

LGCB Board of Directors Meeting, (Pages 1:2 to 98:24)

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3 LOUISIANA GAMING CONTROL BOARD

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6 BOARD OF DIRECTORS' MEETING

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11 Tuesday, March 16, 2010

12

13 Louisiana State Capitol

14 Senate Room A

15 Baton Rouge, Louisiana

16

17 TIME: 10:00 A.M.

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1 APPEARANCES:

2

3 DANE K. MORGAN

4 Chairman

5

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

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21 JERRY JUNEAU

22 Board Member

23

24 JAMES SINGLETON

25 Board Member

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1 APPEARANCES CONTINUED:

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3 JACKIE J. BERTHELOT

4 Board Member

5

6 CAPTAIN HILL, L.S.P.
7 Ex-Officio Board Member
8
9 EARL MILLET
10 Ex-Officio Board Member
11
12 LANA TRAMONTE
13 Executive Assistant to the Chairman
14
15 REPORTED BY:
16 SHELLEY G. PAROLA, CSR, RPR
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- 10 A. Consideration of Casino Support
- 11 Services Contract with the City
- 12 of New Orleans
- 13 B. Update by Wade Duty, Executive
- 14 Director of the Casino
- 15 Association on Riverboat
- 16 Compliance
- 17 C. Update by Pinnacle Entertainment,
- 18 Inc., on Baton Rouge project
- 19 D. Consideration of request by
- 20 Pinnacle Entertainment, Inc.,
- 21 for approval of Incremental Term
- 22 Loan
- 23 E. Consideration of request by
- 24 Boomtown Bossier for
- 25 reconfiguration of gaming space

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- 2 F. Consideration of request by
- 3 Horseshoe Entertainment for
- 4 reconfiguration of gaming space
- 5 G. Consideration of renewal of
- 6 license of Treasure Chest Casino,
- 7 LLC, d/b/a Treasure Chest Casino
- 8 H. Consideration of renewal of
- 9 license of Churchill Downs
- 10 Louisiana Horse Racing Co., LLC,
- 11 d/b/a Fair Grounds Race Course

12 VIII. VIDEO GAMING ISSUES

13 A. Consideration of the following

14 truckstop applications:

15 1. TB Guillory, Inc., d/b/a King's

16 Casino - No. 4900500884 (transfer

17 of interest)

18 2. Ventre Guillory Willis, L.L.C.,

19 d/b/a The Quarters Casino and

20 Restaurant - No. 4900513265

21 (transfer of ownership)

22 IX. PUBLIC COMMENTS

23 X. ADJOURNMENT

24

25

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1 I. CALL TO ORDER

2 CHAIRMAN MORGAN: Morning. Come to

3 order. Call the roll, please.

4 THE CLERK: Major Mercer?

5 MAJOR MERCER: Yes.

6 THE CLERK: Miss Rogers?

7 MS. ROGERS: Yes.

8 THE CLERK: Mr. Bradford?

9 MR. BRADFORD: Yes.

10 THE CLERK: Mr. Jones?

11 MR. JONES: Yes.

12 THE CLERK: Mr. Stipe?

13 MR. STIPE: Yes.

14 THE CLERK: Mr. Juneau?

15 MR. JUNEAU: Yes.
16 THE CLERK: Mr. Singleton?
17 MR. SINGLETON: Yes.
18 THE CLERK: Mr. Berthelot?
19 MR. BERTHELOT: Yes.
20 THE CLERK: Colonel Edmonson?
21 CAPTAIN HILL: Captain Hill for
22 Colonel Edmonson.
23 THE CLERK: Secretary Bridges? [No
24 response.]
25 CHAIRMAN MORGAN: We have nine

7

1 members in the quorum.

2 II. COMMENTS FROM THE CHAIR

3 CHAIRMAN MORGAN: Comments from the
4 Chair. Just a note for the meeting of
5 the April, May and June, we will be
6 relocated to the Galvez Building, which
7 is at 602 North Fifth Street in the
8 Natchez Room. We'll have that posted on
9 the website, and that will be the
10 April 20th, May 18th and June 15th
11 meeting. That's where the Public
12 Service Commission is.

13 III. APPROVAL OF THE MINUTES

14 CHAIRMAN MORGAN: Item III is
15 Approval of the Minutes. Have the
16 members had a chance to read the
17 minutes? Any questions? Do we have a

18 motion to waive formal reading?

19 MR. SINGLETON: I move we approve
20 the minutes.

21 CHAIRMAN MORGAN: Motion by
22 Mr. Singleton. Second --

23 MAJOR MERCER: Second.

24 CHAIRMAN MORGAN: -- by Major
25 Mercer. Any objection? [No response.]

8

1 Okay.

2 IV. REVENUE REPORTS

3 CHAIRMAN MORGAN: Item IV, the
4 Revenue Reports.

5 MS. JACKSON: Good morning, Mr.
6 Chairman, Board Member. My name is
7 Donna Jackson with Louisiana State
8 Police Gaming Audit Section. The
9 riverboat revenue report for February
10 2010 is shown on page one of your
11 handout. During February, the 13
12 operating riverboats generated Adjusted
13 Gross Receipts of \$145,031,546, up
14 almost \$14 million or 10.5 percent from
15 last month's, but down \$8 million or
16 5.4 percent last February. This month
17 follows the historical trend of February
18 revenues being higher than January
19 revenues.

20 Adjusted Gross Receipts for fiscal

21 year 2009-2010 to date are
22 \$1,088,000,000, a decrease of 8 percent
23 or \$99 million from fiscal year
24 2008-2009.

25 During February the State collected

9

1 fees totaling \$31,181,782. As of
2 February 28th, 2010, the State has
3 collected \$234 million in fees for
4 fiscal year 2009-2010.

5 Next is a summary of the
6 February 2010 gaming activity for
7 Harrah's New Orleans found on page
8 three. During February, Harrah's
9 generated \$29,241,723 in gross gaming
10 revenue, up \$2.3 million or 8 percent
11 from last month, but down \$2 million or
12 7 percent from last February. Fiscal
13 year-to-date gaming revenues for 2010 --
14 2009-2010 are almost \$229 million, down
15 \$16 million or 7 percent from fiscal
16 year 2008-2009.

17 During February the State received
18 \$4.6 million in minimum daily payments.
19 As of February 28th, 2010, the State has
20 collected almost \$40 million in fees for
21 fiscal year 2009-2010.

22 Slots at the racetracks revenue are
23 shown on page four. During February the

24 four racetrack facilities combined
25 generated adjusted gross receipts of
10
1 \$34,475,469, an increase of \$3 million
2 or for 9.5 percent from last month, but
3 a decrease of \$2.7 million or
4 7.4 percent from last February.

5 Adjusted gross receipts for fiscal
6 year 2009-2010 to date are \$254 million,
7 a decrease of almost \$16 million or
8 6 percent from fiscal year 2008-2009.

9 During February, the State collected
10 fees totaling \$5.2 million. As of
11 February 28th, 2010, the State has
12 collected over \$38 million in fees for
13 fiscal year 2009-2010.

14 Are there any questions?

15 CHAIRMAN MORGAN: Any questions?

16 [No response.] One thing stood out, the
17 Isle of Capri is down 40.8 percent. Is
18 there any reason?

19 MR. JUNEAU: Is that a typo?

20 CHAIRMAN MORGAN: I'm being serious.
21 Is there a reason?

22 MS. JACKSON: I didn't speak with
23 them directly. I can check and find
24 out.

25 CHAIRMAN MORGAN: And Amelia's down

1 significantly more, it looks like, and
2 Belle of Baton Rouge.

3 MS. JACKSON: Right.

4 CHAIRMAN MORGAN: Okay. Any
5 questions? [No response.] Thank you.

6 MR. BOSSIER: Good morning, Chairman
7 Morgan and Board Members. My name is
8 Jim Bossier with Louisiana State Police
9 State Police Gaming Audit Section. I'm
10 reporting video gaming information for
11 February 2010, as shown on page one of
12 your handout.

13 Seventeen new licenses were issued
14 during February: Six bars, nine
15 restaurants, one truck stop and one
16 device owner. Seventeen applications
17 are currently pending in the field:
18 Twelve bars, four restaurants and one
19 device owner.

20 During February 2010, the Gaming
21 Enforcement Division assessed \$281 and
22 collected \$25,067 in outstanding
23 penalties. There are currently \$2,000
24 in outstanding penalties. Please refer
25 to page two of your handout.

12

1 There are presently 14,753 video
2 gaming devices activated at 2,270
3 locations.

4 Net device revenue for
5 February 2010, was \$55,89,2,595, a
6 \$7 million increase, or 14.4 percent,
7 when compared to the net device revenue
8 for January 2010, and a \$4.8 million
9 decrease or 7.9 percent when compared to
10 February 2009.

11 Net device revenue for fiscal year
12 2010 to date is \$399,953,372, a
13 \$54.4 million decrease or 12 percent
14 when compared to net device revenue for
15 fiscal year 2009. Page three of your
16 handout shows the comparison of net
17 device revenue.

18 Total franchise fees collected for
19 February 2010 were \$16,719,878, a
20 \$2.1 million decrease when compared to
21 January 2010, and a \$1.4 million
22 decrease when compared to February 2009.

23 Total franchise fees collected for
24 fiscal year 2010 to date are
25 \$119,195,774, a \$15.9 million or

13

1 11.8 percent decrease when compared to
2 last year's franchise fees. A
3 comparison of franchise fees is shown on
4 page four of your handout.

5 Are there any questions?

6 CHAIRMAN MORGAN: Any questions?

7 [No response.] Thank you.

8 V. CONSIDERATION OF CONTRACTS WITH HEARING

9 OFFICERS AND COURT REPORTERS

10 CHAIRMAN MORGAN: Move on to Item V,
11 Consideration of Contracts with Hearing
12 Officers and Court Reporters. This is
13 required annually under 27:15(B)6. It
14 requires Board approval for any contract
15 in excess of \$20,000. Nothing has
16 changed since last year. We have two
17 administrative law hearing officers who
18 have a contract for \$30,000 each, and
19 then we have a contract for the court
20 reporting services of Baton Rouge Court
21 Reporters of \$70,000 annually. And the
22 contracts call for payment up to \$2,000.

23 Any questions? We would need a
24 motion to authorize me to enter into
25 these contracts.

14

1 MR. STIPE: I so move.

2 CHAIRMAN MORGAN: Mr. Stipe moves.

3 MR. JONES: Second.

4 CHAIRMAN MORGAN: Seconded by

5 Mr. Jones. Any opposition? [No
6 response.]

7 VI. COMPLIANCE REPORTS

8 CHAIRMAN MORGAN: Item VI,
9 Compliance Reports for the racetrack and

10 casino employment.

11 MS. BROWN: Good morning, Chairman
12 Morgan, Board Members. I'm Assistant
13 Attorney General, Mesa Brown, and today
14 I'll present the staff report on
15 racetrack casino licensees' compliance
16 with statutory employment and
17 procurement conditions for the fourth
18 quarter of 2009.

