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3 LOUISIANA GAMING LOUISIANA CONTROL BOARD

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6 BOARD OF DIRECTORS' MEETING

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11 Thursday, March 15, 2012

12

13 Natchez Room - Galvez Building

14 602 North Fifth Street

15 Baton Rouge, Louisiana

16

17

18

19 TIME: 10:00 A.M.

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21

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2

1 APPEARANCES

2

3 VELMA ROGERS  
4 Vice-Chairman  
5  
6 AYRES BRADFORD  
7 Board Member  
8  
9 BOB JONES  
10 Board Member  
11  
12 MARK STIPE  
13 Board Member  
14  
15 JAMES SINGLETON  
16 Board Member  
17  
18 DENISE NOONAN  
19 Board Member  
20  
21 LANA TRAMONTE  
22 Executive Assistant to the Chairman  
23  
24 REPORTED BY:  
25 SHELLEY G. PAROLA, CSR, RPR

3

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1 I. CALL TO ORDER

2 VICE-CHAIR ROGERS: We'll come to  
3 order. It's 10:00 it's time to get  
4 rolling. Call the roll, please.

5 THE CLERK: Miss Rogers?

6 VICE-CHAIR ROGERS: Here.

7 THE CLERK: Mr. Bradford?

8 MR. BRADFORD: Here.

9 THE CLERK: Mr. Jones?

10 MR. JONES: Here.

11 THE CLERK: Mr. Stipe?

12 MR. STIPE: Here.

13 THE CLERK: Mr. Singleton?

14 MR. SINGLETON: Here.

15 THE CLERK: Miss Noonan?

16 MS. NOONAN: Here.

17 VICE-CHAIR ROGERS: We do have a  
18 quorum. Before we go into any other  
19 business, I'd like to announce that we  
20 will have a special board meeting on  
21 Monday, March 26th, at 2:00 p.m. in this  
22 building in this room. That's for the  
23 day-to-day issues that we have to take  
24 up as a board, so that's Monday,  
25 March 26th at 2:00 p.m. in this

7

1 building.

2 II. PUBLIC COMMENTS

3 III. APPROVAL OF THE MINUTES

4 VICE-CHAIR ROGERS: Are there any  
5 public comments at this time? If not,  
6 we will ask for a motion to approve the  
7 minutes of the last meeting.

8 MR. STIPE: I move to approve the  
9 minutes.

10 VICE-CHAIR ROGERS: Mr. Stipe moves.

11 MS. BRADFORD: Second.

12 VICE-CHAIR ROGERS: Mr. Bradford  
13 seconds. All opposed? Anybody opposed?

14 [No response.] Motion carries.

15 IV. REVENUE REPORTS

16 VICE-CHAIR ROGERS: Revenue  
17 reports, please.

18 MS. JACKSON: Good morning,  
19 Miss Rogers, Board Members. My name is  
20 Donna Jackson with the Louisiana State  
21 Police Gaming Audit Section.

22 The riverboat revenue report for  
23 February 2012 is shown on page one of  
24 your handout. During February, the 13  
25 operating riverboats generated Adjusted

8

1 Gross Receipts of \$151,040,918, up  
2 \$24.7 million or 20 percent from last  
3 month, and up \$12.6 million or 9 percent  
4 from last February. Since 2012 is leap  
5 year, February had one additional gaming  
6 day. In addition, Mardi Gras was this  
7 month but was in March last year. And  
8 historically, February revenues are  
9 typically higher than January revenues.

10 Adjusted Gross Receipts for fiscal  
11 year 2011-2012 to date are one  
12 \$1,087,000,000, a minimal increase from  
13 fiscal year 2010-2011.

14 During February, the State collected  
15 fees totaling \$32,473,797. As of  
16 February 29th, 2012, the State has  
17 collected approximately \$234 million in  
18 fees for fiscal year 2011-2012.

19 Next is the summary of the  
20 February 2012 gaming activity for

21 Harrah's New Orleans found on page  
22 three. During February, Harrah's  
23 generated \$28,911,670 in gross gaming  
24 revenue, up \$2 million or 7 percent from  
25 last month and up about \$900,000 or 3

9

1 percent from last February. Fiscal  
2 year-to-date gaming revenues for  
3 2011-2012 to date are \$219 million, down  
4 \$11 million or 5 percent from fiscal  
5 year 2010-2011.

6 During February, the State received  
7 \$4.8 million in minimum daily payments.  
8 As of February 29th, 2012, the State  
9 collected \$40 million in fees for fiscal  
10 year 2011-2012.

11 Slots at the Racetracks revenues are  
12 shown on page four. During February,  
13 the four racetrack facilities combined  
14 generated Adjusted Gross Receipts of  
15 \$37,242,339, an increase of \$5 million  
16 or 15.5 percent from last month, and an  
17 increase of \$4 million or 13 percent  
18 from last February.

19 Adjusted Gross Receipts for fiscal  
20 year 2011-2012 to date are \$262 million,  
21 an increase of \$8 million or 3 percent  
22 from fiscal year 2010-2011.

23 During February, the State collected



24 fees totaling \$5.6 million. As of  
25 February 29th, 2012, the State has

10

1 collected almost \$40 million in fees for  
2 fiscal year 2011-2012.

3 Overall, Riverboats, Landbased and  
4 Slots at the Racetracks combined  
5 generated \$217 million, which is almost  
6 \$18 million or 9 percent more than last  
7 February.

8 Are there any questions before I  
9 present the Harrah's employment  
10 information?

11 VICE-CHAIR ROGERS: Any questions  
12 from any board member?

13 MS. JACKSON: Harrah's New Orleans  
14 is required to maintain at least 2,400  
15 employees and a bi-weekly payroll of  
16 \$1,750,835. This report covers the two  
17 pay periods in February 2012. For the  
18 first pay period, the Audit Section  
19 verified 2,478 employees with payroll of  
20 \$2,036,000. For the second pay period,  
21 the Audit Section verified 2,458  
22 employees with a payroll of \$1,995,000.  
23 Therefore, Harrah's met the employment  
24 criteria during February.

25 VICE-CHAIR ROGERS: Any questions of

11

1 Miss Jackson? Any questions?

2 MS. JACKSON: Thank you.

3 VICE-CHAIR ROGERS: We'll move on to  
4 Compliance Reports -- video poker.

5 MR. BOSSIER: Good morning, Miss  
6 Rogers and Board Members. My name is  
7 Jim Bossier with the Louisiana State  
8 Police Gaming Audit Section. I'm  
9 reporting video gaming information for  
10 February 2012 as shown on page one your  
11 handout.

12 During February 2012, 23 new video  
13 gaming license were issued: Thirteen  
14 bars, eight restaurants and two  
15 truckstops. Eighteen new applications  
16 were received by the Gaming Enforcement  
17 Division during February and are  
18 currently pending in the field: Eight  
19 bars and ten restaurants.

20 The Gaming Enforcement Division  
21 assessed no fines but collected \$27,250  
22 in penalties in February, and there are  
23 currently \$3,782 in outstanding fines.  
24 Please refer to page two of your  
25 handout.

12

1 There are presently 14,324 video  
2 gaming devices activated 2,124  
3 locations.

4 Net device revenue for February 2012  
5 was \$58,325,750, a \$10.5 million  
6 increase or 22 percent when compared to  
7 net device revenue for January 2012, and  
8 a \$2.3 million increase, or 4.2 percent,  
9 when compared to February 2011.

10 Net device revenue for fiscal year  
11 2012 to date \$398,001,140, a  
12 \$7.7 million decrease, or 1.9 percent,  
13 when compared to net device revenue for  
14 fiscal year 2011. Page three of your  
15 handout shows a comparison of net device  
16 revenue.

17 Total franchise fees collected for  
18 February 2012, were \$17,476,885, a  
19 \$3.2 million increase when compared to  
20 January of 2012, and a \$751,000 increase  
21 when compared to February 2011. Total  
22 franchise fees collected for fiscal year  
23 2012 to date are \$118,713,092, a  
24 \$2.1 million, or 1.7 percent decrease,  
25 when compared to last year's franchise

13

1 fees.

2 Page four of your handout shows a  
3 comparison of franchise fees. Does  
4 anybody have any questions?

5 VICE-CHAIR ROGERS: Any questions?

6 MR. BOSSIER: Thank you.

7 VICE-CHAIR ROGERS: Compliance,  
8 please.

9 V. COMPLIANCE REPORTS

10 MS. BROWN: Good morning,  
11 Vice-Chairman Rogers, Board Members.  
12 I'm Mesa Brown, Assistant Attorney  
13 General. Today I'll present the staff  
14 reports on riverboat casino and  
15 racetrack casino licensees' compliance  
16 with employment and procurement  
17 conditions for the fourth quarter of  
18 2011. The fourth quarter reports are  
19 taken from figures reported by the 13 of  
20 the 15 operating riverboats to the  
21 Louisiana Gaming Control Board.

22 In the fourth quarter of 2011,  
23 approximately 11,610 people were  
24 employed by the riverboat industry. Of  
25 that number, 11,226 were Louisiana

14

1 residents; 7,062 were minorities, and  
2 6,515 were women. Three licensees  
3 achieved total compliance fourth quarter  
4 of 2011. They are DiamondJacks,  
5 Boomtown West Bank and Eldorado.

6 Next I'll address employment. All  
7 licensees with the exception of three  
8 either met or exceeded their voluntary  
9 conditions in all the subcategories

10 under the main category of employment.  
11 Grand Palais achieved 382 out of a goal  
12 of 520 for total employment. Treasure  
13 Chest and Hollywood fell a little short  
14 of achieving their female employment  
15 goals. Treasure Chest achieved 51.5 out  
16 of 51.86; and Hollywood achieved 49.7  
17 out of 51.86.

18 Next I'll address procurement. The  
19 licensees are grouped according to three  
20 subcategories which appear in your  
21 report. They're Louisiana, minority and  
22 female and/or women procurement.

23 Louisiana procurement: Three  
24 licensees did not achieve compliance  
25 with their voluntary conditions, and

15

1 they are Horseshoe, who achieved 74.5  
2 out of 75; Boomtown Bossier achieved  
3 69.9 out of 80; and L'Auberge du Lac  
4 achieved 76.1 out of 80.

5 Minority procurement: Eight  
6 licensees did not achieve compliance  
7 with their voluntary conditions, and  
8 they are as follows: Sam's Town, 23.8  
9 out of 25; Horseshoe, 17.9 out of 35;  
10 Belle Baton Rouge, 9.4 out of 15;  
11 Treasure Chest, 9.1 out of 15;  
12 Hollywood, 9.4 out of 10; Amelia Belle,

13 8.5 out of 30; St. Charles, 3.3 out of  
14 10; and L'Auberge du Lac, 11 out of  
15 12.5.

16 Female procurement: Two licensees  
17 did not achieve compliance with their  
18 voluntary conditions, and they are  
19 Horseshoe, who achieved 26.4 out of 35;  
20 Grand Palais, who achieved 1.4 out of 8.

21 Are there any questions?

22 VICE-CHAIR ROGERS: Any questions?

23 MS. BROWN: Okay. Now I'll begin  
24 with racetrack. In the fourth quarter  
25 of 2011, approximately 1,806 people were

16

1 employed by the racetrack casino  
2 industry. Of that number, 1,576 were  
3 Louisiana residents; 927 were  
4 minorities; and 1,040 were women. All  
5 racetrack casino licensees achieved  
6 total compliance with the exception of  
7 two licensees: Delta Downs and  
8 Louisiana Downs. Delta Downs did not  
9 achieve its Louisiana employment  
10 condition. It achieved 70.5 out of an  
11 80 percent condition, and Louisiana  
12 Downs fell short of achieving its female  
13 employment goal by achieving 57.6 out of  
14 60.

15 Are there any questions?

16 VICE-CHAIR ROGERS: Any questions by  
17 any board members?

18 MS. BROWN: I would like to address  
19 a question that Mr. Jones posed at the  
20 November meeting regarding DiamondJacks'  
21 numbers and the highlighted areas on the  
22 chart. DiamondJacks actually received  
23 approval from the Board to amend its  
24 total employment condition from 770 to  
25 650 at the September 2011 meeting. So

17

1 the highlighted areas reflect that  
2 DiamondJacks' previous condition -- it  
3 was not changed until September, and the  
4 new condition was reflected in the third  
5 quarter of 2011 reports. Thank you.

6 VICE-CHAIR ROGERS: Thank you,  
7 Miss Brown. Before we go any further, I  
8 would like to, at this time,  
9 personally -- and I'm sure on behalf of  
10 the Board -- thank Dane Morgan for his  
11 exemplary leadership. He led us all by  
12 the nose, but in a very good way. So we  
13 want to say thanks, Dane, and I wish you  
14 were here.

