louisianians could be proud.

5 Yeah, there's concerns. Can they
6 finance it? And like Hard Rock, it --
7 that's not guaranteed, and it's a lot
8 bigger than the Hard Rock number. But
9 they have paraded before us in the last
10 couple of weeks some of the creme de la
11 creme from the world of investment
12 banking, and I'm convinced that in the
13 current market environment, that they
14 can raise the money.

15 And, yeah, there's legal concerns,
16 but they've won round one; and they've
17 won round two, and they've got momentum
18 on their side on that score.

19 So, Mr. Chairman, I'd like to make a
20 -- if I'm in order, I'd like to go ahead
21 and make a motion.

22 CHAIRMAN MORGAN: You are.

23 MR. JONES: Okay. On the form that
24 you gave us, the motion reads as
25 follows: I move that the Board approve

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1 Creative Casinos of Louisiana, LLC,

2 Mojito Pointe, to be the recipient of
3 the available riverboat gaming license
4 upon its execution of the statement of
5 conditions by a duly authorized
6 representative of the applicant with the
7 understanding that the license will not
8 be issued until approval of the berth
9 site by majority of those voting on the
10 referendum election required by Article
11 12, Section 6(C)2 of the Louisiana
12 Constitution.

13 CHAIRMAN MORGAN: Okay. We have a
14 motion. We would need a second.

15 MR. JUNEAU: Second.

16 CHAIRMAN MORGAN: Seconded by
17 Mr. Juneau. I would like to make the
18 audience aware that the form of the
19 motion was applicable to all three
20 applicants, so we would open -- we have
21 a motion and a second. We'll open it
22 for discussion if there's any discussion
23 by the board members.

24 No lights are on, so Miss Tramonte
25 will call the roll.

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1 THE CLERK: Miss Rogers?

2 MS. ROGERS: Yes.

3 THE CLERK: Mr. Bradford?

4 MR. BRADFORD: Yes.

5 THE CLERK: Mr. Jones?
6 MR. JONES: Yes.
7 THE CLERK: Mr. Stipe?
8 MR. STIPE: Yes.
9 THE CLERK: Mr. Juneau?
10 MR. JUNEAU: Yes.
11 THE CLERK: Mr. Singleton?
12 MR. SINGLETON: Yes.
13 THE CLERK: Miss Noonan?
14 MS. NOONAN: Yes.
15 THE CLERK: Mr. Blount?
16 MR. BLOUNT: I abstain.
17 MS. TRAMONTE: Chairman Morgan?
18 CHAIRMAN MORGAN: Yes. It's
19 unanimous. Congratulations on the
20 license, and we do thank the other
21 applicants. Any other items before the
22 board? Any board members?

23 IX. ADJOURNMENT

24 CHAIRMAN MORGAN: Motion to adjourn?

25 MR. JUNEAU: I'll make a motion.

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1 CHAIRMAN MORGAN: Motion by
2 Mr. Juneau, seconded by Mr. Bradford.
3 We're adjourned.

4 REPORTER'S PAGE

5

6 I, SHELLEY PAROLA, Certified Shorthand
7 Reporter, in and for the State of Louisiana, the

8 officer before whom this sworn testimony was
9 taken, do hereby state:
10 That due to the spontaneous discourse of this
11 proceeding, where necessary, dashes (--) have been
12 used to indicate pauses, changes in thought,
13 and/or talkovers; that same is the proper method
14 for a Court Reporter's transcription of a
15 proceeding, and that dashes (--) do not indicate
16 that words or phrases have been left out of this
17 transcript;

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

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22
23
24
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1 STATE OF LOUISIANA
2 PARISH OF EAST BATON ROUGE
3 I, Shelley G. Parola, Certified Court
4 Reporter and Registered Professional Reporter, do
5 hereby certify that the foregoing is a true and
6 correct transcript of the proceedings in the
7 preceding matter on February 17, 2011, as taken by
8 me 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 16th day of
20 March, 2011.

21

22

23

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