19 The fourth quarter reports are taken
20 from figures reported by the four
21 racetracks to the Louisiana Gaming
22 Control Board. In the fourth quarter of
23 2009, approximately 1,724 people were
24 employed by the industry. Of that
25 number, 1,488 were Louisiana residents;

15

1 853 were minorities, and 1,035 were
2 women.

3 I'll begin with employment. All
4 licensees either met or exceeded their
5 statutory condition of hiring 80 percent
6 of Louisiana residents, with the
7 exception of licensee Delta Downs
8 Racetrack & Casino. Delta Downs
9 employed 70.2 percent Louisiana
10 residents out of required 80 percent.

11 With regards to minority and female
12 employment, all licensees either met or

13 exceeded their voluntary condition goals
14 with the exception of Harrah's Louisiana
15 Downs. They fell short of their goal of
16 60 percent female employment by
17 achieving 52 percent.

18 With regards to minority and female
19 procurement, both Delta and Churchill
20 Downs exceeded the minority and female
21 procurement goals. Old Evangeline Downs
22 exceeded its female procurement goal but
23 was slightly short of achieving its
24 minority procurement goal, with 3.06
25 percent out of 5 percent. Louisiana

16

1 Downs also exceeded its female
2 procurement goal but was short of
3 meeting its minority procurement goal by
4 achieving 5 out of 6 percent.

5 Are there any questions? [No
6 response.] Thank you.

7 VII. CASINO GAMING ISSUES

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

11 CHAIRMAN MORGAN: Morning.

12 MS. BOGRAN: Good morning, Chairman
13 Morgan, Board Members. I'm Olga Bogran
14 of the Attorney General's Office, and
15 I'm here, along with the City's

16 representative, Rodney Braxton and Julie
17 Schwam Harris, to present the 2010-2011
18 casino support services contract with
19 the City of New Orleans.

20 Louisiana Revised Statute 27:247
21 outlines the Gaming Control Board's role
22 in this process as follows: The new
23 contract must be negotiated every year
24 prior to March 31st. We've done that,
25 and that contract is now before you.

17

1 The next step in the statutorily
2 remanded process is a submission of
3 the contract to the Joint Legislative
4 Committee on the Budget. As per the
5 statute, the committee can approve,
6 disapprove or choose not to act upon the
7 contract. If the committee approves the
8 amount of the contract, the contract
9 shall remain in full force and effect.
10 If the committee disapproves or does not
11 act upon the contract, the contract is
12 nullified.

13 If it's the Board's pleasure, the
14 immediate next step would be for the
15 Board to authorize Chairman Morgan to
16 move forward with the contract, to pass
17 it to the Joint Legislative Committee on
18 the Budget for approval and

19 appropriation, and further authorizing
20 the Chairman to amend the contract as
21 may be required by the legislature or
22 the committee, and to execute the
23 contract after approval and
24 appropriation by the legislature.

25 CHAIRMAN MORGAN: Okay.

18

1 Mr. Braxton, you want to make a comment?

2 MR. BRAXTON: Sure. Mr. Chairman,
3 members, my name is Rodney Braxton with
4 the strategy group representing the City
5 of New Orleans, and Judy Schwarm Harris
6 who is the Director of Intergovernmental
7 Relations for the City of New Orleans.
8 We certainly appreciate being before you
9 and certainly would entertain any
10 questions but certainly would like to
11 ask for your favorable approval of this
12 contract.

13 CHAIRMAN MORGAN: Any questions?

14 Mr. Jones.

15 MR. JONES: I've got a question.
16 How was the \$3.6 million arrived at?

17 MR. BRAXTON: It was basically
18 arrived -- well, if you recall, when
19 Harrah's first opened, the payment to
20 the State was \$100 million, and out of
21 that payment, the State of Louisiana --

22 the City of New Orleans negotiated a
23 payment of somewhere north of
24 \$6 million. I'm not exactly sure of the
25 exact figure.

19

1 When Harrah's went into bankruptcy
2 and emerged from bankruptcy, that
3 payment was cut; and the hundred million
4 went to \$50 million, and the City Of New
5 Orleans took a similar haircut in terms
6 of the payment.

7 In terms of how the original six
8 plus million was arrived at, I really am
9 not privy to that discussion.

10 MR. JONES: But it's been at 3.6
11 ever since.

12 MR. BRAXTON: Yes, sir. It's been
13 at 3.6 for quite sometime. If you look
14 at the document that we provided in
15 terms of an unaudited statement, it
16 doesn't fully cover what we think the
17 costs are, but it was never meant as a
18 dollar for dollar reimbursement. I
19 think that it was just something that
20 was negotiated in terms of to help
21 defray the costs of the casino.

22 CHAIRMAN MORGAN: Go ahead.

23 MR. SINGLETON: No. I just wanted
24 to respond. I happened to be there at

25 that time. The \$6 million was something

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1 that we negotiated, because when you put
2 everything together at that time, we
3 felt that that was the expenses that the
4 City had to spend in order to operate
5 the casino, at that time. Now, when
6 they cut it from a 100 to 50, they just
7 kind of cut it in half, but it still did
8 not change the fact that the City of New
9 Orleans was still -- had to spend money
10 that it was not getting back out of
11 casino, you know, for the day-to-day
12 operations and day-to-day services that
13 they were providing.

14 CHAIRMAN GAUDIN: And it's my
15 understanding that unlike the riverboats
16 and others, you do not receive a local.

17 MR. BRAXTON: We do not. The
18 riverboats, I think, pay a per head fee,
19 and there's no additional taxes that
20 come out of -- for instance, I think the
21 slots do have some state tax that comes
22 out of it, but we get no additional
23 revenue.

24 CHAIRMAN MORGAN: Just so the Board
25 will know, I did talk to Lieutenant

21

1 Governor and Mayor-elect Landrieu, who

2 passionately asked that we would help
3 him in his new administration and
4 support this.

5 MR. BRAXTON: We have the same
6 passion.

7 CHAIRMAN MORGAN: I know you do.

8 MAJOR MERCER: I move we approve.

9 CHAIRMAN MORGAN: Wait. Do we have
10 any other questions?

11 MR. STIPE: I just want to make sure
12 I understand the handout, these
13 expenditures.

14 MR. BRAXTON: Yes, sir.

15 MR. STIPE: The direct expenditures
16 are about 1.9 million for police, fire
17 and sanitation; is that right?

18 MR. BRAXTON: Uh-huh.

19 MR. STIPE: And the other
20 expenditures that you've listed, about
21 4.8 million, are, I guess, allocated
22 expenditures.

23 MR. BRAXTON: Yeah, the indirect
24 costs we think are associated with it.

25 MR. STIPE: And we -- this is --

22

1 these indirect administrative expenses
2 are just some portion of the total
3 expenditures for the --

4 MR. BRAXTON: That's correct.

5 MR. STIPE: -- office, and you just
6 allocated some portion of them to this;
7 is that correct?

8 MR. BRAXTON: Well, it's not quite
9 that arbitrary. There was some
10 discussion -- and I'm not in the finance
11 department, to be honest with you,
12 Commissioner, so I can't tell you
13 precisely; but there was some discussion
14 between our finance people and the State
15 in some regard, and the figure that they
16 came up with as a indirect cost was
17 6 percent. So what you see is 6 percent
18 of those -- of what the overall expenses
19 are in that -- in those departments.

20 MR. STIPE: Okay.

21 CHAIRMAN MORGAN: All right.

22 MR. STIPE: Thank you, Mr. Chairman.

23 CHAIRMAN MORGAN: I think in 27:247
24 it does allow such support services if
25 used in the section shall include, but

23

1 not limited to, fire, police,
2 sanitation, health, transportation --

3 MR. BRAXTON: Right. And I'll go
4 along further to allow for whatever
5 might affect the parish as a whole, and
6 this is what we think this is.

7 CHAIRMAN MORGAN: Mr. Singleton.

8 MR. SINGLETON: I'd like to make a
9 motion, but I'd just like to make a
10 comment in making the motion. If you
11 notice with all of other gaming boats
12 throughout the state and everywhere
13 else, there is a certain fee that the
14 city or the parish gets as a result of
15 the boat. This the City of New Orleans
16 gets nothing, but on top of that -- and
17 I think we've had a little conversation
18 about this, is the fact that the money
19 that we have to go negotiate with the
20 State, that money comes out of the
21 general fund; whereas, Harrah's has not
22 done so bad the way I look at the
23 numbers, but for the life of me, I don't
24 understand why the money doesn't come
25 out of the gaming revenue.

24

1 And it seems to me -- and I guess
2 that's not our role to play here, but at
3 least I'm going to talk to the incoming
4 mayor and others to suggest to them that
5 if everybody else has done it, why is
6 New Orleans treated different? It ought
7 to come out of revenue, and it ought, to
8 me, be a direct appropriation from
9 Harrah's to the city rather than going
10 through all these others.

11 But, again, that's another thing for
12 the legislature to hassle over, and
13 that's not for us to do. But with that
14 comment, I'd just like to make a motion
15 that we approve the recommendation.

16 CHAIRMAN MORGAN: Make a motion to
17 approve. Just so that the Board will
18 know, it's my understanding that
19 90 percent of the revenue goes to the
20 self-fund. Ten percent goes to another
21 fund to offset regulatory costs;
22 however, none of that money is
23 appropriated. So, therefore, a hundred
24 percent goes to the self-fund. Is that
25 what you understand?

25

1 MR. BRAXTON: That's my
2 understanding as well, yes.

3 CHAIRMAN MORGAN: So Mr. Singleton
4 is making reference that potentially
5 this 3.6 million should come out of the
6 revenue generated from the casino, not
7 from state general fund money.

8 MR. BRAXTON: And if you don't mind,
9 I'll take the monthly ten percent for
10 the regulatory cost.

11 CHAIRMAN MORGAN: Well, I would like
12 to get the Board --

13 MR. BRAXTON: Thank you very much,

14 though.

15 CHAIRMAN MORGAN: That would be
16 about \$6 million. So we have a motion
17 by Mr. Singleton. Is there a second?

18 MR. BERTHELOT: Second.

19 CHAIRMAN MORGAN: Second by
20 Mr. Berthelot. Is there any objection?

21 [No response.] Hearing none, it's
22 approved.

23 B. Update by Wade Duty, Executive Director of the
24 Casino Association on Riverboat Compliance

25 CHAIRMAN MORGAN: I'll ask Mr. Duty

26

1 to come up and make a presentation with
2 regard to the procurement and employment
3 conditions for -- mainly for the
4 riverboats. As a result, we discussed
5 last meeting about the variances in the
6 reporting, and so we had a meeting after
7 the last board meeting. And we want to
8 ask him to come and make a presentation
9 to the Board; and I think we would like
10 to have a trial period of, about, two
11 quarters to monitor the new reporting
12 parameters, and then for the Board to
13 entertain that at that time thereafter,
14 for an adoption of a new -- you know,
15 permanent reporting criteria. And then,
16 also, entertain adjustments to some of

17 the conditions, but, Mr. Duty. I didn't
18 mean to steal your thunder there.