15 VI. AUTHORIZATION FOR VICE-CHAIRMAN TO SIGN  
16 NOTICES, TIME AND ATTENDANCE, AND  
17 DISBURSEMENTS

18 VICE-CHAIR ROGERS: Now, we go on to

19 the authorization for the vice-chairman  
20 to sign notices.

21 MR. STIPE: I would -- I just move  
22 to authorize the vice-chairman to sign.  
23 I'll say it louder. I would just move  
24 to authorize the vice-chairman to sign  
25 the notices, time sheets and attendance

18

1 that have been previously provided.

2 VICE-CHAIR ROGERS: Do we have a  
3 second?

4 THE CLERK: And disbursements.

5 MR. STIPE: And the disbursements,  
6 as well.

7 VICE-CHAIR ROGERS: Do we have a  
8 second?

9 MR. JONES: Second.

10 VICE-CHAIR ROGERS: Bob, second by  
11 Mr. Jones. Roll call, please.

12 THE CLERK: Mr. Bradford?

13 MR. BRADFORD: Yes.

14 THE CLERK: Mr. Jones?

15 MR. JONES: Yes.

16 THE CLERK: Mr. Stipe.

17 MR. STIPE: Yes.

18 THE CLERK: Mr. Singleton?

19 MR. SINGLETON: Yes.

20 THE CLERK: Miss Noonan?

21 MS. NOONAN: Yes.



22 THE CLERK: Miss Rogers?

23 VICE-CHAIR ROGERS: Yes. Motion

24 carries.

25 VII. VIDEO GAMING ISSUES

19

1 A. Consideration of the following truckstop

2 casinos:

3 1. Galliano Truck Plaza and Casino, LLP, d/b/a

4 Galliano Truck Plaza and Casino - No.

5 2900513574 (stock transfer)

6 VICE-CHAIR ROGERS: We will go on to

7 video issues. We have consideration of

8 truckstop transfers, and the State

9 Police and the Attorney General will

10 please present their cases.

11 First one is the Galliano Truckstop

12 and Casino, LLP -- Galliano Truck Plaza

13 and Casino, No. 2900513574.

14 MR. PITRE: Vice-Chairman Rogers,

15 Board Members, I'm Assistant Attorney

16 General, Earl Pitre, Jr., here in the

17 matter of Galliano Truck Plaza and

18 Casino, LLP, doing business as Galliano

19 Truck Plaza and Casino.

20 The licensee is a Louisiana

21 partnership organized on June 3rd, 2002.

22 The licensee is located in Cut Off in

23 Lafourche Parish.

24 On September 15, 2011, CMP Family,

25 LLC, S-7, LLC, Coin-In, LLC, and Amite

20

1 Adventures, Incorporated, sold all of  
2 their interest in the licensee to DBCJK,  
3 LLC, and DBCJK2, LLC. DBCJK, LLC, will  
4 own 99 percent of the licensee, and  
5 DCBJK2, LLC, will own 1 percent. DCBJK,  
6 LLC, is the 100 percent owner of DCBJK2,  
7 LLC.

8 Members of DCBJK, LLC, are  
9 Christopher Beary with 37.5 percent; Don  
10 McMath with 37.5 percent; KACO Interest,  
11 LLC, with 20.833 percent; and Aldridge  
12 Casino Holding, LLC, with 4.167 percent;  
13 also the manager, Gina Broussard.

14 The members of KACO Interest, LLC,  
15 are Charles Ashy and Sheila Ashy, each  
16 with 50 percent, and the sole member of  
17 Aldridge Casino Holding, LLC, is James  
18 Aldridge.

19 Master Trooper Kevin Smith conducted  
20 an investigation and is present to  
21 report of the Office of State Police's  
22 findings to the Board.

23 MASTER TROOPER SMITH: Master  
24 Trooper Kevin Smith, Louisiana State  
25 Police Gaming Enforcement Division, also

21

1 Trooper Lenguyen that's with me today.

2 I conducted the suitability on James  
3 Aldridge, Valerie Aldridge, Charles Ashy  
4 and Sheila Ashy and Gina Broussard and  
5 found no information that would preclude  
6 them from participating in the video  
7 gaming industry.

8 W. Christopher Beary, Page Beary,  
9 Don McMath, Deborah McMath previously  
10 met suitability, and continue to meet in  
11 a previous investigation of the gaming  
12 license, for Galliano Truck Plaza and  
13 Casino, LLP, d/b/a Galliano Truck Plaza  
14 and Casino.

15 MR. PITRE: The Office of the  
16 Attorney General has reviewed the file  
17 compiled as a result of the  
18 investigation conducted by the Office of  
19 State Police. Our reviewed indicates  
20 that no information has been found to  
21 preclude a finding of suitability for  
22 James Aldridge, Valerie Aldridge,  
23 Charles Ashy, Sheila Ashy and Gina  
24 Broussard. Also, no information has  
25 been found which would preclude

22

1 Christopher Beary, Page Beary, Don  
2 McMath, Deborah McMath or Galliano Truck  
3 Plaza and Casino d/b/a Galliano Truck  
4 Plaza and Casino, from continuing to

5 participate in the video gaming  
6 industry.

7 VICE-CHAIR ROGERS: Are there any  
8 questions from any board members? Mr.  
9 Stipe?

10 MR. STIPE: Your review is -- your  
11 review of the evidence is that there is  
12 no civil litigation pending to bear on  
13 this application?

14 MASTER TROOPER SMITH: Yes, sir,  
15 that's true.

16 MR. STIPE: There is civil  
17 litigation pending.

18 MASTER TROOPER SMITH: Yes, sir.

19 MR. STIPE: And you're comfortable  
20 that a civil litigation pending does not  
21 bear on this application?

22 MASTER TROOPER SMITH: Yes, sir;  
23 that is correct.

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

25 VICE-CHAIR ROGERS: Any other

23

1 questions? Do we have a motion to  
2 approve?

3 MS. NOONAN: I'll motion.

4 VICE-CHAIR ROGERS: Motion by  
5 Miss Noonan. Any second?

6 MR. JONES: Second.

7 VICE-CHAIR ROGERS: Mr. Jones

8 seconds. All in favor? "Aye." Motion  
9 carries.

10 2. Wag A Pak, Inc., d/b/a Cash Wag'n Casino - No.  
11 2900515907 (stock transfer)

12 VICE-CHAIR ROGERS: Consideration of  
13 the following truckstop casinos: Wag A  
14 Pak, Inc., d/b/a Cash Wag'n, No.  
15 2900515907, stock transfer.

16 MR. PITRE: Vice-Chairman and Board  
17 Members, I'm Assistant Attorney General,  
18 Earl Pitre, Jr., here in the matter of  
19 Wag A Pak, Incorporated, doing business  
20 as Cash Wag'n Casino.

21 The licensee is a Louisiana  
22 corporation incorporated on October 1st,  
23 1983. The licensed truckstop facility  
24 is located in Thibodaux in Lafourche  
25 Parish.

24

1 On December 28th, 2011, Eric  
2 Waguespack resigned as president,  
3 director and member of Wag A Pak,  
4 Incorporated. On the same day he sold  
5 his 500 shares to Albert Waguespack and  
6 Cindy Waguespack, giving Albert  
7 Waguespack 250 shares and Cindy  
8 Waguespack 250 shares each.

9 The management and ownership  
10 structure after the sale will be as

11 follows: Albert Waguespack will be  
12 director and president with 650 shares  
13 or 65 percent ownership; Cindy  
14 Waguespack will be a director and  
15 vice-president with 250 shares or  
16 25 percent ownership; Sheri Broussard  
17 will be director and secretary with 50  
18 shares or 5 percent ownership; and  
19 Steven Waguespack will be director and  
20 treasurer with 50 shares or 5 percent  
21 ownership.

22 On December 28th, 2011, Eric  
23 Waguespack also sold all of his rights  
24 and interest, in the 6.332-acre tract  
25 where the licensed truckstop facility is

25

1 located, to Albert Waguespack and Cindy  
2 Waguespack. Albert Waguespack and Cindy  
3 Waguespack will each have a 50 percent  
4 ownership interest in the land.

5 Trooper Vincent Lenguyen conducted  
6 an updated suitability investigation of  
7 the individuals. He will present the  
8 Office of State Police's findings to the  
9 Board.

10 TROOPER LENGUYEN: Good morning,  
11 Vice-Chairwoman Rogers and Board  
12 Members. My name is Trooper Vincent  
13 Lenguyen with Louisiana State Police. I

14 conducted an updated suitability  
15 investigation on Albert Waguespack,  
16 Cindy Waguespack, Sheri Broussard, Brett  
17 Broussard and Steven Waguespack. I  
18 found no information that would preclude  
19 them from participating in the video  
20 gaming industry.

21 MR. PITRE: The Office of the  
22 Attorney General has reviewed the file  
23 compiled as a result of the  
24 investigation conducted by the Office of  
25 State Police. Our review indicates that

26

1 no information has been found which  
2 would preclude Albert Waguespack, Cindy  
3 Waguespack, Sheri Broussard, Brett  
4 Broussard, Steven Waguespack or Wag A  
5 Pak, Incorporated, from continuing to  
6 participating in the video gaming  
7 industry.

8 VICE-CHAIR ROGERS: Are there any  
9 questions from the board member? Any  
10 questions?

11 MS. BRADFORD: Move for approval.

12 VICE-CHAIR ROGERS: Do we have a  
13 second?

14 MR. SINGLETON: I'll second.

15 VICE-CHAIR ROGERS: Mr. Singleton  
16 seconds. All in favor? "Aye." Motion

17 carries.

18 MR. PITRE: Thank you.

19 B. Consideration of licensing of the following

20 restaurants:

21 1. Kookado's BBQ & Booze, LLC, d/b/a Kookado's

22 BBQ & Booze - No. 4400216519

23 VICE-CHAIR ROGERS: We have

24 consideration for licensing of the

25 following restaurants: Kookado's BBQ &

27

1 Booze, LLC, d/b/a Kookado's BBQ & Booze,

2 No. 4400216519.

3 SERGEANT SIBLEY: Good morning, Miss

4 Rogers, Board Members. My name is

5 Sergeant Lionel Sibley with the

6 Louisiana State Police in reference to

7 Kookado's BBQ & Booze, LLC.

8 On October 3rd, 2011, the company

9 submitted a gaming application for a

10 Type 2 restaurant video poker license.

11 The Division did an investigation on the

12 company and sole member, Johnny Balli,

13 Jr., and didn't find anything to

14 preclude this company from being

15 presented a gaming license. So we're

16 here today presenting this to you for

17 approval.

18 VICE-CHAIR ROGERS: Any questions?

19 MR. STIPE: Just move approval.



20 MR. JONES: Second.  
21 2. Jambalaya from the Bayou, LLC, d/b/a Jambalaya  
22 from the Bayou - No. 4903216543

23 SERGEANT SIBLEY: Once again,  
24 Sergeant Sibley with the Louisiana State  
25 Police, Board Members, in reference to  
28

1 Jambalaya from the Bayou, LLC.  
2 On November 14th, 2011, this company  
3 submitted a gaming application for a  
4 Type 2 restaurant video gaming license.  
5 The company's sole member, Tony  
6 Darbonne, and his wife Linda Darbonne,  
7 each 50 percent owners, were  
8 investigated, and the Division didn't  
9 find anything to preclude this company  
10 nor its members from being awarded a  
11 video gaming license.

12 So this matter's being presented to  
13 you for approval this morning.

14 VICE-CHAIR ROGERS: Do we have a  
15 motion?

16 MR. STIPE: I would move approval.

17 VICE-CHAIR ROGERS: Approval. Any  
18 second?

19 MS. NOONAN: I'll second.

20 VICE-CHAIR ROGERS: Miss Noonan  
21 seconds. All in favor? "Aye." Motion  
22 carries. Thank you.

23 VIII. CASINO GAMING ISSUES

24 A. Consideration of petition by Tropicana

25 Entertainment, Inc., to enter into Term

29

1 Loan Facility to Refinance Existing

2 Credit Facility

3 VICE-CHAIR ROGERS: Our next agenda

4 item is the petition by Tropicana

5 Entertainment. Tropicana will speak.

6 State Police will give us a report, and

7 the A.G.'s Office may also speak if they

8 so desire.

9 MS. WARE: Good morning, Miss Rogers

10 and Board Members. My name is Trnessia

11 Ware with the Louisiana State Police

12 Gaming Audit Section.

13 Tropicana Entertainment, Inc., the

14 parent company of licensee, Catfish

15 Queen Partnership in Commendam doing

16 business as the Belle of Baton Rouge,

17 seeks Board approval to enter into a new

18 credit agreement to refinance

19 Tropicana's existing credit facilities,

20 provide additional working capital, pay

21 related fees and expenses, and for

22 general corporate purposes. The

23 proposed credit agreement consists of a

24 \$175 million term loan, a \$75 million

25 incremental facility and a \$15 million

1 letter of credit facility.

2 This transaction refinances  
3 Tropicana's current \$150 million credit  
4 agreement. The current credit agreement  
5 served at the -- an exit facility when  
6 Tropicana emerged from bankruptcy on  
7 March 8th, 2010.

8 This appears to be a favorable  
9 transaction for Tropicana. The  
10 refinancing extends future credit  
11 requirements, decreases interest  
12 expense, and provides Tropicana with  
13 more flexibility. Tropicana projects  
14 efficient cash flows for operations to  
15 pay required interest and personal  
16 payments.

17 In conclusion, no financial issues  
18 came to our attention to preclude the  
19 Board's approval of Tropicana's  
20 requested new credit agreement  
21 financing. Any questions?

22 VICE-CHAIR ROGERS: Any questions  
23 from any board members? Is there a  
24 motion to approve?

25 MR. JONES: Motion.

1 VICE-CHAIR ROGERS: Mr. Jones  
2 motions.

3 MR. BRADFORD: Second.  
4 VICE-CHAIR ROGERS: Second,  
5 Mr. Bradford. Would you please call the  
6 roll.

7 THE CLERK: Mr. Bradford?

8 MR. BRADFORD: Yes.

9 THE CLERK: Mr. Jones?

10 MR. JONES: Yes.

11 THE CLERK: Mr. Stipe?

12 MR. STIPE: Yes.

13 THE CLERK: Mr. Singleton?

14 MR. SINGLETON: Yes.

15 THE CLERK: Miss Noonan?

16 MS. NOONAN: Yes.

17 THE CLERK: Miss Rogers?

18 VICE-CHAIR ROGERS: Yes. Motion  
19 carries.

20 2. Consideration of request by PNK (Baton Rouge),  
21 L.L.C., d/b/a L'Auberge Baton Rouge, No.  
22 R011000801, for approval of floor plan

23 VICE-CHAIR ROGERS: Consideration of  
24 request by PNK (Baton Rouge), LLC, d/b/a  
25 L'Auberge Baton Rouge, No. RO11000801,

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1 for approval of the floor plan.

2 Mr. Watts.

3 SERGEANT WATTS: Chairman Rogers,  
4 Members of the Board, I'm Sergeant Jeff  
5 Watts with the Louisiana State Police

6 Gaming Enforcement Division.  
7 L'Auberge Casino & Hotel Baton Rouge  
8 is requesting the Louisiana Gaming  
9 Control Board approval of their  
10 designated gaming area. This is their  
11 initial submission, so we're here for  
12 this.

13 The current plan consists of 1,450  
14 slot machines, 57 table games and a  
15 total of 1,904 player positions. The  
16 total designated gaming area will be  
17 29,876 square feet. L'Auberge Casino &  
18 Hotel would still be within the mandated  
19 square footage. Mr. Jim Weisblog of  
20 Lay, Pitman, Incorporated, prepared the  
21 floor plan. Mr. John Francic of ABS  
22 Consulting has approved the changes --  
23 has approved the floor plan. The  
24 Division has reviewed the proposed floor  
25 plan and concurs with Mr. Weisblog and

33

1 ABS.

2 VICE-CHAIR ROGERS: Are there any  
3 questions?

4 MS. NOONAN: I motion to approve.

5 VICE-CHAIR ROGERS: Miss Noonan  
6 motions to approve. A second?

7 MR. BRADFORD: Second.

8 VICE-CHAIR ROGERS: Mr. Bradford.

9 All in favor? "Aye." Motion carries.

10 Thank you.

11 C. Consideration of petition by Creative Casinos

12 of Louisiana, L.L.C., d/b/a Mojito Pointe

13 Casino

14 Resort, No. R016502995, Relative to Ownership

15 and to Amend License Conditions

16 VICE-CHAIR ROGERS: Consideration of

17 petition by Creative Casinos of

18 Louisiana, LLC, d/b/a Mojito Pointe

19 Casino Resort, No. R016502995, Relative

20 to Ownership and to Amend License

21 Conditions. The licensee will present a

22 petition and request. Mr. Gautreaux

23 will be on hand. Mr. Duncan.

24 MR. DUNCAN: Good morning, Madam

25 Vice-Chairman and Members of the Board.

34

1 My name is Kelly Duncan from the Jones

2 Walker firm. With me today is Dan Lee,

3 the managing director of Creative

4 Casinos. We also have in the front row

5 over there Mr. Larry Hodges, who is

6 President and Chief Operating Officer of

7 Ameristar Casinos. Mr. Tom Steinbauer,

8 who is the CFO; Mr. Troy Stremming, who

9 is Senior V.P. of Governmental Affairs

10 at Ameristar; and Mr. Jack Mohn, who is

11 Vice-President of Design & Construction.

12           What we have brought before the  
13           Board today is a petition to transfer  
14           interest -- the membership interest in  
15           Creative Casinos of Louisiana and to  
16           amend certain license conditions. Today  
17           the issues, though, that we're asking to  
18           be considered and hopefully approved  
19           relate to, one, an approval of the  
20           change to license Condition 13(c), which  
21           is the condition relative to when  
22           construction must commence. We're  
23           seeking approval of a period of time to  
24           allow the Gaming Board to review the  
25           transaction -- the proposed transaction

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1           with Ameristar and to investigate the  
2           suitability of Ameristar; and because of  
3           the length of time that takes in  
4           consultation with the regulators, we  
5           believe that July 20 date is appropriate  
6           to give enough time for Ameristar to be  
7           investigated as to their suitability.

8           And then secondly, subject to the  
9           approval of the transfer of interest,  
10          which is the subject of the petition,  
11          we're also asking for approval of  
12          changes to license Conditions 6 and 14.  
13          As you know, Condition 6 relates to the  
14          approved project.

15           What's exciting about the Ameristar  
16           coming into Louisiana is that they are  
17           discussing and, indeed, are committing  
18           to a 75 percent increase in the number  
19           of rooms; that is, from 400 to at least  
20           700 rooms. They're saying that there  
21           will be not less than 70 VIP suites, so  
22           that's a tremendous increase.

23           They're also committing to a  
24           thousand space parking garage that is  
25           larger than the one currently provided,

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1           which is only a 400 space parking  
2           garage. The only thing that they do  
3           have an issue about in the approved  
4           project -- and they're better able to  
5           discuss this with you than I -- is to  
6           delete the requirement for the  
7           entertainment facility, and, again, I'll  
8           defer to them for that.

9           Finally and importantly, they are  
10           committing to a minimum investment of  
11           \$500 million. That's in substitution  
12           for the current minimum investment of  
13           \$400 million, and, of course, that  
14           recognizes the increased cost associated  
15           with this tremendous increase in the  
16           number of hotel rooms which, as  
17           Ameristar will discuss, will



18 significantly increase the revenue to be  
19 generated by this property.

20 So that the only issue to be  
21 determined, if the Board should approve  
22 the request between now and July 20th,  
23 will be for the Board to investigate the  
24 suitability of Ameristar relative to  
25 then the request for the transfer of

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1 membership interest.

2 So with that all said, I'd like to  
3 turn this over to Dan Lee who can tell  
4 you why we're here today with these  
5 requests. Thank you.

6 MR. LEE: Okay. Thank you very  
7 much. Let me give you some of the  
8 history. A year ago, as you know, when  
9 you were nice enough to select us for  
10 this proposal, we've accomplished a lot  
11 since then. One was the lease on the  
12 site which we had done just before the  
13 proposal was accepted.

14 Second, we raised the \$10 million of  
15 equity capital; we funded and won the  
16 local referendum; we resolved the  
17 litigation with Pinnacle; we prepared  
18 the designs and plans that were  
19 submitted and approved. We negotiated  
20 the GNP construction contract with Yates

21 and submitted it for your approval. We  
22 obtained the Corps of Engineering  
23 permits on the site. There was a great  
24 deal of wetlands. It was a very complex  
25 thing to do, and we achieved all of

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1 that.

2 We negotiated the development  
3 agreement with the City of Lake Charles.  
4 We negotiated the joint tax agreement  
5 with the City of Lake Charles and  
6 Calcasieu Parish to deal with the local  
7 taxes. We submitted highway designs and  
8 continued to work with DOTD to set up  
9 highways to work.

10 Separately, we negotiated the  
11 management agreement with MGM that  
12 involves a \$55 million investment by  
13 that company. We wind up \$160 million  
14 financial commitment from Sankaty  
15 Investments. We prepared an offering  
16 memorandum, and we had over 50 meetings  
17 with different investor groups all over  
18 the country in order to place the bonds.

19 When we were at the gaming  
20 commission meeting a month ago, we said  
21 we were on the cusp of pricing the bond  
22 deal, and we were. I stepped out of the  
23 meeting, took a conference call where I

24 was told that we would have the balance  
25 of the, approximately, \$400 million at

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1 an interest rate of 12 1/2 percent and  
2 some \$20 million in upfront fees.

3 And I looked at it, and I thought,  
4 12 1/2 percent, when inflation is less  
5 than one, is just a monstrous interest  
6 rate, significantly higher than had been  
7 mentioned before.

8 Let me put it in perspective; as a  
9 standalone entity, we have to borrow the  
10 money in advance. We don't have cash  
11 flow from another casino that we can use  
12 while we're building it, so we have to  
13 obtain all the money in advance. The  
14 debt on this structure is, about, \$400  
15 million, and we're raising a total of  
16 \$535 million.

17 The \$400 million at 12 1/2 percent  
18 is \$50 million a year, so while you're  
19 under construction, you have to borrow  
20 that up front just to pay the interest  
21 while you're under construction. It  
22 takes two years to build, so we were  
23 staring at a hundred million dollars  
24 that has to be raised up front just to  
25 pay the interest during construction;

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1 none of it goes into the building. Or  
2 another way of thinking of it is we have  
3 to borrow 400 to have 300 that went into  
4 the building.

5 So if you apply the 12 1/2 percent  
6 on the 400, but you're really only  
7 getting 300 to use, the real cost of  
8 that money was in the high teens.

9 And I thought there might be a  
10 better way, and so I kind of put the  
11 bond deal on hold, didn't price it,  
12 which not surprisingly was not a good  
13 moment for the investment bankers; and I  
14 said I'm going to explore something  
15 else. And I called up Ameristar, I  
16 think, 36 hours later, who I knew quite  
17 well.

18 They're a large, very successful  
19 casino company, and they'll explain who  
20 they are a little better. But they have  
21 a large credit facility that allows them  
22 to borrow money when needed, so they can  
23 draw it down when needed, and they can  
24 borrow at 2 1/2 points -- 2 1/2  
25 percentage points over the London

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1 Interbank Rate, which is currently about  
2 0.25 percent. So they can borrow money  
3 at 2 3/4 percent and borrow it when

4 needed, and I was staring at something  
5 in the mid teens.

6 They also produce over a hundred  
7 million a year free cash flow from their  
8 eight casinos, and they just had an  
9 earnings conference call that said they  
10 had resolved issues with their estate.  
11 Their founder died a few years ago.  
12 They've gotten that all resolved, and  
13 they were now looking for growth  
14 opportunities.

15 So I knew some of the people there,  
16 and I called them up and said, you're  
17 looking for growth opportunities, and I  
18 have an idea. And I went down and  
19 talked to them and said, can we form a  
20 partnership somehow where we can get  
21 access to your cheaper capital to have  
22 funds? And they said, well, that's  
23 interesting, and we started talking  
24 about it.

25 They came down, looked around Lake

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1 Charles and so on, and they came back  
2 pretty quickly and said, why don't you  
3 have more rooms? Why are you only  
4 building this with 400 rooms? The  
5 customers come from Texas. A lot of  
6 them want to stay overnight, and I said,

7 you know, I would love to have more  
8 rooms. I can't afford it. The plan was  
9 to build with 400, and we build the  
10 second phase later and used the profits  
11 in the first phase to try to build the  
12 second phase.