19 MR. DUTY: No. That's perfectly
20 fine. In fact, that pretty well covers
21 it, so...

22 CHAIRMAN MORGAN: You're not getting
23 off that easy.

24 MR. DUTY: Good morning, Board
25 Members. My name is Wade Duty. I'm the

27

1 Executive Director for the Louisiana
2 Casino Association, and as Chairman
3 Morgan has outlined for you, that's the
4 purpose of my presentation, is to
5 address the procurement and some of the
6 employment factors as they're part of
7 the terms of voluntary compliance for
8 the riverboat casinos, and to another
9 extent the racing casinos.

10 As I understood, we were going to --
11 actually going to do two presentations,
12 but if you'd like, I can combine that in
13 one, and this will be the whole show.
14 Okay. We do have a handout that I need
15 to distribute to you in that case, but
16 we really have four objectives we'd like
17 you to consider this morning.

18 Beginning in October of 2009, we
19 hosted a procurement round table

20 meeting -- probably give those to
21 Lana -- a procurement round table
22 meeting. All the procurement directors
23 from around the state met in Bossier
24 City after the association meeting that
25 month, and we looked at the methodology

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1 by which we were capturing data and
2 reporting data. We've been working with
3 the Attorney General's Office, most
4 particularly Mrs. Brown, in trying to
5 streamline some of the data collection
6 and standardize the reporting.

7 Over the last decade and a half,
8 certain variances have crept into the
9 system; and not everybody is reporting
10 exactly the same way, and we thought it
11 appropriate that before we looked at
12 amending goals, we standardized the data
13 collection and reporting system first.
14 So that's really what the purpose of my
15 presentation today is.

16 The first item we'd like to discuss
17 is the creation of a Louisiana Presence
18 Category. This would not be a
19 replacement for the Louisiana Business
20 Enterprise that you are used to seeing
21 on the compliance report, but it would,
22 rather, be a supplement to that concept.

23 Louisiana Presence really is in
24 recognition of the fact that purchasing
25 is becoming more national, potentially

29

1 even more global, and what we're seeing
2 is from -- everything from printing
3 services to housekeeping services are
4 still being performed within Louisiana,
5 by Louisiana citizens using facilities
6 that are based in Louisiana; however,
7 the administration or corporate
8 structure precludes them being counted
9 as Louisiana business enterprises.

10 So we'd like to institute data
11 collection on this category so you can
12 get a feel for the size of this and why
13 it has impacted the Louisiana business
14 enterprise number over the preceding,
15 most particularly, three years.

16 CHAIRMAN MORGAN: Can you give an
17 example? That would be, like, Coca Cola
18 might be owned from a Delaware
19 corporation, but the filing and the
20 distribution is from a Louisiana entity?

21 MR. DUTY: Correct. And what we
22 actually intend to model this after is
23 the Louisiana Procurement Statute, which
24 stated you had to have a Louisiana
25 facility, Louisiana presence, employ 25

1 or more Louisiana citizens and pay some
2 form of Louisiana taxation, so that it
3 was not existing strictly on paper. You
4 actually had trucks on the road; you had
5 warehouse space here; you had a
6 processing facility here, things of that
7 nature.

8 One of the casino examples that
9 comes to mind is the housekeeping
10 services that are contracted out.
11 They're through an office, I think, in
12 Memphis, but 100 percent of the
13 employees are Louisiana residents. So
14 that, again, takes us out of the current
15 definition, but we'd like to start
16 capturing that data because we think
17 it's relevant to the process.

18 The second item that we'd like to
19 discuss is the memorialization and board
20 approval of which purchases are to be
21 included and excluded from the reporting
22 process, and that's the handout that you
23 just received. 2008
24 PriceWaterhouseCoopers accounting firm
25 conducted a study of casino purchasing

1 practices nationwide, and what you have
2 in your hands is the result of that

3 study. I think on pages 16 and 17 are
4 the inclusion and exclusion list.

5 What PriceWaterhouse attempted to do
6 was identify those goods and services
7 for which there may only be a single
8 source or there may be a protected
9 distributorship or some other factor
10 that makes it appropriate that it not
11 count against a casino that has these
12 kinds of voluntary goals in terms of
13 what is included and excluded. This is
14 not a new concept to us. What has
15 happened, however, over the preceding
16 15, 16 years is, again, it is a little
17 informal. We would like the Board to
18 state what it is and what is not to be
19 included in these processes.

20 Administrative Rule 2108 previously
21 formed the basis for guidance for the
22 casinos as to what is included and
23 excluded; however, that rule was never
24 intended to do that. The rule actually
25 delineates what entities need a

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1 nongaming vendor permit. It was a good
2 jumping off point; but, again, it was a
3 little bit informal, and we'd really
4 like to memorialize this and have
5 everybody on the same page at the same

6 time as to what our expectations are.

7 The next item we'd like to discuss
8 is confirmation that the calculation of
9 minority and women business enterprise
10 dollars are calculated against Louisiana
11 spending. Again, we think this is
12 appropriate; and it's certainly been the
13 practice for the preceding decade. But
14 it was an informal understanding, and
15 we'd like to confirm that with the
16 Board. This is something that grew out
17 of the monitoring and the oversight that
18 the Attorney General's Office had been
19 providing to the casinos previously, but
20 we think it appropriate that the Board
21 actually commit to this concept. And as
22 you'll recall, in order to be classified
23 as a minority or women business
24 enterprise in Louisiana, you must also
25 be a Louisiana resident and Louisiana

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1 owned and operated.

2 So it's kind of a no-brainer in that
3 sense that these are all similar
4 entities, and because of that underlying
5 requirement to be a Louisiana business
6 enterprise first and foremost, we think
7 it appropriate that those calculations
8 be performed against that number.

9 The final concept we wanted to
10 present to you was the standardization
11 of the method of capturing employees.
12 Presently, there are at least three
13 different accounting and payroll systems
14 in place amongst the casinos, possibly
15 as many as five, but we weren't able to
16 pin down the number exactly. But it
17 appeared to us that the most accurate
18 methodology to calculate the number of
19 employees was to report total number of
20 employees employed during that quarter.
21 We look at the variances, in other
22 words, the turnover. There may be a
23 higher rate of turnover, but the static
24 number is generally within 3 percent.
25 It is not something that swings widely

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1 during each quarter; and even if it were
2 to do so, we believe that as long as
3 everybody is reporting the same way, you
4 will still get that trend analysis so
5 that you can see if a property is really
6 responding to its commitment or whether
7 it's conceptually going downhill, or
8 it's actually turned around and going to
9 climb back towards its appropriate
10 staffing levels as agreed to by the
11 licensee and the Board.

12 And lastly, as Mr. Chairman Morgan
13 stated, we would encourage you to give
14 us at least two quarters. You know,
15 obviously, the tolerance is yours with
16 respect to how long the processes are in
17 place and we capture the State in a
18 standardized fashion before we look at
19 amending goals. Because, again, it
20 became apparent after our October
21 discussion that there are some variances
22 in how the State is being collected and
23 reported.

24 We have been working, as I noted
25 earlier, with the Attorney General's

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1 Office. They have done an excellent job
2 in trying to streamline this process,
3 and we're actually, I think, within
4 sight of, perhaps, electronic reporting,
5 which after 16 years it's good to be
6 almost there. But it would simplify our
7 lives, and it would actually give you
8 more raw data, I think, to crunch and
9 grind and generate reports as you see
10 appropriate.

11 CHAIRMAN MORGAN: The main purpose
12 of this is just for information, let you
13 know that we're all moving in that
14 direction to try to have consistency in

15 reporting. Certainly, if there are any
16 questions for Mr. Duty.

17 MR. SINGLETON: I don't know if I
18 have a question, just an observation,
19 because we keep talking about Louisiana
20 residents and Louisiana residents, and I
21 guess I just want to throw this out so
22 you get it on this side and the other.

23 All of the people at the top of all
24 of these companies seem to be from
25 outside -- most of them from outside of

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1 Louisiana. So the low echelon people
2 are Louisiana people, so we do a pretty
3 good job with that, but we're not
4 training any Louisiana people to move up
5 to be running these companies or move up
6 into the top echelon.

7 And I just want to put that on the
8 table, Mr. Chairman, as something that
9 we need to take another hard look at.
10 Why aren't we training more people in
11 Louisiana to be able to help run the
12 Louisiana business? That's just a
13 comment that I'm making, so I want you
14 to be aware when you come back and you
15 talk about Louisiana and Louisiana, I
16 want to be able to see that you've done
17 things to better train and better hire

18 Louisiana people in the upper echelon of
19 these businesses.

20 MR. DUTY: That is something that we
21 are aware of; however, we would
22 respectfully disagree with you. I'd be
23 happy to put the industries' employment
24 record up against any other industry in
25 Louisiana. We best BellSouth; we best

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1 State Farm; we best the petroleum
2 companies as far as the advancement.

3 The casino industry is not something
4 that's necessarily as degree intensive
5 as some of these other fields, so it is
6 a good path for rapid promotion. And
7 keep in mind, sometimes you grow out of
8 a job in Louisiana, and they accept a
9 job in another jurisdiction.

10 So you are correct that the majority
11 of our general managers are probably not
12 Louisiana born; however -- well,
13 actually, I can't even say that.

14 There's certainly several that are
15 Louisiana born, but within those upper
16 echelon ranks of management, again, we
17 have nothing to hide on that end. We
18 definitely exceed what is comparable to
19 any other industry.

20 CHAIRMAN MORGAN: Well, we can add

21 that to our assessment.

22 MR. SINGLETON: Okay.

23 CHAIRMAN MORGAN: Thank you.

24 C. Update by Pinnacle, Inc., on Baton Rouge
25 project

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1 CHAIRMAN MORGAN: Item C is the
2 update by Pinnacle Entertainment on the
3 Baton Rouge project.

4 MR. ORLANSKY: Good morning, Mr.
5 Chairman and Members of the Board. I'm
6 Larry Orlansky on behalf of Pinnacle
7 Entertainment and the licensee, PNK
8 Baton Rouge Partnership. With me today
9 are familiar faces: Jack Godfrey,
10 executive vice-president, secretary and
11 general counsel of the company; Steve
12 Capp, who is the chief financial officer
13 of the company; and Cliff Kortman,
14 executive vice-president for
15 construction & development.

16 As you know, we're here today for a
17 report -- progress report on the Baton
18 Rouge project pursuant to the resolution
19 that you passed back in October. That
20 resolution set forth certain milestones
21 to be met from that point to currently
22 and through March 31st. You will hear
23 more detail from Cliff Kortman in a

24 moment, but the most recent milestone
25 was met by February 26th when requests

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1 for proposals for construction contracts
2 were issued.