13 They also said, you know, we think  
14 you need a parking garage. I said, I  
15 agree. I wish I could have a parking  
16 garage, but I had to shrink it, shrink  
17 it, shrink it in the budget. And so we  
18 started talking about what should the  
19 property be. It should have more rooms;  
20 it should have a big parking garage.  
21 And then pretty quickly you start trying  
22 to figure out how do we build this  
23 taking advantage of their cost of  
24 capital? And pretty quickly it came  
25 into: This should be on their balance

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1 sheet; this should be their project, and  
2 maybe we just get a percentage of the  
3 earnings going forward. And we worked  
4 on that for about two weeks of the last  
5 month.

6 I, and the Howards and the other  
7 investors, always knew we were not going  
8 to own a hundred percent of this. It  
9 seldom does not do that. You knew that

10 MGM was going to hold a piece and the  
11 bondholders were going to hold a piece,  
12 and we can maybe go public. And so we  
13 were only to own a piece, and we were  
14 only going to get a piece of the  
15 earnings. If we had a piece of the  
16 earnings from Ameristar, it would be the  
17 same sort of thing, except it would be  
18 really their project.

19 So then we get into all the  
20 discussions of, okay, what happens if  
21 there's a change of control? What  
22 happens if they try to sell Ameristar  
23 some day? What happens if they sell  
24 this property; what happens to us? Who  
25 is really running it? How much of their

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1 corporate overhead can they allocate to  
2 profits of this property before figuring  
3 out our percentage?

4 This went on until, frankly, late at  
5 night on Tuesday night when finally  
6 their general counsel, who I worked with  
7 for ten years when we both worked for  
8 Steve Wynn, and he said, Dan, why don't  
9 we just buy you out? And I said, well,  
10 have you got a number? And he threw out  
11 a number, I threw out a number; and in  
12 about ten minutes we said, okay, at that

13 price, and I said, but it has to be a  
14 firm deal. This is not a, "We're going  
15 to think about this, and we might change  
16 our mind later."

17 And so we very quickly said, okay,  
18 it has to be subject to Gaming  
19 Commission approval and approval of the  
20 Port, which was received yesterday. And  
21 the rest of the warranties have to be  
22 true, and then they are committed to go  
23 ahead on this deal. And I said, it also  
24 has to be bigger and better than what  
25 Mojito Pointe was supposed to be, and

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1 they very quickly said fine. We will  
2 build 700 rooms; we will invest at least  
3 \$500 million, which goes into the  
4 property, not into an interest reserve  
5 account; and we'll build a thousand-car  
6 parking garage.

7 So at the end of the day, I talked  
8 to my partners, and we said, you know,  
9 given the high cost of money, this is  
10 not a bad deal for us. The risk reward  
11 is fine. This is probably what we  
12 should do, but just to be clear, if for  
13 some reason you-all decided you didn't  
14 want the transfer of ownership -- or I  
15 think Ameristar has a sterling,



16 sparkling reputation, but your State  
17 Police have been pretty thorough in  
18 their investigation. If they find  
19 something I'm not aware of, then we  
20 intend to go it alone, and we'll go  
21 borrow that money at 12 1/2 percent and  
22 get it built one way or another.

23 But, frankly, I think this is the  
24 best route with the most certainty to  
25 get the best project we can for the City

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1 of Lake Charles.

2 So that's what brings us here today,  
3 to really ask for four months for us to  
4 try to resolve this and see if we've got  
5 everything put together so that this  
6 transaction can go ahead in that form,  
7 and if it doesn't go ahead in that form,  
8 then we'll go issue the bonds and do it  
9 ourselves. Did I cover everything?

10 MR. DUNCAN: Yes.

11 MR. LEE: Thank you.

12 VICE-CHAIR ROGERS: Any questions?

13 MR. STIPE: Mr. Duncan, what you're  
14 asking the Board today is for Creative  
15 Casinos to have an additional four  
16 months and to also increase the  
17 conditions -- the requirements in  
18 Condition 6 and 14?

19 MR. DUNCAN: That's correct.

20 MR. STIPE: Is that a fair

21 characterization?

22 MR. DUNCAN: That is. Now, the  
23 Condition 6 and 14 are subject to your  
24 board approving the transfer of  
25 interest.

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1 MR. LEE: And if you ultimately  
2 don't approve the transfer of interest,  
3 the minimum investment returns to  
4 \$400 million.

5 MR. DUNCAN: And goes back to the  
6 original -- minimum 400 rooms.

7 MR. STIPE: That's your request to  
8 the Board today?

9 MR. DUNCAN: That's correct.

10 VICE-CHAIR ROGERS: Any other  
11 comments or questions?

12 MR. JONES: We're going to hear from  
13 Ameristar?

14 VICE-CHAIR ROGERS: Yes, we are.

15 MR. LEE: Shall we step down and let  
16 Ameristar explain themselves?

17 MR. DUNCAN: What I'd like to do,  
18 then, is ask Larry Hodges, who, again,  
19 is the President of Ameristar, Tom  
20 Steinbauer, who is the CFO of Ameristar,  
21 Troy Stremming, who is Senior V.P. of

22 Governmental Affairs, and Jack Mohn, who  
23 is Vice-President of Design &  
24 Construction, come up and tell you about  
25 Ameristar, what their history is, what

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1 they have in mind here.

2 And I think the long and short of it  
3 is: This is only going to be a bigger  
4 and better project than what was  
5 previously approved, and I think you'll  
6 find that to be the case. Thank you.

7 MR. LEE: And let me say, I do this  
8 with kind of a heavy heart, and I've  
9 grown very fond of Lake Charles. And  
10 you design these things, and you really  
11 want to see it done.

12 At some point, though, you set the  
13 ego aside and say, really, this is the  
14 best way to get it done. I should climb  
15 in the back seat of the car and not the  
16 front seat of the car and let these guys  
17 do it because their borrowing cost is  
18 way lower than ours. And so I do think  
19 it is the right thing for the State and  
20 the right thing for the City, and I do  
21 it kind of painfully for myself, to be  
22 honest. So, thank you.

23 MR. STREMMING: Good morning, Madam  
24 Chair, Commissioners, my name is Troy

25       Stremming. I'm the Senior

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1       Vice-President of Government Relations  
2       and Public affairs for Ameristar  
3       Casinos, and beside me here is Tom  
4       Steinbauer, who is our Senior  
5       Vice-President and CFO; and, again, just  
6       so you know who we have here, I'd also  
7       like to introduce Larry Hodges, who is  
8       our President and Chief Operating  
9       Officer, and Jack Mohn, who is our  
10      Vice-President of Construction & Design,  
11      and Roxanne Kinkade, who is our Director  
12      of Corporate Public Relations. She will  
13      be helping with the slide presentation,  
14      and I think you-all have a hard copy of  
15      the presentation, as well.

16      And, again, thank you for allowing  
17      us to come here and introduce you to who  
18      Ameristar is. I know this all came  
19      together very quickly, and many of you,  
20      if not all of you, probably don't know a  
21      lot about Ameristar.

22      So our goal this morning would just  
23      be to give you an overview of who we  
24      are, let you know where our existing  
25      properties are located, briefly talk

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1      about an overview of our finances, and

2 then tell you a little bit about our  
3 culture and our community involvement in  
4 the cities where we do operate; and  
5 then, of course, answer any questions  
6 that you might have throughout the  
7 presentation.

8 First off, we've already talked  
9 about who everyone is here. Ameristar  
10 is a regional gaming destination casino  
11 company. We're based in Las Vegas,  
12 Nevada. Our regional properties are  
13 scattered throughout the midwest and the  
14 south. We have eight casinos.

15 The company was founded in 1954 and  
16 taken public in 1993; and we have,  
17 approximately, 7,500 team members  
18 nationwide, and our company generates  
19 about \$1.2 billion in revenue annually.

20 Some of the hallmarks of what we  
21 offer: We tried to focus our attention  
22 on giving the guests what they want, and  
23 not forgetting that we are in the casino  
24 business, and put a real focus on  
25 exceptional guest service. We think we

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1 have the best team members in the  
2 industry, and we think that that is what  
3 brings guests back to our properties.

4 But at the same time, part of that

5 quality gaming experience is also  
6 providing the latest technology that the  
7 industry has to offer, the best slot  
8 machines, superior dining, lodging and  
9 entertainment, as well. So what we try  
10 to do is stay focused on what keeps the  
11 guest happy and keeps the guest coming  
12 back.

13 The map that you have just shows you  
14 where our casinos are located throughout  
15 the United States, and from a licensing  
16 perspective, you'll see that we are  
17 located in several different  
18 jurisdictions and have had no licensing  
19 issues throughout the history of our  
20 company, and we're hopeful that we will  
21 be able to add one additional star to  
22 this map, as well, in Louisiana.

23 We thought it might be helpful for  
24 you to see what some of our properties  
25 look like so you can see the level of

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1 quality of what we build. The first  
2 couple of slides that you will see are  
3 the exteriors of our property, and one  
4 thing that we pride ourselves on is that  
5 we don't have a cookie cutter concept  
6 with our projects. We don't go into a  
7 community and say, here's what it's

8 going to look like. We try to focus on  
9 understanding what fits into the local  
10 community and weave our way into that  
11 culture. So not all of our casinos look  
12 alike.

13 The one that you see here is in  
14 St. Charles, Missouri. It's a  
15 riverfront town, just somewhat goes  
16 along with the early turn of the century  
17 architecture and some of the Grand  
18 Central Station type of look there that  
19 you have on our port-cochere.

20 The next slide is a project that is  
21 completely different. This is located  
22 in Black Hawk, Colorado, just outside  
23 Denver, and here, I guess, for lack of a  
24 better term, it's somewhat of a Frank  
25 Lloyd Wright meets the ski lodge, I

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1 guess, but, again, fits very much into  
2 what the architecture looks like in  
3 Denver.

4 Again, the level of detail of what  
5 we provide is very significant. The  
6 stained glass project that you see here  
7 in one of our Missouri properties,  
8 that's one of four stained glass  
9 projects that are on the casino floor  
10 like that. When that property was

11 built, that was the largest sustained  
12 glass project in the world in the last  
13 one hundred years, so detail is very  
14 important to us at Ameristar.

15 This is just the interior of one of  
16 our hotel lobbies at one of our  
17 properties. This is one of our hotel  
18 rooms at our all suite hotel. Again,  
19 this is one of the Missouri properties.  
20 This is consistent with the meeting and  
21 conference room facilities that we have,  
22 as well. And as previously approved,  
23 this Louisiana project will have a spa  
24 in it, and this is one of our spas at  
25 our facilities, as well.

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1 So we do have experiences there, and  
2 then we brand a lot of our own  
3 restaurants and then carry them  
4 throughout all of our properties. This  
5 is the sports bar theme, which is called  
6 Amerisports. Again, great food, latest  
7 technology in audio and video, and every  
8 booth has its own touch screen  
9 television that you can change the  
10 channel to the game that you would like  
11 to see.

12 And one last slide here. This is  
13 another one of our branded facilities,



14 and this is called the Bottleneck Blues  
15 Bar; and you'll see there on the right  
16 side of the screen is an entertainment  
17 venue, but it's smaller than as we  
18 talked about, that previous  
19 entertainment venue that was proposed.  
20 And then, obviously, we also serve food  
21 in this venue and open it up for private  
22 events, as well.

23 I thought what I would do now is  
24 turn the presentation over to Tom to  
25 talk about the success we've had with

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1 some of those properties and roll into  
2 an overview of our finances, and then  
3 I'll come back and tell you a bit more  
4 about Ameristar.

5 MR. STEINBAUER: Thank you, Troy.  
6 Good morning everyone. This is a very  
7 good snapshot representing the company's  
8 history going back to, basically, 1993  
9 November when we went public. I started  
10 with the company in January of 1991.  
11 I've been the chief financial officer  
12 for the company for the last 21 years.

13 As Troy indicated, the company --  
14 the assets of Jackpot were initially  
15 built in 1954. As a new jurisdiction  
16 gaming company, our first project

17 outside the State of Nevada was  
18 Vicksburg, and it caters to the Jackson  
19 metropolitan area. We have a little  
20 over 1,500 slot machines, and as you can  
21 see on the far right of the slide, it's  
22 number one in market share and currently  
23 has 46 percent. It's been number one in  
24 market share going back to one year  
25 after we opened back in 1995.

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1 That project was a ground up project  
2 developed and constructed from scratch  
3 by Ameristar. It was the first new  
4 jurisdiction facility fully financed  
5 just by bank debt and used local banks  
6 for that financing, the Trustmart and  
7 Deposit Guaranty, back in the early 90's  
8 to help finance that the project.

9 Our second project was Council  
10 Bluffs. The Vicksburg property opened  
11 in February 1994. Council Bluffs opened  
12 in January of 1996. That was a  
13 competitive bid process project where we  
14 competed with five or six other  
15 operators or developers to win the  
16 license in Council Bluffs, again a  
17 ground up project built from scratch.

18 That one we are number two in the  
19 market. There is another facility

20 that's about 20 percent, 25 percent  
21 larger than our facility, but just a  
22 note: We have 39 percent market share.  
23 Our fair share in that market, which is  
24 the amount of market share above the  
25 number of gaming positions share in the

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1 market, in this market we're about  
2 115 percent fair share.

3 So while we're number two, we're the  
4 most efficient operator and generating  
5 revenue for the size of the operation in  
6 that market.

7 In December of 2000, we acquired the  
8 Kansas City and St. Charles projects for  
9 \$488 million from a -- another operator  
10 in Las Vegas who had two facilities in  
11 Missouri. That \$448 million bought a  
12 completed facility in Kansas City and a  
13 temporary facility in St. Charles.

14 Subsequent to the acquisition, we  
15 completed the permanent facility in St.  
16 Charles investing another \$235 million,  
17 and then subsequent to that we  
18 completed, in 2008, a \$300 million  
19 expansion project at St. Charles where  
20 we added just under 400 rooms, all suite  
21 hotel. That hotel is rated Four  
22 Diamond, as is our Council Bluffs hotel

23 facility, as is our Black Hawk facility.

24 So, again, speaking to what Troy  
25 mentioned about the quality of the

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1 facilities that we build, several of our  
2 facilities we have developed Four  
3 Diamond hotel operations. We also  
4 purchased Black Hawk out of bankruptcy  
5 for a little over a \$110 million, and  
6 subsequently invested over \$300 million  
7 to complete that project, which you saw  
8 in one of the picture slides the tower  
9 and public areas of that facility,  
10 exterior. But that was a 536 room  
11 addition. That hotel addition was  
12 \$225 million, included the hotel rooms,  
13 spa and a substantial number of meeting  
14 space -- an amount of meeting space was  
15 also added to that facility.

16 So we have slightly over  
17 \$400 million invested in that facility.  
18 The Chicago operation we purchased from  
19 another operator for \$675 million and  
20 subsequently put additional investment  
21 in there of, approximately, \$65 million.

22 So as you can see, we operate over  
23 almost 13,000 slot machines across the  
24 central part of the country at this  
25 point and over 300 table games. We're

1 number one in market share in five of  
2 the seven markets that we operate in.  
3 Again, we believe that's related to our  
4 customer service, quality of our  
5 employees and the obvious quality of the  
6 operations that we provide to our  
7 guests.

8 Just quick, a few bullet points  
9 about our operations in 2011. We  
10 increased revenues \$25 million  
11 generating a little over \$1.2 billion of  
12 net revenue. Our gross revenues  
13 approach, about, \$1.5 billion -- 1.2450.  
14 Our just EBITDA was \$365 million, which  
15 was a \$41 million increase year over  
16 year, again speaking to -- you know, we  
17 have very efficient operations. We  
18 maximize our bottom line as it relates  
19 to revenue, but as number one in the  
20 market share, we obviously strive to  
21 generate the maximum amount of revenue  
22 we can in each one of these markets,  
23 which obviously translates into higher  
24 tax revenue for the states and local  
25 communities. Our adjusted EPS was

1 \$1.74, which is a dollar and one cent  
2 improvement.

3           The next slide will somewhat explain  
4           that. About 53 cents of the dollar, one  
5           was actually operational improvement.  
6           The balance had to do with this slide,  
7           and for anyone who really understand the  
8           company's current position and its  
9           ability to move forward, needs to  
10          understand this transaction.

11          As Troy indicated, Craig H. Neilson,  
12          the founder of the company, passed away  
13          in 2006, and he owned 31 million shares,  
14          of approximately 56 million outstanding  
15          shares, at that point in time, so he was  
16          the majority shareholder, has always  
17          been the majority shareholder since the  
18          company went public in November of '93.  
19          So those shares sat with his estate from  
20          '06 until April of 2011.

21          A number of ideas were run through  
22          by the estate as to what to do with the  
23          shares. Eventually, the company made  
24          the decision to buy back the majority of  
25          those shares to kind of eliminate this

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1          overhang that had a negative impact on  
2          the remaining shareholders and kind of  
3          held the company from doing anything in  
4          the way of real material expansion  
5          during that period of time, except

6 additions for our existing properties.

7 To accomplish this transaction, we  
8 went out in April of 2011 and produced  
9 another -- about \$2.2 billion new debt  
10 facility. That was approximately  
11 \$600 million, \$650 million above what  
12 our previous debt facility was. Because  
13 of the strength of our assets and our  
14 financial position, we were able to  
15 lower our weighted average interest rate  
16 by, approximately, 2 1/2 points down to  
17 about 5.5 percent on a weighted average  
18 basis.

19 We were able to extend the  
20 maturities of our debt. \$800 million of  
21 that 2.2 billion is in a bond offering  
22 that has a ten-year maturity, and we're  
23 basically one year into that, so there's  
24 nine years left of maturity on that  
25 instrument. We have a \$500 million

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1 revolver that had five-year maturity, so  
2 that's four years left on that, an A  
3 term loan that has a six-year maturity,  
4 which was \$200 million, and then a \$700  
5 million B-Term Loan that has a  
6 seven-year maturity.

7 So basically we have no material  
8 maturity issues for the next four years,

9 and a big chunk of it goes out seven and  
10 ten years. Current -- we repaid 194.3  
11 million in debt with the cash flows from  
12 operations this last year, and  
13 April 15th, when we put the new credit  
14 facility in place in '11, we were able  
15 to reduce debt by \$135 million.

16 We also were able to continue with  
17 this restructuring, continue to pay a  
18 cash dividend in 2011, basically one of  
19 the few gaming companies; and beginning  
20 in 2008 with the recession through 2011,  
21 we continued to pay the quarterly  
22 dividend every quarter except one during  
23 that period of time, and we increased  
24 our dividend for 2012 by 19 percent.

25 And Troy will cover some of the

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1 benefits for the company, but I'd just  
2 like to make a point: On our 401k, we  
3 were also -- a number of gaming  
4 companies from 2008 to 2011 eliminated  
5 their employee contribution to their  
6 401k plans because of financial issues.  
7 We have continued to honor that employer  
8 contribution percentage throughout the  
9 entire recession, again, I think  
10 speaking to the character of the company  
11 and the financial strength of the



12 company.

13 The key balance sheet slide here  
14 kind of shows you what happened to the  
15 balance sheet as we did this  
16 transaction. At the end of 2010, we had  
17 \$1.5 billion, roughly, of debt  
18 outstanding. On our Pro Forma 3/31/11,  
19 we were out at \$2,068,000,000, and at  
20 the end of 12/31/11, we had  
21 \$1,934,000,000, representing roughly  
22 what I said, that we had retired  
23 \$135 million of this debt with our free  
24 cash flow in less than nine months in  
25 2011.

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1 Under our current credit facility  
2 the covenant limits on the right side of  
3 the slide, we had a maximum total debt  
4 multiple available in the credit  
5 facility of seven times on 12/31/2011.  
6 That's 6 1/2 times today. Max on the  
7 senior side was 4 1/2, and that's now  
8 4 1/4; and as you can see, what we had  
9 outstanding at the end of '11 was five  
10 times, basically, total debt.

11 So that 150 basis point spread in  
12 the covenant on our 365 million  
13 basically gives us borrowing capacity of  
14 approximately \$550 million today, and

15 that's doable well within the senior  
16 credit facilities, too.

17 You know, part of the reason we have  
18 as much free cash flow as we do today is  
19 between 2005 and 2009, we reinvested  
20 into our existing assets approximately a  
21 billion dollars, that included the  
22 expansion of the St. Charles, the  
23 expansion of Black Hawk, a number of  
24 room rehab projects at all of our  
25 facilities.

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1 So, in essence, our facilities are  
2 pristine, top of the line, zero deferred  
3 maintenance, and so we are able to  
4 operate with a minimum amount of  
5 maintenance CAPEX to keep our assets up,  
6 and that allows us to produce a  
7 substantial amount of free cash flow.

8 I just read a proposed article that  
9 Moody's is issuing this morning on this  
10 proposed transaction, and their write-up  
11 indicates that, you know, they estimate  
12 we have about 150 million a year of free  
13 cash flow. And I wouldn't disagree with  
14 that number at this point in time.

15 In addition to the \$2.2 billion  
16 credit facility, at the time we put that  
17 facility in place, we also put in place

18 the ability to add another \$200 million  
19 in what they call an accordion facility.  
20 It just means that we can add \$200  
21 million to the revolver if we want  
22 whenever we want.

23 As Dan said, it's extremely hard  
24 these days to do what's called a  
25 Greenfield Project, which is one of a

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1 privately owned operation, and as you  
2 can kind of see from the interest rates  
3 that were presented to him versus where  
4 we are today, there's extreme difference  
5 in our ability to finance this with free  
6 cash flow and borrowings versus a  
7 private individual trying to do this  
8 project with the way the credit markets  
9 are today.

10 Our interest rate add-on on the  
11 revolver and the A-Term Loan today is  
12 2 1/2 percent, and we usually borrow on  
13 a 30-day LIBOR basis, so we're paying  
14 2.75 percent on that. That's  
15 \$700 million of availability.

16 The B term loan we have, which is  
17 \$700 million, we pay 4 percent, and  
18 that's a 4 percent floor. And on our  
19 bonds, those were issued at 7 1/2  
20 percent; and I haven't checked in the

21 last couple of days, but last week those  
22 bonds were trading on a yield towards  
23 basis of 6 percent. So they have risen  
24 considerably in this market with a  
25 premium, again, speaking to what I would

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1 like to think is the quality of the  
2 company, quality of its balance sheet,  
3 quality of its management.

4 Participants in our credit facility,  
5 we have done business with Wells Fargo,  
6 and they have been our main banker since  
7 before 1990 when I started with the  
8 company. When we did the Missouri  
9 acquisitions in 2000, that was led by  
10 Wells Fargo, Deutsche Bank, U.S. Bank,  
11 so we've been doing business with  
12 Deutsche Bank and U.S. Bank and all of  
13 our credit facilities for now going on  
14 12 years. Also, included in the credit  
15 facility is Bank of America, J.P.  
16 Morgan, Capital One, and several other  
17 large financial institution.

18 So the financial side of the company  
19 is extremely solid. The creditors that  
20 we have, we have long-term  
21 relationships, uninterrupted  
22 relationships with those creditors.

23 This slide, again, just speaking to

24 the -- not only the quality of the  
25 assets, but we're also able to produce

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1 substantial margins on revenues, and as  
2 you saw on the other slide, our  
3 revenues are generated -- we're  
4 generating number one market position,  
5 so we try to maximize revenues in each  
6 one of our market. And the only company  
7 that either matches us or exceeds us in  
8 margins are Las Vegas Sands and Wynn,  
9 where in -- most of their cash flows  
10 come from McCaw (phonetic), not from  
11 operation and regional markets. And as  
12 you can see, most of our peer groups are  
13 on this slide, and the quality of our  
14 assets, the quality of our guest  
15 service, the quality of our employees,  
16 allow us, we believe, to produce these  
17 types of results which also maximizes  
18 tax revenue.

19 I'll now turn the presentation back  
20 over to Troy. Thank you.

21 MR. STREMMING: And a lot of times  
22 those numbers make my head spin, so as  
23 Tom sums it up for me usually: We have  
24 \$550 million of borrowing capacity. We  
25 kick off about \$150 million a year in

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1 cash flow, and we have plenty of money  
2 in the bank to pay our bills. So I  
3 think that's the "keep it simple stupid  
4 method" he uses for me sometimes.

5 MR. STEINBAUER: Don't write a check  
6 unless you have to.

7 MR. STREMMING: I also wanted to  
8 talk to you a little bit about, you  
9 know, it's one thing to be a good  
10 operator, but it's also important to be  
11 a good corporate citizen. And what we  
12 do at Ameristar: This is just a list of  
13 core values that we live by daily in the  
14 company and in the community, and,  
15 obviously, we've talked about the  
16 quality of our projects and doing the  
17 right thing in the community, both with  
18 our employees and with our partners in  
19 the community and care and compassion.

20 I'll talk a little bit about our  
21 charitable giving program in a moment;  
22 inclusion, both on a purchasing and  
23 hiring perspective, collaborating both  
24 internally amongst management and team  
25 members, but also with city officials

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1 and state officials; respect and candor;  
2 hands-on management.

3 One thing about our company is we

4 all travel probably a little bit more  
5 than we like, but we get to the  
6 properties and make sure that we  
7 understand what the issues there are;  
8 and we understand what the team member  
9 issues are, and then we work to  
10 continually improve the operation and  
11 environment that they work in.