3 Then the next milestone date, as you
4 know, is March 31, which is the date for
5 entering into the construction project
6 for the approved project. Of course,
7 there's other work that has proceeded on
8 Baton Rouge, which Cliff will address in
9 a minute.

10 Before turning that over to Cliff,
11 Mr. Godfrey has some comments for the
12 Board.

13 MR. GODFREY: Good morning, Mr.
14 Chairman, Members of the Board, Staff,
15 it's always a pleasure to appear in
16 front of the Louisiana Gaming Control
17 Board, and we always appreciate the
18 opportunity to update you on the status
19 of material events for the company in
20 addition to our ongoing projects here in
21 the State of Louisiana.

22 As you know from the press release
23 that we issued yesterday, we're happy to
24 announce that we have now hired a
25 permanent CEO succeeding John Giovenco,

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1 who was our interim CEO. He did a
2 wonderful job of stewarding the company
3 during the period of transition after
4 Mr. Lee left. Anthony Sanfilippo, who
5 is well known to you here in Louisiana,
6 and is highly regarded in the gaming
7 industry around the country, is now
8 Pinnacles' President, Chief Executive
9 Officer and a member of the board of
10 directors.

11 We're very happy to announce that.
12 We're looking forward to working with
13 Mr. Sanfilippo. He brings more than 25
14 years of experience from the gaming
15 industry to Pinnacle, including in this
16 region, and most recently as President
17 and CEO and board member of Multimedia
18 Games. I'm sure that Mr. Sanfilippo
19 will be appearing in front of you in the
20 future. I believe today is his first
21 actual day in the office; but I send his
22 regards, and, again, we're pleased to
23 make this announcement as we move
24 forward and try to grow the company and
25 enhance shareholder value.

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1 With that, I'll turn it over to
2 Mr. Kortman to give you the update on
3 the Baton Rouge Project.

4 MR. KORTMAN: Good morning, Chairman
5 Morgan, distinguished Board Members.
6 I'm here to provide a very comprehensive
7 update on the Baton Rouge Project.
8 We've made a lot of ground this last
9 couple of months since our last update,
10 so if you'll bear with me, I'd like to
11 give you some of that updated
12 information.

13 On January 22nd of this year, we
14 submitted the shipyard construction
15 drawings to ABS and nine different
16 shipyards for the purpose of providing
17 complete bid package for fabrication,
18 construction and delivery of the three
19 primary hulls, bridge structures and
20 related structural steels on the Baton
21 Rouge Marine Work Project. A
22 comprehensive bid package was received
23 by no less than seven of those first
24 nine, so we had pretty significant
25 turnout on the invitation to bid. We

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1 are in the process of evaluating those
2 bids at this time.

3 On March 26th, the final
4 construction documents will be submitted
5 again to ABS, which is -- this is our
6 construction documents versus a bid set

7 of documents, and those documents will
8 also go to the shipyards for a last,
9 best and final offer as it relates to
10 price, schedule and delivery of the
11 marine work related to the project.

12 Due to the integration of the
13 shipyard work into the overall project,
14 these components of the work will be
15 integrated into the general contractor
16 contract. I think in past years, at
17 least on a couple of projects that I've
18 worked on in this state, there have been
19 really two major contracts, the marine
20 contract and sort of the landbased
21 contract. Due to the integration of
22 these two components, everything will be
23 under one contract, which is the
24 contract that will be provided to you on
25 March 31st.

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1 In like manner on February 25th, the
2 RFP for the general contractor hit the
3 streets. The respondents participated
4 in a prebid meeting on March 10th in Las
5 Vegas. Final pricing scheduling
6 packages are due on March 23rd, 2010;
7 March 24, the following day, a post bid
8 interview will be conducted, a
9 contractor will be selected within the

10 anticipated time period of the required
11 execution of the general contract for
12 construction.

13 Regarding some other updates
14 relative to the project, I'd like to
15 update you on just some of the Corps of
16 Engineers and some of the other agency
17 updates, if I could do that for just a
18 few minutes. On February 25th, our team
19 members here in Baton Rouge met with the
20 Army Corps of Engineers, Engineering
21 District, to discuss three outstanding
22 issues related to our application. We
23 responded to all of the concerns, and I
24 think the following day, actually,
25 submitted a follow-up document to

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1 clarify one of the issues that they had
2 in question.

3 On March 8th, we sent the Corps of
4 Engineers a requested cross section of
5 the proposed pump station. That was one
6 small, little component that came up
7 after our initial meeting with them, and
8 according to the permit manager, that
9 was the last thing that they thought
10 they needed from us to satisfy the
11 engineering division, so we think that
12 that's tracking for a sign-off near

13 term.

14 On the 12th of March, we received an
15 e-mail from the Corps indicating that
16 they have informed the Pontchartrain
17 Levee District that a letter of no
18 objection will be forthcoming.

19 That's -- you know, we always want to
20 have that piece of paper in our hand,
21 but at least we have an e-mail that says
22 their approval is forthcoming. So
23 that's pretty exciting news.

24 As late as last night, the
25 Pontchartrain Levee District approved

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1 the project subject to the Corps of
2 Engineers' stipulations, so as soon as
3 we have the document, the stipulations
4 are identified, then the Pontchartrain
5 Levee District will approve our project,
6 also. As you know, the Corps is the
7 lead agency, and then all the other
8 agencies follow in like kind on the
9 approval.

10 Other items updated on Baton Rouge,
11 on January 21st we had a conference call
12 with the Natural Resource Professionals
13 and Office of Coastal Protection and
14 Restoration to discuss the application.

15 The conference call went very well.

16 They're ready. We anticipate that
17 they're going to approve our mitigation
18 plans very soon, and we can commence the
19 actual mitigation activities at the
20 site. They're not huge in nature, but
21 they are things that have to be done
22 before we get too far down the road with
23 the actual hard construction of the
24 buildings and platforms and bridges and
25 structures like that.

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1 We met with Entergy on the 21st of
2 January to discuss the road improvements
3 at Gardere Lane and Nicholson Drive, the
4 impacts to the Entergy substation. That
5 meeting went very well. We're working
6 again very closely with all of the
7 agencies for impacts, infrastructure
8 impacts, so I think all of that stuff is
9 tracking very well.

10 On the 27th of January, we had a
11 meeting with the DOTD to discuss the
12 appeal that we had submitted. If you
13 recall, Dane, there was some issues as
14 it related to some plan checking items
15 that were sort of beyond what we thought
16 was the scope for the project. We went
17 back with a meeting -- we had a meeting
18 with them; and they concurred with our

19 evaluation, and we are now well on the
20 road to getting our DOTD permits. So
21 that's tracking right along with
22 everything else.

23 I've got a list of about 15 other
24 meetings that we've had in the interim;
25 but everything is tracking very well,

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1 and we hope to be before you here at the
2 end of the month with a contract for
3 execution and in -- and following the
4 guidance of the conditions. Thank you
5 so much.

6 MR. ORLANSKY: That's it for the
7 Baton Rouge report, Mr. Chairman, unless
8 there are any questions.

9 CHAIRMAN MORGAN: Cliff, I have one
10 question.

11 MR. KORTMAN: Sure.

12 CHAIRMAN MORGAN: Have y'all met
13 with the Mayor, Mayor-President Holden,
14 with regard to the fire protection?
15 Because I understand that's in a hold,
16 and it's not covered by Baton Rouge
17 Fire; it's not covered by St. George
18 or --

19 MR. KORTMAN: Correct. We have met
20 with them; and, you know, recently
21 there's been some correspondence, and we

22 believe that we are actually waiting on
23 them to provide us with some
24 information.

25 CHAIRMAN MORGAN: Okay.

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1 MR. KORTMAN: But we -- it's a good
2 point that we need to probably follow up
3 on that and try to get that hammered
4 down.

5 CHAIRMAN MORGAN: That would be good
6 before he calls me.

7 MR. GODFREY: And frankly, Mr.
8 Chairman, during this transition period,
9 obviously, we need to leave something
10 for the new CEO to worry about. So
11 we've been holding down the fort and
12 moving ahead as quickly as we can, but
13 there are some issues that obviously
14 will need the direction and decision of
15 the new chief executive officer. And
16 that's one of the things that we'll be
17 discussing with him.

18 CHAIRMAN MORGAN: So you're right on
19 target, as I understand?

20 MR. KORTMAN: Yes, sir.

21 CHAIRMAN MORGAN: Any questions?

22 MR. BRADFORD: One question, Mr.
23 Chairman.

24 MR. JONES: The Pontchartrain Levee

25 District, that kind of throws me. Does

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1 their jurisdiction reach this far?

2 MR. KORTMAN: It does because we're
3 on the Mississippi River, and, of
4 course, we have a levee on-site. They
5 are the agency that controls that earth
6 and levee all the way up to Baton Rouge,
7 yes, sir.

8 MR. JONES: And beyond or how far do
9 they go?

10 MR. KORTMAN: I don't know how far
11 their jurisdiction goes, but I know that
12 Baton Rouge is their jurisdiction.

13 MR. JONES: My other question was:
14 The traffic going to the facility from
15 Interstate 10, that would be primarily
16 Bluebonnet, or will it be other
17 entrances?

18 MR. KORTMAN: Well, we've done a
19 complete traffic study, and if you'd
20 like, Mr. Jones, I'd be happy to forward
21 that to you. It's a pretty complex
22 document. There's, I think, 15
23 intersections that requires some sort of
24 adjustment, mitigation, improvement,
25 whatever you want to describe, but I

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1 think there's seven paths. Bluebonnet

2 is certainly one of the primary paths
3 for sure.

4 MR. JONES: And I don't need the
5 report. I'm just curious.

6 CHAIRMAN MORGAN: You might want to
7 have them help dilute running right by
8 the office.

9 MR. KORTMAN: We wouldn't object to
10 that by the way.

11 CHAIRMAN MORGAN: If they wanted to
12 pay for it.

13 MR. BRADFORD: The question I had,
14 Cliff, was on mitigation -- site work
15 mitigation, and your comment was "very
16 soon." Could you be a little more
17 specific about -- if you're awarding a
18 construction contract at the end of the
19 month, how do those two fit together?

20 MR. KORTMAN: Yeah. As you know,
21 putting together this whole cultural
22 resource thing has been very
23 time-consuming. It's just the nature of
24 the beast. It takes a long time to put
25 this together. You can't really

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1 negotiate with the Corps the cultural
2 part of -- the cultural resource part of
3 the Corps until you've sort of got the
4 nod from the engineer group.

5 So once we got the nod, then we
6 started meeting with them on a regular
7 basis to try to get our cultural
8 resources plan approved. We are
9 literally days away from having it
10 approved. The greater impact is to, you
11 know, the overall site. The immediate
12 site, the Phase One site, has very small
13 impacts other than the vatour (phonetic)
14 is considered a wetlands, so there's
15 wetland things related to the vatour.
16 But the overall plan has to be approved,
17 so that's what we're working on is the
18 overall plan for the whole 550 acres.