12 You know, our employees tell us that  
13 we're the employer of choice, and Tom  
14 touched on some of those reasons, I  
15 think, earlier. We're very competitive  
16 in compensation; our benefit package is  
17 good, both from a health perspective,  
18 but also as we were going through this  
19 downturn in the recession, we continued,  
20 as Tom said, to make matching  
21 contributions in the 401k; we continued  
22 to make annual bonuses to our employees;  
23 we also offer tuition reimbursement; a  
24 team member recognition program.

25 And probably the one that's the most

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1 important is we do an annual team member  
2 satisfaction survey, and what we're very  
3 proud of it's a 97 percent participation  
4 rate with 7,500 employees; and I think  
5 the way you get that 97 percent  
6 participation rate is you actually do

7 something with the information when you  
8 get it back. So they know historically  
9 that when we recognize we're doing  
10 something wrong, we're not -- we don't  
11 have a problem with acknowledging that  
12 and making their lives easier as team  
13 members, as well, so I think that's very  
14 important.

15 You know, we certainly support  
16 communities where we live and work, and  
17 we strive to improve the quality of life  
18 in those communities. This project has  
19 the potential to put 1,500 construction  
20 workers to work and over 1,500 employees  
21 permanently, so I think we'll have a  
22 huge impact on the state and also the  
23 regional area. And then we encourage  
24 our employees to get involved in the  
25 community, as well, and we document the

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1 thousands of hours that we know that our  
2 team members devote to the community  
3 with worthy causes, as well.

4 Our Charitable Giving Program and  
5 Workplace Giving Program, this is our  
6 financial commitment that we make, and  
7 this is the program that we utilize at  
8 all of our properties. And it's  
9 two-fold. One is the more traditional



10 charitable giving program as you would  
11 expect that the -- we write checks, and  
12 we get involved with local community  
13 organizations; but we try to focus in  
14 particular areas: Health and medical  
15 research, human services, seniors, as  
16 well as responsible gaming.

17 Approximately, \$5.4 million are  
18 contributed by the company annually in  
19 the cities where we operate, and then we  
20 also run a Workplace Giving Program  
21 encouraging our team members to get  
22 involved not only through volunteer  
23 work, but also giving a portion of their  
24 check. And we have 64 percent of our  
25 team members that participate in our

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1 Workplace Giving Program, which I think  
2 compares nationally to about 30 or  
3 35 percent. And we're proud of that,  
4 and that's another \$1.3 million to go  
5 back into the community, both from their  
6 contributions as well as our matching  
7 contributions.

8 And then I thought I would talk just  
9 briefly about purchasing. This is  
10 something that comes up commonly, you  
11 know, in jurisdictions where we operate,  
12 and we are very committed, as we are in

13 hiring, to also purchasing locally and  
14 involving the MBEs and WBEs in the  
15 program and the process. That's  
16 something that's a little dear to my  
17 heart.

18 I actually live in Kansas City. I'm  
19 past chair of the Urban League for  
20 Kansas City and the past chair of the  
21 Minority Supplier Council of Kansas  
22 City. So something that comes very easy  
23 to our company in trying to grow local  
24 businesses and small businesses, I think  
25 a prime example of that is our Council

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1 Bluffs property sits on the  
2 Iowa/Nebraska state line. As you would  
3 imagine, it's right across the river  
4 from Omaha, which is where most of the  
5 businesses are, but we're very proud of  
6 the fact that we still purchase over  
7 three-fourths of our services and  
8 products from inside the State of Iowa.  
9 So it's something that we pay close  
10 attention to.

11 And then lastly, you know, Dan  
12 talked earlier about the project. You  
13 know, we envision this project of  
14 basically being essentially what you  
15 previously approved with some minor

16 modifications, and we think they're very  
17 positive modifications. First of all,  
18 with another \$100 million invested into  
19 the project, it's certainly significant.  
20 Of course, we'll have a luxury hotel  
21 with a pool and spa and the latest  
22 technology on the slot side.

23 Those additional 300 rooms we think  
24 are critically important. You know,  
25 being two, two-and-a-half hours out of

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1 that major Houston market, it's a tough  
2 day trip, but to get people to stay in  
3 the market longer, enjoy the Lake  
4 Charles area, stay longer in the casino,  
5 we think it makes more sense to focus  
6 those dollars on additional hotel rooms  
7 and providing convenient parking than it  
8 does to provide an entertainment venue.

9 Our goal is to get those customers  
10 into the State of Louisiana, introduce  
11 them to the casino, and drive a little  
12 longer stay out of them, which we think  
13 is going to be both beneficial from a  
14 revenue standpoint for Ameristar, but  
15 also for the local Lake Charles, as well  
16 as revenues to the State of Louisiana.

17 And then, again, 1,500 team members,  
18 conference and meeting space, golf

19 course and tennis facilities.  
20 Essentially the same project that you  
21 have previously approved.

22 With your approval today, the  
23 commitment that you have from Ameristar  
24 is if we could get until July 20th -- I  
25 think you have a meeting on the 19th --

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1 to get our arms around the design and  
2 the construction. We will be in the  
3 ground doing construction by July 20th.  
4 And I know that this project has been  
5 ongoing for a very long time, but that  
6 is the commitment that you have from us  
7 today that we will be in the ground; we  
8 will be under construction by  
9 July 20th; and then we anticipate a  
10 24-month construction schedule  
11 completing the project around the third  
12 quarter of 2014.

13 And that concludes our presentation.  
14 We'd be more than happy to answer any  
15 questions you might have.

16 VICE-CHAIR ROGERS: Any questions?  
17 Mr. Jones.

18 MR. JONES: Yeah, I have a string of  
19 questions, but you answered pretty much  
20 all of them. The comment that I least  
21 liked is the fact that Wells Fargo is

22 your lead banker. I work for Wells  
23 Fargo advisors, and so I think that  
24 removes me from the vote on this issue.  
25 But I can still ask questions, and I'll

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1 check with the Attorney General to see  
2 if I can vote on this kind of deal with  
3 Wells Fargo.

4 You didn't comment on the number of  
5 full-time employees. I guess it would  
6 be about the same number?

7 MR. STREMMING: A minimum of 1,500  
8 employees -- full-time employees.

9 MR. JONES: There is the issue of  
10 escrow, put some funds in escrow.

11 MR. STREMMING: Yes, sir.

12 MR. JONES: And when we first  
13 granted the license, the number was \$10  
14 million, and, of course, there's an  
15 additional \$25 million before you start  
16 construction. What's your feeling on  
17 that? I mean, my thinking is that if  
18 this is approved, there should be some  
19 amount put in escrow to make sure the  
20 deal takes place.

21 MR. STEINBAUER: Obviously, very  
22 acceptable to us.

23 MR. JONES: Do you have a  
24 comfortable level there? I'm thinking

25 in the 5 to \$10 million range.

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1 MR. STEINBAUER: That's very  
2 comfortable.

3 MR. STREMMING: One thing I would  
4 add, though, obviously that escrow is a  
5 commitment to move forward, and I think  
6 the one huge commitment that we're  
7 making is if this transaction is  
8 approved, we're in the transaction right  
9 out of the gate for, you know, the over  
10 \$30 million, and I think that also shows  
11 a little bit of how committed we are to  
12 this project. But as you would imagine,  
13 the lower the number we think would be  
14 better as opposed to the higher the  
15 number, and, of course, we would want  
16 that to count toward the \$25 million  
17 commitment on the construction, it would  
18 seem, to make sense to us.

19 MR. JONES: This is just a curiosity  
20 question. When you bought back the  
21 26.5 million shares, what did you pay  
22 for them per share?

23 MR. STEINBAUER: \$17.50 a share.

24 MR. JONES: Seventeen and a half.

25 Okay.

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1 MR. STEINBAUER: That's why the

2 company did it. We thought it -- the  
3 company was very undervalued, and part  
4 of it was the overhang of the estate.

5 MR. JONES: The \$32.5 to the present  
6 owners of Creative, is that cash?

7 MR. STEINBAUER: Yes, sir.

8 MR. JONES: Cash.

9 MR. STEINBAUER: Yes, sir.

10 MR. JONES: Any concerns with the  
11 local political subdivision? Is  
12 everything -- the dock board decision of  
13 the parish, Dan had mentioned that  
14 you're okay there.

15 MR. STREMMING: Right. We had --  
16 meetings with them; and we had the Port  
17 meeting last night, and they approved  
18 the transaction pending the Control  
19 Board approval, as well.

20 MR. JONES: The Corps of Engineers  
21 doesn't mind the change of ownership?

22 MR. STREMMING: No. And we're ready  
23 to move forward as quickly as we can get  
24 our arms around it, and, again, no later  
25 than July 20th.

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1 MR. JONES: That's all I have.

2 VICE-CHAIR ROGERS: Any other  
3 questions? What about your contractors,  
4 that remains the same? Because I think

5 Mr. Singleton had questions about it,  
6 the contractors.

7 MR. STREMMING: The construction  
8 contract?

9 VICE-CHAIR ROGERS: Yes. It remains  
10 the same?

11 MR. STREMMING: Yes.

12 VICE-CHAIR ROGERS: I have one  
13 question. I think you answered it,  
14 though, but you gave this beautiful  
15 statistical analysis.

16 MR. STEINBAUER: Thank you.

17 VICE-CHAIR ROGERS: But in layman's  
18 terms, what would you attribute your  
19 debt reduction, I guess, to in this  
20 economy that we have? You stressed so  
21 much "debt reduction."

22 MR. STEINBAUER: Right. I mean, as  
23 I said, between '05 and '09, we invested  
24 a substantial amount of money back into  
25 the company. That's allowed us to have

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1 a moderate amount of maintenance CAPEX  
2 on an annual basis, which also helps  
3 free cash flow. When we did the  
4 transaction to buy back the stock, we  
5 also, from a net perspective, ended up  
6 about \$6 million positive on an annual  
7 basis after tax, because we lowered



8 our -- even though we borrowed an  
9 additional \$550 million, we lowered our  
10 interest rate so much, and by buying  
11 back the shares, we also reduced the  
12 amount of dividend we were paying, which  
13 is after tax. We actually ended up with  
14 about 5 or \$6 million of additional free  
15 cash flow there.

16 And the other side of it is, we're  
17 number one in five of our markets. We  
18 have substantial market share leads in a  
19 number of those markets, so we produce a  
20 substantial amount of revenue, and we  
21 have strong margins. So it does allow  
22 us -- did allow us to produce a  
23 substantial amount of free cash flow.

24 And the other part of that  
25 transaction is: When we issued the new

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1 debt, we obviously took out the old  
2 debt, and in taking out the old debt, we  
3 had a substantial penalty we had to pay.  
4 So we reduced our tax exposure to the  
5 federal government in 2011, which also  
6 freed up some additional cash flow.  
7 Because in total for all of 2011, we  
8 reduced debt by 194 million,  
9 approximately 65 million prior to  
10 April 15th, and then another 135 million

11 after April 15th. So there was a chunk  
12 of that that was also tax driven.

13 VICE-CHAIR ROGERS: It was just so  
14 odd to hear so much debt reduction in  
15 the economy that we just had.

16 MR. STEINBAUER: Well, and part of  
17 the reason, our goal in 2011 --  
18 obviously, after doing the  
19 transaction -- was we felt that a six  
20 times debt multiple was a little higher  
21 than we're comfortable running with.  
22 It's the highest the company has ever  
23 had. Normally as we would do each one  
24 of those projects that I talked about,  
25 we'd lever up to about 5 1/4, and then

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1 as soon as the project was open or we  
2 actually started to operate it, we would  
3 start to bring that debt multiple back  
4 down into the fours.

5 And that was our goal after doing  
6 this transaction, and we obviously  
7 continued to retire debt since  
8 January 1st; and our goal is to get it  
9 down below five. And I would imagine  
10 that you'll see it below five.

11 VICE-CHAIR ROGERS: Mr. Bradford.

12 MR. SINGLETON: Then I have  
13 something.

14 MR. BRADFORD: Troy, I had a  
15 question. It might be better for Jack.  
16 I don't know.

17 MR. STREMMING: Okay.

18 MR. BRADFORD: The next two or three  
19 months is obviously critical as far as  
20 moving forward while the -- if this  
21 Board approves this delay, and then  
22 you-guys will be working in concert with  
23 others to towards being ready to put a  
24 shovel in the ground on that date.

25 MR. STREMMING: Absolutely.

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1 MR. BRADFORD: And are you going to  
2 be using the same architect? Jack, feel  
3 free to come forward. Maybe they'll pay  
4 you a little more for having to speak.

5 MR. MOHN: Yes. At this point in  
6 time, we're -- we've been meeting with  
7 the entire design team, architects and  
8 engineers, and our intention is to move  
9 forward with the complete project team  
10 that's in place.

11 MR. BRADFORD: As is?

12 MR. MOHN: Yes.

13 MR. BRADFORD: A lot of the same  
14 local consultants, engineers and all  
15 that, and then your contractor --  
16 general contractor is same and architect

17 is the same?

18 MR. MOHN: Correct.

19 MR. BRADFORD: As far as the Mojito  
20 Pointe motif, the architectural theme,  
21 the footprint of the hotel, is that  
22 basically going to stay the same?

23 MR. MOHN: Basically, yes. You  
24 know, most of the changes that we've  
25 mentioned are just to incorporate the

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1 changes that we've requested, you know,  
2 the general, you know, layout of all the  
3 road systems. We've already been  
4 talking with DOTD in preliminary  
5 conferences with them. So we intend to  
6 move forward with basically what was  
7 presented as Mojito Pointe with the  
8 changes we've mentioned.

9 MR. BRADFORD: And I understand Kirk  
10 is going to continue to be with the  
11 project team?

12 MR. MOHN: We are talking with Kirk  
13 to move forward with that also, yes.

14 MR. BRADFORD: Not definite but  
15 probably.

16 MR. MOHN: Well -- probably, yes.  
17 Obviously, we're kind of in a transition  
18 point right now, but that is our  
19 intention.

20 VICE-CHAIR ROGERS: Mr. Singleton.

21 MR. SINGLETON: I don't know if my  
22 question is really to them, but my  
23 concern is just to the fact that some  
24 months ago, or whenever it was, we  
25 authorized the issuance of a license to

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1 Creative Casinos, I guess it was; and  
2 now we have not come out of the ground.  
3 We have somebody else coming in, and  
4 what I'm seeing is, to take over from  
5 where they started. So it's almost like  
6 a new company.

7 Now, are you getting the license  
8 without coming back to this board to do  
9 it, since we are the one that issues the  
10 license? And I need somebody to explain  
11 that to me. I don't know when you're  
12 going to do it or how.

13 VICE-CHAIR ROGERS: Mr. Singleton, I  
14 think Leonce can answer that question  
15 from the A.G.'s Office.

16 MR. GAUTREAU: You want me to do it  
17 now?

18 VICE-CHAIR ROGERS: Please. Since  
19 it's his question, we might be able to  
20 answer a little bit.

21 MR. GAUTREAU: And this was one of  
22 the points I was going to make and

23 reiterate, which you've already heard.  
24 Although part of the request is to  
25 approve the transfer of the interest --

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1 membership interest in Creative Casinos  
2 of Louisiana, LLC, to Ameristar pursuant  
3 to our rules, as with all transactions  
4 of this nature, a transfer of ownership,  
5 it is required by the rules that we  
6 operate under, we have to investigate  
7 the transaction, investigate the  
8 transfer. Ameristar will have to submit  
9 all required applications that State  
10 Police requests and has to do a  
11 suitability background investigation.

12 So the Board -- you know, to clear  
13 the air: The Board cannot consider the  
14 actual transfer of interest today. That  
15 can only be done after the investigation  
16 is completed and we come back to the  
17 Board with that information, so --  
18 there's no transfer of the license, and  
19 there's no action on the transfer of the  
20 interest of the license.

21 MR. SINGLETON: Madam Chairman, the  
22 other questions I have, I'll just hold  
23 on to them until I hear what they got to  
24 say. We can't do anything anyway, so  
25 the other questions I really have

1 there's no point in wasting time asking  
2 them.

3 VICE-CHAIR ROGERS: Yes, because  
4 he's going to make a presentation.

5 MR. STREMMING: Thank you very much.

6 MR. STEINBAUER: Thank you.

7 MR. SINGLETON: How much time are we  
8 looking at for the investigation, any  
9 idea?

10 MR. GAUTREAU: We talked, and we  
11 think that the request that they have to  
12 July 20th, we think it can be  
13 accomplished within that time period.  
14 So hopefully we'll be coming back to  
15 y'all before that date for it, but we  
16 think that's doable in that time frame.

17 MR. SINGLETON: July?

18 MR. GAUTREAU: Yes.

19 VICE-CHAIR ROGERS: Leonce, did you  
20 have anything else you wanted to report?

21 MR. GAUTREAU: Yeah. I wanted to  
22 reiterate a couple of other things.  
23 Again, you know, the request for the  
24 transfer of membership interest is -- is  
25 the transfer of the ownership interest

1 in the license. It's not the transfer  
2 of the license. It's just like previous

3 transactions that this board and other  
4 boards have approved under Rule 25:01.

5 I also would like to reiterate the  
6 point, and I think it was made, that  
7 Creative Casinos of Louisiana, LLC, is  
8 still the licensee. Creative Casinos,  
9 LLC, is still the parent company of the  
10 licensee and will remain so unless and  
11 until the Board approves the actual  
12 transfer. So there's no change in that  
13 right now, and they are still it and  
14 operating under these conditions.

15 Again, I think -- and I'll reiterate  
16 what I just said -- the extension to  
17 July 20th we believe will give us enough  
18 time to conduct all the required  
19 investigation and report back to the  
20 Board in normal course, and I think as  
21 Ameristar said, they have made a  
22 commitment that even though they are not  
23 on the -- the licensee at this point,  
24 they will do what they can in that  
25 period of time to make the chances or

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1 whatever they propose regarding the  
2 hotel and other things.

3 And finally, as was pointed out,  
4 there was a request made to modify  
5 Condition 6 and 14 regarding the hotel



6 size and the increase of the commitment  
7 on the project. Creative Casinos is  
8 making that request on behalf of  
9 Ameristar because that's the things that  
10 they want to bring to the table. Any  
11 approval by this board should be --  
12 those modifications to those conditions  
13 should be subject to the ultimate  
14 approval of any transfer of interest to  
15 Ameristar.

16 So, in other words, they would not  
17 go into effect today and would only go  
18 into effect if the transaction is  
19 ultimately approved by this board.

20 VICE-CHAIR ROGERS: It would be a  
21 moot issue if --

22 MR. GAUTREAU: If --

23 VICE-CHAIR ROGERS: -- those two  
24 conditions are moot.

25 MR. GAUTREAU: Yeah, if the

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1 transaction doesn't ultimately get  
2 approved or happen.

3 VICE-CHAIR ROGERS: Any other  
4 questions by any board members?

5 MR. BRADFORD: I have a question.  
6 Mine is for Dan Lee, if he's still  
7 there? There you are. Your comment  
8 about -- first of all, let me say this:

9 I want to thank the Ameristar people  
10 very much for your very impressive  
11 presentation. I think it was excellent.  
12 I think it's good that Dan found you,  
13 and I think you'll make a great  
14 Louisiana citizen if this approval is --  
15 takes place down the road. But your  
16 comment about you're going to continue  
17 to hold your place, if, in fact, some --  
18 for some reason Ameristar does not --  
19 that's a long shot, obviously -- but  
20 doesn't meet suitability and is not  
21 approved for the transfer, you intended  
22 to go forward with the project.

23 And my question is: What are you  
24 going to be doing over the next 120 days  
25 just to ensure that if for some reason

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1 something happened at the eleventh hour,  
2 you're not going to be needing another  
3 extension, but you would be ready to  
4 break ground as they would on your own?

5 MR. LEE: Well, there's two aspects.  
6 The next 120 days I'm going to work with  
7 them to help them understand the project  
8 and get comfortable with it, frankly,  
9 help them understand the regulatory  
10 process to make sure there isn't a  
11 problem. You know, there's a little

12 side of me, for ego or whatever else,  
13 that I almost hope it falls through so I  
14 can go build this myself, but I think  
15 this is the right thing to do for the  
16 state and city. And it means that  
17 effectively I have to step aside and do  
18 it.

19 Recognize, we've spent a great deal  
20 of money on this. That \$32.5 million is  
21 not all profit. I mean, there's --  
22 probably a little profit in it, but not  
23 a lot. I ultimately probably would have  
24 made more money building this myself.  
25 But, you know, I'd rather, you know, buy

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1 you dinner in their place then walk into  
2 one where I was afraid whether I could  
3 make the interest payments, okay? And  
4 so it was kind of -- ethically, I can't  
5 buy you dinner, but that's besides the  
6 point.

7 Now, if not, I mean, the bankers are  
8 still there; Sankaty is still there; MGM  
9 is still there.

10 Now, MGM interestingly enough has a  
11 marketing arrangement with Ameristar, so  
12 they tap into MGM's database as well as  
13 we would have, and, in fact, when I  
14 talked to the MGM people, they said, if

15 you're not doing it, Dan, Ameristar  
16 would be their first choice to do it  
17 because it still ties into their  
18 databases and so on.

19 There's also a side of me -- you  
20 know, I didn't go out and shop this  
21 broadly. I hand-picked Ameristar  
22 knowing the quality of the company that  
23 it is and had relations with them for a  
24 long time. They neglected to point out  
25 something that was kind of to me

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1 remarkable.

2 Craig Neilsen started this company,  
3 and I knew Craig. He was kind of a  
4 friend. Craig was kind of a Renaissance  
5 man. He was a pilot; he was a marathon  
6 runner and everything else. And  
7 somewhere -- I don't know the year, but  
8 about 30 years ago he had a car accident  
9 and became a quadraplegic, and he made a  
10 billion dollars from his bed. I mean,  
11 all those places they designed, they'd  
12 bundle him into a wheelchair and roll  
13 him around. He tended to stay up late  
14 at night and sit in his bedroom late at  
15 night. I remember it said there was a  
16 big debate one night about whether the  
17 shrimp should be size two or four in the

18 buffet, and he passed away about five  
19 years ago.

20 But this was really the company  
21 Craig built, and Craig left the bulk of  
22 his estate to a foundation that benefits  
23 spinal injuries and spine -- you notice  
24 they mentioned they fund medical  
25 research. Well, you're talking about a

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1 4 or \$500 million foundation that this  
2 company funded to do spinal injury  
3 research and so on.

4 Now, federal tax law does not allow  
5 a public company to be controlled by a  
6 charitable foundation, so once he died,  
7 there was a very complex situation.  
8 Okay, how do we do this? They finished  
9 that about a year ago. So, in fact, I  
10 first talked to them about a year ago  
11 and saying, hey, we'll work on this  
12 together, apply for this together; and  
13 they said, no, they were sorting out the  
14 estate issues and debt issues, and the  
15 time wasn't right.

16 When I made the phone call to them a  
17 few weeks ago, I said, look, I'm staring  
18 at very expensive money here. Do you  
19 want to look at this again? They said,  
20 no, the time wasn't right before, but

21 the time is right now; and we got  
22 together.

23 VICE-CHAIR ROGERS: Thank you.  
24 Mr. Stipe.

25 MR. STIPE: I have a question for  
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1 staff. First of all, there's an escrow  
2 agreement in place currently, with  
3 respect to this property, of \$5 million,  
4 I believe.

5 MR. GAUTREAU: It was a \$10 million  
6 construction escrow account, but it's  
7 been drawn down on to this point; and I  
8 don't know what's exactly in there.

9 MR. STIPE: All right. If the  
10 resolution is to extend the construction  
11 day for 120 days to permanently raise  
12 the capital requirement to \$500 million,  
13 to permanently raise the requirements of  
14 hotel rooms, VIP suites, parking garage,  
15 parking spaces and that is the motion  
16 that is approved and then the transfer  
17 does not go through, then the effect is  
18 that the license holder would have to  
19 come to this board and ask for those  
20 thresholds to be reduced? Is that a  
21 fair characterization?

22 MR. GAUTREAU: Correct, correct.  
23 It is conditioned on the license, and

24 the licensee is Creative Casinos of  
25 Louisiana. So if it goes through, then,

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1 yeah, they're still bound by the  
2 conditions whether it goes through or  
3 not.

4 MR. STIPE: And those conditions  
5 would be in place no matter who the  
6 interest holder is in Creative  
7 Casinos --

8 MR. GAUTREAU: Correct.

9 MR. STIPE: -- irregardless of  
10 whether this particular transaction  
11 is --

12 MR. GAUTREAU: Correct. And just  
13 to -- as I understand your question: If  
14 the Board approves it without the  
15 language subject to the approval of the  
16 Ameristar. Right.