19 MR. BRADFORD: You don't see that
20 holding up construction?

21 MR. KORTMAN: No, sir.

22 MR. BRADFORD: One more question.
23 Once you award a construction contract,
24 when would you foresee awarding a notice
25 to proceed?

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1 MR. KORTMAN: When we issued the
2 RFP, we went ahead and issued the form
3 contract because we felt like, you know,
4 once we made our selection, we needed to
5 move quickly on the contract. Each one
6 of the respondents are stipulating the
7 schedule. We've given them the

8 guidance -- the guidelines as it relates
9 to the conditions, and then each one of
10 those guys will be giving us the
11 schedule. Of course, I think their
12 schedule will say they want the notice
13 to proceed the day after we award, but
14 certainly as soon as we have a Corps
15 permit, you know, we would anticipate
16 breaking ground.

17 MR. GODFREY: We also, obviously,
18 need approval of the Board for the
19 contract, so we wouldn't proceed until
20 30 days after we receive your approval.

21 CHAIRMAN MORGAN: Any other
22 questions? Thank you. I think we have
23 another issue with you guys, but we'll
24 get State Police up first.

25 D. Consideration of request by Pinnacle

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1 Entertainment, Inc., for approval of
2 Incremental Term Loan

3 CHAIRMAN MORGAN: Consideration of
4 request by Pinnacle Entertainment, Inc.,
5 for approval of Incremental Term Loan.
6 Go ahead, Ms. Malone.

7 MS. MALONE: Good morning, Chairman
8 Morgan and Members of the Board. My
9 name is Maggie Malone with the Louisiana
10 State Police Gaming Audit Section.

11 Pinnacle is petitioning the Board to
12 approve a new, up to \$250 million,
13 incremental term loan. This term loan
14 is part of Pinnacle's third amended and
15 restated credit agreement that was
16 executed on February the 5th of 2010.

17 It was determined the
18 February \$375 million revolver allowed
19 in the amended agreement did not require
20 prior Board approval; however, execution
21 of the incremental options allowed under
22 the amended agreement does require Board
23 approval. As shown on the chart on page
24 one of your report, Pinnacle has three
25 incremental loan options. At this

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1 point, Pinnacle has elected to execute
2 an incremental term loan up to
3 \$250 million.

4 It is important to point out,
5 Pinnacle has the option to execute
6 future incremental term loans in
7 addition to the currently proposed up to
8 \$250 million term loan, as long as
9 Pinnacle is in compliance with a
10 specified leverage ratio. Approval of
11 this incremental term loan will bring
12 the capacity under the amended agreement
13 to a total of \$625 million.

14 Pinnacle plans to use part of the
15 proceeds from the \$250 million term loan
16 to fund the Sugarcane Bay and Baton
17 Rouge projects. As detailed on page
18 three, the amended credit agreement,
19 including the proposed term loan, allows
20 \$235 million of the Sugarcane Bay
21 project in Lake Charles. As shown in
22 the estimated projected pre-cash flow
23 sheet you've been provided -- that would
24 be that separate sheet that was handed
25 to you -- Pinnacle plans to raise

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1 \$100 million in nondebt capital.
2 Pinnacle would then be able to expend
3 the \$235 million allowed under the
4 amended agreement for the Baton Rouge
5 project.

6 The table on page six shows
7 Pinnacle's long-term debt increases from
8 December 2009 levels due to execution of
9 the amended revolver and incremental
10 term loan; however, projections indicate
11 Pinnacle will have cash flow and credit
12 availability to cover debt service needs
13 and capital expenditure plans.

14 In conclusion, the Board is
15 requested to consider the approval of
16 Pinnacle's up to \$250 million

17 incremental term reason. No financial
18 information came to our attention to
19 preclude the Board from approving this
20 transaction. Steve Capp, Pinnacle's
21 Chief Financial Officer, is here to
22 assist with any questions you may have.

23 CHAIRMAN MORGAN: Do you have any
24 comments?

25 MR. GODFREY: No, sir, but we did

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1 bring Mr. Cap -- again, for the record,
2 Jack Godfrey -- who is imminently
3 familiar with and responsible for this
4 financing, and he's available to answer
5 any questions that you might have.

6 MR. CAPP: Mr. Morgan, the one
7 comment I would make is our request of
8 the Board today is to enhance our
9 financial flexibility. The financial
10 markets, of course, are quite active and
11 in some cases quite volatile, and at a
12 recent prior meeting, the Board did
13 approve our request for a couple
14 different types of bond issuances.

15 Subsequent to that time, the bond
16 market got a bit more volatile than we
17 would like, so this term loan is really
18 an addition to an enhancement of the
19 financial flexibility to execute

20 pursuant to the market receptivity for
21 debt by Pinnacle Entertainment.

22 CHAIRMAN MORGAN: Any board members
23 have questions? Mr. Stipe.

24 MR. STIPE: Before you can draw
25 on -- for the Baton Rouge Project, if I

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1 understand this, you need to have a --
2 new capital available, proceeds raised;
3 is that correct?

4 MR. CAPP: Yes, sir, that is
5 correct. In our recently executed
6 credit agreement, there is a requirement
7 that prior to our ability to spend more
8 than \$25 million toward the Baton Rouge
9 Project, we must raise a \$100 million
10 minimum amount of nondebt capital. To
11 date we have raised \$30 million of that,
12 including \$23 million in insurance
13 proceeds related to Hurricane Katrina,
14 believe it or not, paid in January of
15 this year, and an additional six and a
16 half million dollars received yesterday
17 from settlement of a recent litigation
18 spearheaded by Mr. Godfrey.

19 On Saturday, I did sign a -- and
20 that's the \$30 million. On Saturday we
21 did sign a purchase and sale agreement
22 for a corporate jet for \$10.5 million.

23 I believe that will close in the next
24 couple of weeks. That gets us to
25 \$40 million, and we have a number of

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1 assets listed for sale that we are in
2 the process of attempting to monetize.

3 Long and short of it is, I have a --
4 there's no guarantees in life, but I do
5 have a high confidence level that we
6 will achieve that \$100 million in time
7 to continue the very active funding for
8 Baton Rouge on an ongoing basis.

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

10 MS. ROGERS: I have a question. You
11 have several projects. Does the
12 Sugarcane Bay have any type of, I guess,
13 priority in the projects that you've
14 listed? Are there any priorities?

15 MR. CAPP: Yes, ma'am. Practically
16 speaking, Sugarcane Bay is next in line
17 and our first priority in terms of
18 pursuing our capital projects. We only
19 have two significant projects at the
20 company at this time, the Sugarcane Bay
21 and Baton Rouge, and because of the
22 sequencing of events, particularly in
23 Cliff's world for the permitting and the
24 zoning and the construction aspects, as
25 well as the financing aspects, Sugarcane

1 Bay is clearly next in line for us.

2 Baton Rouge would follow.

3 MR. JONES: In your financial
4 statement for '09, you've got -- it's a
5 noncash item, but you took about a
6 little over \$200 million in writeoffs or
7 write downs, the development costs, land
8 buildings and whatnot. What were the
9 main pieces of that?

10 MR. CAPP: Mr. Jones, the main
11 component of that was \$160 million for a
12 write down of the value of our -- of a
13 land parcel in Atlantic City. There's
14 another \$10 million associated with the
15 airplane I just mentioned to bring that
16 down to a market value before we sell
17 it. That's \$170 million, and then we
18 had --

19 MR. JONES: It was on the books at
20 \$20 million?

21 MR. CAPP: Yes, sir, it was.

22 MR. JONES: Pretty nice plane.

23 MR. CAPP: It was a very nice plane.

24 We purchased it three years ago for,
25 about, \$22 million. And little

1 depreciation in the meantime and then
2 the market value has plummeted from 20

3 to 10 in a relatively short period of
4 time.

5 MR. GODFREY: We found that the
6 commercial airlines worked just fine,
7 too.

8 CHAIRMAN MORGAN: We like that money
9 to be in capital. Any other questions?

10 MR. BRADFORD: I had a question.
11 How much has been spent to date on the
12 Baton Rouge Project?

13 MR. CAPP: Jack, I don't have that
14 number or at my disposal, do you?

15 MR. KORTMAN: I think it's in the
16 neighborhood of, about --

17 MR. CAPP: 20 to 30, Cliff?

18 MR. KORTMAN: Yeah, somewhere around
19 there.

20 MR. BRADFORD: So there's --

21 MR. KORTMAN: I could get you the
22 exact numbers and minutes if you'd like.

23 MR. BRADFORD: There's a great deal
24 of confidence here that we're not going
25 to have a hold up on this Baton Rouge

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1 Project as a result of not getting the
2 hundred million?

3 MR. CAPP: Current confidence today,
4 sir, is relatively high. As I said, we
5 have no guarantees, but we are very

6 actively pursuing those proceeds. I
7 believe we will be successful in time to
8 avoid any delays on Baton Rouge. Again,
9 we're working very hard.

10 We don't have -- have a couple
11 transactions we need to close that have
12 not closed yet, but we have a high
13 confidence level that we'll be in good
14 shape.

15 MR. GODFREY: And let me just point
16 out for the record, as the only
17 Louisiana gaming company that's
18 currently involved in any material
19 development in the state, I think we've
20 demonstrated our good faith in what I've
21 described over the last year or so as a
22 very challenging economy that we're
23 dealing with, and Mr. Capp, who is the
24 best chief financial officer in the
25 industry, is working his magic as best

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1 he can. But we're not here to make
2 promises that we can't keep. We're here
3 to tell you what we know to be the truth
4 today, and I think Steve has stated it
5 very well.

6 So his degree of confidence is
7 something you should take stock in, and
8 if things change, we'll certainly let

9 you know as soon as it does.

10 MR. BRADFORD: Thank you.

11 CHAIRMAN MORGAN: Okay. What's the
12 pleasure of the Board? If you so choose
13 to approve, we need a motion to approve
14 up to \$250 million in incremental term
15 loan?

16 MR. JONES: I move we approve.

17 CHAIRMAN MORGAN: Motion by
18 Mr. Jones, seconded by --

19 MR. STIPE: I'll second.

20 CHAIRMAN MORGAN: -- Mr. Stipe. Is
21 there any opposition? [No response.]
22 Hearing none, it's approved.

23 MR. GODFREY: Thank you very much,
24 and we'd like to thank the staff and
25 particularly Maggie for all the

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1 wonderful work that she's done on this
2 particular item and on an ongoing basis.
3 We really enjoyed working with her and
4 the rest of her colleagues.

5 CHAIRMAN MORGAN: I tell y'all every
6 meeting: Very good report, very easy to
7 read.

8 MR. GODFREY: Thank you, Maggie.

9 E. Consideration of request by Boomtown
10 Bossier for reconfiguration of gaming
11 space

12 CHAIRMAN MORGAN: Next item is
13 Consideration of request by Boomtown
14 Bossier for reconfiguration of gaming
15 space.

16 SGT. WATTS: Morning Chairman
17 Morgan, Members of the Board, I'm
18 Sergeant Jeff Watts with Louisiana State
19 Police Gaming Enforcement Division.
20 Boomtown Bossier is requesting a change
21 to their designated gaming area. The
22 requested reconfiguration is -- the
23 change consists of a net gain of 16 slot
24 machines from 1,052 to 1,068 slots. The
25 change also includes a net loss of four

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1 table games from 32 to 28.

2 With the overall changes, the
3 designated gaming area will increase
4 from 29,544 square feet to 29,649 square
5 feet, an increase of 105 square feet.
6 Boomtown would still be within the
7 mandated square footage.

8 The floor plan was prepared by
9 Gerald McCann with Arthur Dardenne,
10 Incorporated. R.J. Jenkins, the
11 Commander of the United States Coast
12 Guard, has approved these changes. The
13 Division has reviewed the floor plan
14 changes and concurred with Mr. McCann

15 and the Coast Guard.

16 MR. CUNNINGHAM: Mr. Chairman, my
17 name is John Cunningham. I'm here from
18 Arthur Darden to answer any questions
19 you might have about the project.

20 CHAIRMAN MORGAN: Out of curiosity,
21 how many player positions are there at
22 the table games?

23 SGT. WATTS: I don't have their
24 data. We just collected it, but I can
25 get it to you.

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1 CHAIRMAN MORGAN: I'm just curious,
2 16 versus table games. Are there any
3 questions?

4 MR. JONES: Yeah. It looks like
5 you're removing four electronic poker
6 tables.

7 MR. CUNNINGHAM: Yeah. Well,
8 actually -- the actual change here that
9 required the Board's approval was a pony
10 wall, which was, you know, in -- in
11 the -- in the approved space. If we
12 didn't have that pony wall, the State
13 Police could have approved this without
14 coming before the Board, but that is
15 what they were doing.

16 CHAIRMAN MORGAN: Questions? Is
17 there a motion to approve?

18 MS. ROGERS: I so move.
19 CHAIRMAN MORGAN: Motion by Miss
20 Rogers.
21 MR. SINGLETON: Second.
22 CHAIRMAN MORGAN: Seconded by
23 Mr. Singleton. Any objection? [No
24 response.] Hearing none, it's approved.
25 F. Consideration of request by Horseshoe

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1 Entertainment for reconfiguration of
2 gaming space

3 CHAIRMAN MORGAN: Next item is
4 Horseshoe Entertainment for
5 reconfiguration of gaming space.

6 SGT. WATTS: Chairman Morgan,
7 Members of the Board, Horseshoe Casino
8 is requesting a change for their
9 designated gaming area. The requested
10 reconfiguration consists of a net loss
11 of 23 slot machines from 1,383 to 1,360.
12 The change also includes a net loss of
13 four table games from 81 to 77 table
14 games.

15 With the overall changes, the
16 designated gaming area will decrease
17 from 26,321 to 25,458 square feet,
18 resulting in a decrease of 863 square
19 feet. Horseshoe would still be within
20 mandated square footage. The floor plan

21 was prepared by Darrel McCann with
22 Arthur Darden, Incorporated. R.J.
23 Jenkins, Commander of the United States
24 Coast Guard, has approved the changes.
25 The Division has reviewed the floor

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1 changes and concurred with Mr. McCann
2 and the Coast Guard.

3 CHAIRMAN MORGAN: Anything?

4 MR. CUNNINGHAM: No. I'm here
5 again, or still here, and I can answer
6 any questions you'd like or at least
7 try.

8 CHAIRMAN MORGAN: Any questions? Is
9 there a motion?

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

11 CHAIRMAN MORGAN: By Mr. Juneau to
12 approve.

13 MR. SINGLETON: Second.

14 CHAIRMAN MORGAN: Seconded by
15 Mr. Singleton. Is there any objection?

16 [No response.] Hearing none, that's
17 approved. Thank you.

18 G. Consideration of renewal of license of
19 Treasure Chest Casino, LLC., d/b/a
20 Treasure Chest Casino

21 CHAIRMAN MORGAN: Consideration of
22 renewal of license to Treasure Chest
23 Casino.

24 MR. THOMPSON: Mr. Chairman, Board
25 Members, I'm Assistant Attorney General,

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1 Buddy Thompson. With me is State Police
2 Trooper Michael Daniel and Auditor
3 Collin Gros. Also present are
4 representatives of Treasure Chest
5 Casino.

6 We're here in the matter of the
7 renewal of riverboat license at Treasure
8 Chest Casino, LLC, located in Kenner,
9 Louisiana. As you're aware, these
10 licenses are issued for five-year terms,
11 and the license of Treasure Chest Casino
12 is due to expire May 18th of this year
13 and is now up for renewal.

14 At this time, Auditor Collin Gros
15 will give his finding to the Board.

16 MR. GROS: Good morning, Mr.
17 Chairman and Board Members. My name is
18 Collin Gros for the Louisiana State
19 Police Gaming Audit Section. Licensee
20 Treasure Chest Casino, LLC, an indirect
21 wholly owned subsidiary of Boyd Gaming
22 Corps, seeks renewal of its license to
23 conduct gaming operations.

24 Treasure Chest operates in the New
25 Orleans market, the second largest

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1 gaming market in Louisiana. In fiscal
2 year 2008-2009, Treasure Chest had
3 adjusted gross receipts of approximately
4 \$106.6 million. In 2009, Boyd estimates
5 that it extended approximately
6 \$1 million in maintenance capital for
7 the property. In 2010, Boyd forecasts
8 that it will expend approximately \$4.3
9 million in capital expenditures at
10 Treasure Chest.

11 In fiscal year 2008-2009, Boyd was
12 the third largest casino operator in
13 Louisiana as measured by gaming revenue
14 generated with, approximately,
15 \$414 million or 16 percent of total
16 gaming revenue generated.

17 In conclusion, no financial issues
18 came to our attention to preclude the
19 Board from approving the Treasure Chest
20 license for a period of five years
21 effective May 18th, 2010.

22 MR. THOMPSON: Investigative Trooper
23 Michael Daniel will now present his
24 findings to the Board.

25 TROOPER DANIEL: Morning, Mr.

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1 Chairman and Members of the Board. I'm
2 Trooper Michael Daniel with the
3 Louisiana State Police Gaming

4 Enforcement Division. I was assigned to
5 conduct a suitability investigation
6 regarding the license renewal of Boyd
7 Gaming Corporation, doing business as
8 Treasure Chest Casino.

9 An updated suitability investigation
10 was conducted on Boyd Gaming
11 Corporation, the associated companies
12 and key personnel. This consisted of
13 inquiries through federal, state and
14 local law enforcement agencies;
15 computerized criminal, financial and
16 civil institutions; and gaming
17 regulatory agencies.

18 Tax clearances were obtained from
19 the Internal Revenue Services and the
20 Louisiana Department of Revenue to
21 ensure the applicants are current in the
22 filing of their taxes.

23 During the suitability
24 investigation, I discovered no
25 information which would adversely affect

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1 the suitability of the applicants.

2 MR. THOMPSON: A review of the file
3 compiled as a result of the
4 investigation conducted by State Police
5 revealed no information that would
6 preclude the renewal of the license of

7 Treasure Chest Casino, LLC. I've
8 prepared a suggested resolution
9 authorizing the renewal of the license
10 until May 18th, 2015, if the Board
11 approves the renewal. We'd be happy to
12 answer any questions.

13 CHAIRMAN MORGAN: Are there any
14 questions for the Attorney General's
15 Office or State Police? Why don't we
16 have the licensee come up. Thank you.

17 MR. WEST: Morning, Mr. Chairman,
18 Board Members. Paul West from the
19 Treasure Chest Casino. With me to my
20 far left is Mr. Paul Chakmak, Executive
21 Vice-President and Chief Operating
22 Officer of Boyd Gaming. Mr. Jack
23 Bernsmeier, Senior Vice-President and
24 Director of Louisiana Properties; also
25 with us today is Mr. Christopher Gibase,

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1 who is the Senior Vice-President of
2 operations of the midwest and south
3 regions of Boyd Gaming.

4 I'm sure you want to talk about
5 capital expenditures.

6 CHAIRMAN MORGAN: How did you know?

7 MR. WEST: I'm a quick study.

8 CHAIRMAN MORGAN: I did have a few
9 questions, and I'll turn it over to the

10 other board members. In particularly on
11 the \$1.3 million on the mooring project,
12 can you elaborate on that?

13 SPEAKER 1: We have a situation
14 because of the levee that's -- Lake
15 Pontchartrain separates us from the City
16 of Kenner. We're raising that levee, in
17 the process of doing that as a result
18 Katrina and Rita; and as they raise that
19 levee, the mooring that the boat is
20 attached to also needs to be raised so
21 we can accommodate the height of the
22 levee out of fear that we would have one
23 of those catastrophic events that would
24 raise the water level in the lake higher
25 than the current mooring would allow the

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1 boat to go.

2 CHAIRMAN MORGAN: That's not going
3 to interrupt your operation?

4 SPEAKER 2: No.

5 CHAIRMAN MORGAN: The 600,000 with
6 slot machines, obviously, that looks
7 like that carried out. You're keeping a
8 fresh product, which is understandable.
9 What is the half million dollars for
10 boat renovations?

11 SPEAKER 2: It's, basically, carpet
12 and wallpaper, lighting, that type of

13 thing.

14 CHAIRMAN MORGAN: Anything chances
15 there's going to be any more
16 improvements?

17 SPEAKER 2: Well, we're also doing
18 some work. We're laying out the plans
19 right now for the buffet area. We have
20 some opportunity to do some enhancements
21 and freshen it up and make it more
22 accommodating for our customers. That's
23 the other bigger thing for this year.

24 CHAIRMAN MORGAN: And y'all were --
25 y'all actually shut down at night,

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1 right?

2 SPEAKER 2: Right, we do.

3 CHAIRMAN MORGAN: I think that's all
4 I have. Any questions?

5 MR. BERTHELOT: What are your hours
6 of operation, currently?

7 SPEAKER 2: We close at 2:00 in the
8 morning week days and 3:00 in the
9 morning on weekends and reopen at 11:00
10 in the morning.

11 MR. JONES: This is relative to the
12 parent company; it probably doesn't
13 apply to Louisiana. But financial
14 statement numbers sometimes reach out
15 and grab me, and y'all have a \$385

16 million writeoff in '08. What was that
17 -- the nature of that; does anybody
18 know?

19 SPEAKER 3: The writeoff in 2008
20 related to a number of different items,
21 as all companies went through impairment
22 tests. A significant portion of that
23 was related to our echelon project in
24 Las Vegas that is currently stopped, and
25 we've given a three to five-year time

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1 frame to restart that project.

2 In addition to that, we acquired an
3 operation in Florida, and we took
4 significant charges associated with that
5 given the outcome of gaming there, which
6 has been a little bit less robust than I
7 think we all expected when we went in.

8 Thank you.

9 CHAIRMAN MORGAN: Any other
10 questions? Okay. Is there a motion to
11 adopt a resolution to approve the
12 renewal of the license?

13 MR. BERTHELOT: I move,
14 Mr. Chairman.

15 CHAIRMAN MORGAN: Mr. Berthelot
16 moves to adopt the resolution.

17 MR. JONES: Second.

18 CHAIRMAN MORGAN: Seconded by

19 Mr. Jones. Can we take a roll call
20 vote. First, let's read the resolution
21 into the record.

22 THE CLERK: On the 16th day of March
23 2010, the Louisiana Gaming Control Board
24 did, in a dully noticed public meeting,
25 consider the issue of the renewal of the

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1 Treasure Chest Casino, LLC, license; and
2 upon motion duly made and second, the
3 Board adopted the following resolution.
4 Be it resolved that the riverboat
5 license of Treasure Chest Casino be
6 renewed for a term of five years
7 commencing on May 18th, 2010, subject to
8 all conditions previously placed upon
9 the license.

10 CHAIRMAN MORGAN: We will take a
11 roll call vote.

12 THE CLERK: Major Mercer?

13 MAJOR MERCER: Yes.

14 THE CLERK: Miss Rogers?

15 MS. ROGERS: Yes.

16 THE CLERK: Mr. Bradford?

17 MR. BRADFORD: Yes.

18 THE CLERK: Mr. Jones?

19 MR. JONES: Yes.

20 THE CLERK: Mr. Stipe?

21 MR. STIPE: Yes.

22 THE CLERK: Mr. Juneau?

23 MR. JUNEAU: Yes.

24 THE CLERK: Mr. Singleton?

25 MR. SINGLETON: Yes.

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1 THE CLERK: Mr. Berthelot?

2 MR. BERTHELOT: Yes.

3 THE CLERK: Chairman Morgan?

4 CHAIRMAN MORGAN: Yes.

5 H. Consideration of renewal of license of

6 Churchill Downs Louisiana Horse Racing

7 Co., LLC, d/b/a Fair Grounds Race

8 Course

9 CHAIRMAN MORGAN: Consideration of

10 renewal of Churchill Downs Louisiana

11 Horseracing Company doing business as

12 Fair Grounds Racing.

13 MR. THOMPSON: Mr. Chairman, Board

14 Members, again, I'm Buddy Thompson,

15 Assistant Attorney General. With me is

16 State Police Trooper Ryan Riley and

17 Auditor Evie Ficklin. Also present are

18 representatives of the Fair Grounds.

19 We're here in the matter of renewal

20 of the license to conduct slot machine

21 gaming of Churchill Downs Louisiana

22 Horse Racing Company, LLC, d/b/a Fair

23 Grounds Race Course located in New

24 Orleans, Louisiana. These licenses are

25 issued for five-year terms, and the

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1 license of Churchill Downs Louisiana
2 Horse Racing Company, LLC, d/b/a Fair
3 Grounds Race Course, is due to expire on
4 April 18th of this year and is now up
5 for renewal.

6 At this time, Auditor Evie Ficklin
7 will present her findings to the Board.

8 MS. FICKLIN: Good morning, Mr.
9 Chairman and Board Members. I'm Evie
10 Ficklin with the State Police Gaming
11 Audit Section.

12 Churchill Downs Louisiana commenced
13 slot machine gaming with 245 machines in
14 September 2007. In November 2008, its
15 approximate \$24.6 million permanent slot
16 facility opened and currently houses,
17 approximately, 600 slot machines.

18 Churchill Downs Louisiana is authorized
19 to operate up to 700 slot machines.

20 It's important to note that
21 Churchill Downs Louisiana's slot
22 facility does not operate 24 hours
23 daily. Its hours are 9:00 a.m. to
24 midnight Monday through Saturday and
25 10:00 a.m. to midnight on Sundays. A

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1 comparison of the adjusted gross

2 revenues, hours of operation and number
3 of slot machines at Louisiana's four
4 operating casinos are shown in the
5 charts depicted on pages 15 and 16 of
6 our report.

7 Churchill Downs Louisiana also
8 operates the Fair Grounds Race Course,
9 the thoroughbred horse racing facility
10 on Gentilly Boulevard in New Orleans.
11 Churchill Downs, its ultimate parent
12 Churchill Downs, Inc., acquired the Fair
13 Grounds Race Course and other assets in
14 October 2004, from bankrupt Fair Grounds
15 Corporation for, approximately,
16 \$47 million. Churchill Downs Louisiana
17 also operates 11 off-track betting
18 facilities that offer paramutual wagering
19 on simulcast horse races that run at the
20 Fair Grounds and races electronically
21 importing from our racetracks.

22 Nine of the OTBs also offer video
23 poker. Churchill Downs Louisiana's
24 sister company, Churchill Downs
25 Louisiana Video Poker Company, LLC,

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1 through its subsidiaries, Video
2 Services, Inc., owns and operates more
3 than 800 video poker machines housed at
4 those OTBs.

5 Churchill Downs, Inc., is a publicly
6 traded company. Its stock is traded on
7 the NASDAQ global market. The trading
8 price of its common stock on March 15th,
9 2010, was \$36.84.

10 In addition to the Fair Grounds slot
11 facility, Churchill Downs also operates
12 a second slot facility, Calder casino in
13 Miami Gardens, Florida. Calder casino
14 commenced operations January 22nd, 2010,
15 with 1,200 slot machines.

16 Churchill Downs' long-term debt is
17 shown on page 34. Non-related party
18 debt consist of its \$275 million credit
19 agreement executed December 22nd, 2009.

20 The credit agreement also provides for
21 an accordion that Churchill Downs under
22 certain conditions can use to increase
23 its borrowing capacity to \$375 million.

24 The credit facility was approved by the
25 Board December 15th, 2009, and expires

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1 December 22nd, 2015.

2 During audits' review of Churchill
3 Downs and Churchill Downs Louisiana,
4 nothing came to our attention to
5 preclude the renewal of Churchill Downs
6 Louisiana's license to conduct slot
7 machine gaming. Trooper Ryan Riley will

8 now present the results of his
9 investigation.

10 TROOPER RILEY: Good morning,
11 Chairman Morgan and Members of the
12 Board. My name is Trooper Ryan Riley
13 with the Louisiana State Police Gaming
14 Enforcement Division. I assisted with
15 the suitability investigation of the
16 Churchill Downs, Incorporated, and all
17 of its associated companies.

18 As far as background goes, an
19 updated suitability investigation was
20 conducted of Churchill Downs,
21 Incorporated, and all of its companies
22 and key personnel. This consisted of
23 inquiries through federal, state and
24 local law enforcement agencies,
25 computerized criminal history databases,

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1 financial and civil institutions and
2 gaming regulatory agencies. Tax
3 clearances were also obtained through
4 the Internal Revenue Service and the
5 Louisiana Department of Revenue to
6 ensure that all applicants and companies
7 were current in their tax fillings.

8 During the course of the
9 investigation, I discovered no
10 information that would adversely affect

11 the suitability of the company or any of
12 its key personnel.

13 MR. THOMPSON: A review of the file
14 compiled as a result of the
15 investigation conducted by State Police
16 revealed no information that would
17 preclude the renewal of the license of
18 Churchill Downs Louisiana Horse Racing
19 Company, LLC, d/b/a Fair Grounds Race
20 Course. I've prepared a suggested
21 resolution authorizing the renewal of
22 the license until April 18th, 2015, if
23 the Board approves the renewal, and we'd
24 be happy to answer any questions.

25 CHAIRMAN MORGAN: Thank you. Any

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1 questions for State Police or the
2 Attorney General? Mr. Stipe.

3 MR. STIPE: I do have one. What is
4 the company's -- the parent company's
5 presence in Arizona?

6 MS. FICKLIN: I'm not familiar with
7 any operations in Arizona.

8 TROOPER RILEY: I'm not showing any
9 in Arizona, as well. I'm showing
10 Louisiana, Illinois, Kentucky and
11 Florida.

12 MR. STIPE: Okay. Someone in your
13 department forwarded an inquiry to

14 Arizona?

15 TROOPER RILEY: I did. I sent an
16 inquiry to Arizona Gaming to see if they
17 had any record of the company, and I
18 never got a response from them.

19 MR. STIPE: All right. Okay. That
20 answers the question.

21 CHAIRMAN GAUDIN: Any other
22 questions? Why don't we have the
23 licensee come up.

24 MR. WAGUESPACK: Good morning,
25 Chairman Morgan. My name is David --

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1 and Members of the Board -- my name is
2 David Waguespack on behalf of Churchill
3 Downs Louisiana Horse Racing Company.
4 To my immediate left is Austin Miller,
5 President of Churchill Downs Louisiana
6 Horse Racing Company, and to his left is
7 Joe Rovira, Director of Compliance. And
8 we're ready for any questions y'all
9 might have.

10 CHAIRMAN MORGAN: Do any board
11 members have any questions for the
12 licensee?

13 MR. SINGLETON: No question. I'm
14 just curious: On Sunday night, appeared
15 on the program, New Orleans was not
16 included. It was something about the

17 fact that Carl Arlington was included
18 and we were not.

19 MR. ROVIRA: Not really sure why
20 they didn't come to New Orleans. I
21 think maybe there was no good stories
22 there. We're just good, clean
23 operators. It didn't make for good TV.

24 MR. SINGLETON: It didn't make for
25 it.

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1 MR. ROVIRA: It may not have made
2 for it if they came to Louisiana. I'm
3 not sure why. It really kept quite a
4 good secret throughout the company,
5 where he was going and what jobs he was
6 going to take on.

7 CHAIRMAN MORGAN: The Krantz
8 consulting agreement is concluded. It's
9 not active.

10 MR. MILLER: It has concluded;
11 that's correct, Chairman Morgan.

12 CHAIRMAN MORGAN: And then I've --
13 looking at your other consultants,
14 Mr. Roussel, explain exactly what did he
15 do for y'all.

16 MR. ROVIRA: He acts as a racing
17 consultant for us in a number of
18 different areas, both in Illinois with
19 our Arlington track and then here in

20 Louisiana as former track owner and
21 operator.

22 CHAIRMAN MORGAN: Does he do any of
23 the lobbying work because it -- I have a
24 brief description of the difference, and
25 I was trying to -- you seem like you

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1 have a lot of consultants compared to
2 other companies.

3 MR. ROVIRA: Yeah, the lobbyist
4 really is Harris Deville out of Baton
5 Rouge and then Hank Braden in New
6 Orleans.

7 CHAIRMAN MORGAN: Okay. Well, let's
8 get on capital, because I hit everybody
9 up for it. What's the improvements?

10 MR. ROVIRA: Our capital situation
11 is a little bit different. Once we had
12 our license issued, of course we have a
13 delay with Hurricane Katrina.
14 Fortunately for us we're fairly new.
15 We'll start a five-year machine
16 replacement cycle in 2012. I think our
17 capital projections are about \$1.5
18 million in machine replacements up to
19 that point.

20 Some of the other conditions with
21 the license and restrictions within the
22 proviso of New Orleans prevent us from

23 much other growth and expansion other
24 than the fact that we go grow up to 700
25 games. We're currently at 606.

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1 CHAIRMAN MORGAN: And you maxed them
2 out; and your off-track betting, looks
3 like your portion to others you have 13;
4 is that correct?

5 MR. ROVIRA: Eleven different OTBs,
6 and nine with video poker. I think the
7 largest is about 125 games.

8 CHAIRMAN MORGAN: Well, I look
9 forward to going to your property with
10 the members from the New Orleans area of
11 the board. Your property and Boomtown
12 are the only two I think I haven't
13 visited, and look forward to seeing.
14 I've heard a lot of good things about
15 it.

16 MR. ROVIRA: Appreciate it. We look
17 forward to having you.

18 CHAIRMAN MORGAN: Any other
19 questions? Is there a motion to adopt
20 the resolution?

21 MR. SINGLETON: I move we adopt the
22 resolution.

23 CHAIRMAN MORGAN: Mr. Singleton.

24 MR. BERTHELOT: Second.

25 CHAIRMAN MORGAN: Mr. Berthelot

1 seconds. Can you read the resolution.

2 THE CLERK: On the 16th day March,
3 2010, the Louisiana Gaming Control Board
4 did, in a duly noticed public meeting,
5 consider the issue of the renewal of
6 Churchill Downs Louisiana Horse Racing
7 Company, LLC, d/b/a Fair Grounds Race
8 Course's license to conduct slot machine
9 gaming, and upon motion duly made and
10 second, the Board adopted the following
11 resolution: Be it resolved that the
12 license to conduct slot machine gaming
13 of Churchill Downs Louisiana Horse
14 Racing Company, LLC, d/b/a Fair Grounds
15 Race Course, be renewed for a term of
16 five years commencing on April 18th,
17 2010, subject to all conditions
18 previously placed upon the license.

19 CHAIRMAN MORGAN: Okay. Call the
20 roll, please.

21 THE CLERK: Major Morgan -- I mean,
22 Chairman Morgan?

23 CHAIRMAN MORGAN: Yes.

24 THE CLERK: Major Mercer?

25 MAJOR MERCER: Yes.

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: Mr. Berthelot?
14 MR. BERTHELOT: Yes.
15 THE CLERK: I called the Chairman.
16 CHAIRMAN MORGAN: It's approved.
17 Congratulations.

18 VII. VIDEO GAMING ISSUES

19 A. Consideration of the following

20 truckstop applications:

21 1. TB Guillory, Inc., d/b/a King's

22 Casino - no. 490050084

23 (transfer of ownership)

24 2. Ventre Guillory Willis, L.L.C.,

25 d/b/a The Quarters Casino and

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1 Restaurant - No. 4900513265

2 (transfer of ownership)

3 CHAIRMAN MORGAN: Video Gaming

4 Issues. Consideration of the following

5 truckstop applications: Number one, TB

6 Guillory, Incorporated, doing business
7 as King's Casino.

8 Before we start on that, I just want
9 to make the Board aware that we had
10 asked -- Mr. Singleton had asked about
11 the suitability requirements for spouses
12 of revenue recipients, and we have -- I
13 don't know if you'll qualify this as an
14 opinion, but it's at least a memorandum
15 to the Board in support that,
16 apparently, it is permissible to conduct
17 suitability requirements for spouses of
18 revenue recipients.

19 So unless there's an objection by
20 the Board, we will incorporate that into
21 our scope in the future of our
22 suitability finding of these. And is
23 there a -- hearing no objection, we'll
24 do that. I want to make the Board aware
25 that that will be part of the

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1 suitability. Now commence.

2 MS. MOORE: Charmaine Moore,
3 Assistant Attorney General, present
4 before the Board on the matter of the
5 approval of the transfer of 40 percent
6 of the issued and outstanding shares of
7 TB Guillory, Inc., doing business as
8 King's Casino, and 5 percent of the

9 membership of Ventre, Guillory & Willis,
10 LLC, doing business as the Quarters
11 Casino and Restaurant.

12 TB Guillory, Inc., operates a truck
13 stop in Port Barre, Louisiana. Ventre,
14 Guillory & Willis, LLC, operates its
15 truck stop in Opelousas, Louisiana. On
16 March 1st, 2009, Tonas Bill Guillory,
17 the owner of 40 percent of the shares of
18 TB Guillory and 5 percent of the
19 membership interest in Ventre, Guillory
20 & Willis, died. By last will and
21 testament, Mr. Guillory left all of his
22 right, title and interest in the
23 licensees to his five children: Blane
24 Guillory, Paulette Guillory Olivier,
25 Rachael Guillory, Roxanne Guillory and

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1 Guillory Dylan Guillory. Dylan's
2 interest was left in trust, and two of
3 the children, Blane Guillory and
4 Paulette Oliver, were named trustee's of
5 the trust.

6 Mr. Guillory left each of his five
7 children a one percent interest in
8 Ventre, Guillory & Willis, and he left
9 his 40 shares in TB Guillory, Inc., to
10 his children as follows: Blane
11 Guillory, one share; Paulette Oliver,

12 Rachael Guillory, Roxanne Guillory and
13 Dylan Guillory and trust, 9.75 shares
14 each.

15 Senior Trooper Eddie Daigle
16 conducted the investigation in regard to
17 these transfers, and he's present this
18 morning to report his findings to the
19 Board.

20 TROOPER DAIGLE: Good morning,
21 Chairman, Board Members. Trooper Eddie
22 Daigle with the Louisiana State Police.
23 I conducted the investigation of
24 transfers of ownership occasioned by the
25 death of Tonas Bill Guillory,

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1 shareholder and member of TB Guillory,
2 Incorporated, and Ventre, Guillory &
3 Willis, LLC. I also conducted
4 suitability investigations of the
5 transfers of Mr. Guillory's interest in
6 these licensees and their spouses.

7 All five of Mr. Guillory's children
8 were shareholders of more than 5 percent
9 of TB Guillory, Incorporated, prior to
10 his death. Accordingly, they and their
11 spouses previously met suitability in
12 connection with that license. Blane
13 Guillory, Paulette Guillory Oliver, her
14 spouse, John Phillip Oliver, Rachael

15 Guillory, Roxanne Guillory, her spouse
16 Matthew D. Lane, Jr., and Dylan Guillory
17 were previously investigated and found
18 suitable in connection with the license
19 of TB Guillory, Incorporated.

20 Blane Guillory was a managing member
21 with a 20 percent ownership interest in
22 Ventre, Guillory & Willis, LLC. Prior
23 to his -- prior to the death of his
24 father, and thus previously met
25 suitability in connection with that

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1 license.

2 The other four children were not
3 previously associated with Ventre,
4 Guillory & Willis, LLC, and each
5 inherited only a one percent interest in
6 Ventre, Guillory & Willis, LLC.

7 Therefore, neither they nor their
8 spouses are required to meet suitability
9 in connection with that license.

10 During a shareholders meeting of TB
11 Guillory, Incorporated, held on
12 March 6th, 2009, the following officers
13 were elected: Blane Guillory President;
14 Paulette G. Oliver, Treasurer; Rachael
15 Guillory, Vice-President; Roxanne
16 Guillory, Secretary; Dylan Guillory,
17 Parliamentarian.

18 I conducted updated suitability
19 investigations on the heirs of Tonas,
20 Bill Guillory and their spouses and
21 found no information to preclude a
22 finding of suitability for each of these
23 individuals.

24 MS. MOORE: The Office of the
25 Attorney General has reviewed the file

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1 compiled as a result of the
2 investigation conducted by State Police,
3 and our review indicates no information
4 has been found to preclude a finding of
5 suitability of the heirs of Tonas Bill
6 Guillory or their spouses and the
7 continued licensing of these truck
8 stops.

9 CHAIRMAN MORGAN: Any questions?

10 MR. JUNEAU: Make a motion.

11 CHAIRMAN MORGAN: One motion would
12 cover both issues, or do you need
13 separate --

14 MS. MOORE: I think one motion to
15 approve both of them.

16 MR. JUNEAU: I move to approve both
17 of them.

18 CHAIRMAN MORGAN: Mr. Juneau moves
19 for both transfers of ownership. Is
20 there a second?

21 MR. BRADFORD: Second.
22 CHAIRMAN MORGAN: Second by
23 Mr. Bradford. Is there any objection?
24 [No response.] Hearing no objection,
25 it's approved.

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1 IX. PUBLIC COMMENTS

2 CHAIRMAN MORGAN: We have the last
3 item on the agenda is Public Comments.
4 Any public comments? Do we have a
5 motion to adjourn?

6 MR. SINGLETON: Move we adjourn.

7 CHAIRMAN MORGAN: With great vigor
8 Mr. Singleton moves to adjourn, seconded
9 by Major Mercer. Is there any
10 objection? [No response.] Hearing
11 none, we're adjourned.

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1 REPORTER'S PAGE

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3 I, SHELLEY PAROLA, Certified Shorthand

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

5 officer before whom this sworn testimony was

6 taken, do hereby state:

7 That due to the spontaneous discourse of this

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

9 used to indicate pauses, changes in thought,

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

11 for a Court Reporter's transcription of a

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

13 that words or phrases have been left out of this

14 transcript;

15 That any words and/or names which could not

16 be verified through reference materials have been

17 denoted with the word "(phonetic)."

18

19

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21

22

23

24 SHELLEY PAROLA

Certified Court Reporter #96001

25 Registered Professional Reporter

1 STATE OF LOUISIANA

2 PARISH OF EAST BATON ROUGE

3 I, Shelley G. Parola, Certified Court

4 Reporter and Registered Professional Reporter, do

5 hereby certify that the foregoing is a true and

6 correct transcript of the proceedings on March 16,

7 2010, as taken by me in Stenographic machine

8 shorthand, complemented with magnetic tape

9 recording, and thereafter reduced to transcript,

10 to the best of my ability and understanding, using

11 Computer-Aided Transcription.

12 I further certify that I am not an

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

14 am neither related to nor employed by any attorney

15 or counsel connected with this action, and that I

16 have no financial interest in the outcome of this

17 action.

18 Baton Rouge, Louisiana, this 26th day of

19 April, 2010.

20

21

22

SHELLEY G. PAROLA, CCR, RPR

CERTIFICATE NO. 96001

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