17 MR. STIPE: Yeah.

18 MR. LEE: Let me just point out that  
19 it's -- getting the financing for the  
20 \$400 million project has not been easy.  
21 I can get it. Now, for Ameristar to  
22 raise the project cost from 400 to 500  
23 is not a big issue. For me it is, and  
24 that was why we -- the petition is  
25 drafted in such a way that says, if it

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1 becomes an Ameristar project, it becomes  
2 a \$500 million. If it does not, it  
3 remains a \$400 million project.

4 So just to clarify, because the way  
5 you said that is we would have to come  
6 back and ask for a reduction, but  
7 technically the way it is drafted, we  
8 would not have to.

9 MR. DUNCAN: That's right. Unless  
10 the approval of the transfer of interest  
11 occurred, that is when those changes  
12 kick in.

13 MR. STIPE: Sure. And I guess you  
14 kind of got to my point, and the Board  
15 will vote on whatever the Board votes  
16 on. But my point is that if what you're  
17 asking for is an extension of 120 days,  
18 that's fine with me, but the cost of the  
19 extension is an extra hundred million  
20 dollars of investment and more hotel  
21 rooms and more parking spaces; and if  
22 you cannot get that funding, then you  
23 are free to come to the Board and ask  
24 for a reduction of those conditions.

25 MR. LEE: Okay. Just wanted to make

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1 sure. You're proposing that, you're  
2 suggesting, and it differs from the  
3 petition, so I just wanted to clarify.



4 MR. STIPE: I've learned it does  
5 differ from the petition; that's right.

6 MR. BRADFORD: Let me just ask,  
7 Leonce, is that -- I don't really  
8 understand it the same way Mark does, as  
9 far as our resolution.

10 MR. GAUTREAUX: No. The proposed  
11 resolution includes the language that  
12 they suggested, that this is subject to.  
13 I think what Mr. Stipe is saying is if  
14 we don't do it subject to that, then  
15 it's a change in the conditions that  
16 would have to -- so --

17 MR. BRADFORD: So I'm not sure I --

18 MR. STIPE: In other words, whether  
19 -- no matter who is doing this facility,  
20 the requirement is for 500 million; the  
21 requirement is for the increased hotel  
22 rooms, and the requirement is for the  
23 increased parking spaces. That's what  
24 I'm suggesting.

25 MR. GAUTREAUX: Right.

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1 MR. STIPE: I want to see if I'm  
2 clear on it.

3 MR. GAUTREAUX: And I think  
4 Mr. Stipe's suggestion differs from the  
5 proposed resolution that you have.

6 MR. DUNCAN: If I might, Madam

7 Vice-Chair and Members -- and I think  
8 Mr. Lee made this point, but I want to  
9 make sure that it's clear -- that such  
10 an increase of this nature only  
11 exacerbates a very difficult capital  
12 market that we're working within. And I  
13 guess the reason for the way the  
14 resolution was proposed was so that we  
15 don't have to come back to you and ask  
16 for that reduction, but I don't --  
17 unfortunately, I just don't think if  
18 this is a Greenfield standalone, that  
19 that's going to be feasible.

20 MR. LEE: I don't know that it's not  
21 feasible, but it's certainly a much  
22 higher hurdle. And recognize, a 120  
23 days is not very long. We only meet  
24 once a month, so I'll be trying to hold  
25 together potential financing for 400.

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1 And it's much more complicated if I have  
2 to say to banks, well, I need 500, but  
3 I'm going to ask for a reduction to 400.  
4 It just makes it very complicated.

5 VICE-CHAIR ROGERS: Do we have any  
6 other comments?

7 MS. NOONAN: I have a question. Do  
8 we have to approve new plans? Do they  
9 have to submit new plans for the

10 construction?

11 MR. GAUTREAU: What we've done is  
12 included, in the proposed resolution,  
13 some language regarding "submit and  
14 accept by the Board" any sort of  
15 changes.

16 VICE-CHAIR ROGERS: Any other  
17 questions?

18 MS. HARKINS: Madam Chair, is there  
19 going to be an opportunity for public  
20 comment on this matter? Good morning,  
21 Mr. Chairman [sic], my name is Deborah  
22 Harkins. I'm with law firm of  
23 McGlinchey Stafford, and I'm here on  
24 behalf of St. Gabriel Downs, LLC. And  
25 sitting beside me is --

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1 MR. WEST: Paul West with Baker  
2 Donelson on behalf of Penn National.

3 MS. HARKINS: As you probably  
4 recall, St. Gabriel Downs and Penn  
5 National were applicants in an RFP  
6 process that took place approximately a  
7 year ago, and we're a bit confused right  
8 now about the process and where we are  
9 in this state. It's our appreciation,  
10 by virtue of the law and otherwise, that  
11 the sale of a license is illegal. The  
12 proposal and the process was that we all

13 had to compete for a license, and that  
14 license was awarded to Mr. Lee at  
15 Creative Casinos.

16 We have -- we're just confused  
17 because we had to come in and compete.  
18 The license was awarded on the basis of  
19 the great and fine reputation of Mr. Lee  
20 who worked hard and endeavored hard to  
21 meet the conditions that you proposed  
22 and set forward. And we applaud him on  
23 those efforts; however, we did  
24 anticipate that we'd have a new project  
25 coming before you that we competed for

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1 for a license that we competed for, and  
2 we're just confused and want some  
3 clarity when we feel like we played by  
4 the rules.

5 We came before this board, spent a  
6 lot of investment in an application  
7 process that we thought we had a fair  
8 playing field for, and now it's being,  
9 in essence -- there's consideration for  
10 it to be awarded to a party who was not  
11 a party of that process.

12 MR. WEST: That's basically the  
13 position of Penn National. We were  
14 under the -- Penn was under the  
15 impression that you had to be capable of

16 doing a project; you had to have  
17 financing. Penn had its financing.  
18 Penn said at that date, "We will write a  
19 check." The Penn project would be open  
20 six months from now, and now they don't  
21 even get a second chance at the license.  
22 Mr. Lee gets to choose who gets the  
23 license, at substantial profit to him, I  
24 might add.

25 MS. HARKINS: So I guess we

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1 appreciate the Board's position. You  
2 have a fine applicant in Ameristar, and  
3 we're not arguing that point. We felt  
4 Mr. Lee was a fine winner, and we  
5 respected and acted as gentlemen on that  
6 occasion. However, we are concerned  
7 about this process and how it's being  
8 handled at the moment in terms of where  
9 is the competitive process? What  
10 happened to the competitive process that  
11 we participated in, and who gets to pick  
12 who has this license? Is it this board,  
13 or is it an applicant of a new  
14 applicant? And that's the concern we  
15 have.

16 When you have applicants who spend  
17 substantial funds on doing the process  
18 and went through a grilling process in

19 finding funding and going through  
20 suitability as part of that process, all  
21 they ask for is a fair and equal playing  
22 field when the decision is made, and now  
23 we're looking at a third party coming in  
24 who was not part of that process and  
25 based on an applicant -- you know,

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1 what's to stop us from coming forward  
2 and making a grandiose, you know,  
3 proposal and not being able to fund that  
4 proposal and then make a substantial  
5 profit by selling it to a third party?

6 That's what we're looking at. So  
7 we're here to voice that concern.

8 VICE-CHAIR ROGERS: And we certainly  
9 thank you for your questions.

10 Mr. Leonce might be able to make a  
11 general statement for us from the A.G.'s  
12 Office.

13 MR. GAUTREAU: Well, the  
14 statement's not any different than what  
15 I made earlier. This is a petition to  
16 approve the transfer of an ownership  
17 interest in a licensee and will be  
18 handled and investigated in normal  
19 course. It is not the sale of a  
20 license. I know that term gets thrown  
21 around like that, but all we -- we've

22 got to look at the structure of what's  
23 in front of us, and that's what we're  
24 going to do over the next four months.

25 MR. BRADFORD: I want to thank each

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1 of you, both of you for coming forward.  
2 Your concerns are duly noted. I do want  
3 to make one thing a hundred percent  
4 clear: The Louisiana Gaming Control  
5 Board decides this, not someone else.  
6 So that -- I want to put that to bed  
7 right there; and we're charged with,  
8 obviously, staying within the law, and  
9 we're charged with doing what we believe  
10 is in the best interest of the State of  
11 Louisiana.

12 MS. HARKINS: And we understand  
13 that.

14 VICE-CHAIR ROGERS: And no decision  
15 is being made.

16 MR. WEST: And I think that's  
17 important. I mean, Penn's objection or  
18 response was, we heard about -- or Penn  
19 heard about this yesterday morning about  
20 25 hours ago. No details, nothing to  
21 review, just newspaper articles. We  
22 finally got the petition; we were  
23 allowed to look at the petition, and the  
24 request that Penn made was that the

25 transfer not be approved today. And as

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1 I understand what Mr. Gautreaux is  
2 saying, no transfer is being approved  
3 today.

4 MR. BRADFORD: That's correct.

5 MR. WEST: So I assume if Penn has  
6 other concerns or things they think  
7 should be brought to the attention of  
8 the Board, that they can do that.

9 VICE-CHAIR ROGERS: Sure.

10 MR. BRADFORD: It's important to  
11 note, also, that as you mentioned, there  
12 was a competitive process, and a license  
13 was awarded. And that's where the  
14 license is. Creative Casinos, LLC, is  
15 the license holder.

16 MS. HARKINS: Thank you, and we  
17 appreciate that.

18 VICE-CHAIR ROGERS: And that cannot  
19 change today.

20 MS. HARKINS: Thank you.

21 MR. WEST: Thank you.

22 VICE-CHAIR ROGERS: Any other  
23 comments? Any other questions for board  
24 members?

25 MR. DUNCAN: Madam Vice-Chair, Mike

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1 Deese from the Port of Lake Charles is



2 here, and if there are any questions --  
3 or he might, if you would allow, make  
4 just a brief comment about their process  
5 yesterday.

6 MR. DEESE: Yes, ma'am. Members of  
7 the Board, I'm Michael Deese, General  
8 Counsel for the Port of Lake Charles.  
9 And as you're aware, we are the landlord  
10 for the proposed casino resort  
11 development, as well as for L'Auberge  
12 Lake Charles, and the Board met  
13 yesterday and voted unanimously to  
14 endorse the changes that have been  
15 proposed to you today.

16 We, likewise, have those similar  
17 conditions in our lease agreement. In  
18 fact, there's a requirement that our  
19 permission be granted before they ever  
20 come to you and request the change.

21 So our board actually believes this  
22 is a very positive development. It will  
23 help not only the Port but also local  
24 governments. More rooms mean more sales  
25 tax, more room tax. The tourist bureau

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1 will benefit greatly by the additional  
2 rooms.

3 And just by way of example how I  
4 think projects have a tendency to get

5 bigger and better, I was general counsel  
6 when L'Auberge -- what ultimately became  
7 L'Auberge, the license was granted in  
8 2002. The project Pinnacle proposed to  
9 the board and won the license on was  
10 much smaller and different.

11 Mr. Lee came onboard a few months  
12 after that, made the project better, and  
13 we've, of course, developed a very  
14 strong relationship with Mr. Lee. We  
15 know that he delivers, and the way the  
16 Port views this, by the words of our  
17 president last night, is Mr. Lee is  
18 delivering again. In fact, he's  
19 over-delivering. We're getting a  
20 bigger, better project that benefits the  
21 State, the Port, and all the local  
22 government.

23 VICE-CHAIR ROGERS: Thank you.

24 MR. DEESE: Thank you.

25 VICE-CHAIR ROGERS: Any more

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1 comments from any board members? We  
2 have a resolution.

3 MR. BRADFORD: Do we need a motion?

4 VICE-CHAIR ROGERS: Motion for the  
5 resolution.

6 MR. BRADFORD: I'd like to make a  
7 motion that Creative Casino's, LLC,

8 request for extension be approved and  
9 that we adopt the resolution.

10 VICE-CHAIR ROGERS: Want to read the  
11 resolution?

12 MR. SINGLETON: Second.

13 MR. BRADFORD: And that we adopt the  
14 resolution.

15 VICE-CHAIR ROGERS: Mr. Bradford  
16 moves, Mr. Singleton seconds.

17 THE CLERK: On the 15th day of March  
18 2012, the Louisiana Gaming Control Board  
19 did, in a duly noticed public meeting,  
20 consider the issue of Creative Casinos  
21 of Louisiana, LLC's, petition relative  
22 to ownership and to amend license  
23 conditions, and upon motion duly made  
24 and second, the Board adopted the  
25 following resolution.

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1 Be it resolved that Condition 13(c)  
2 of the Statement of Conditions to  
3 riverboat gaming license be modified and  
4 replaced with the following Condition  
5 13(c): To commence construction of the  
6 approved project on or before July 20th,  
7 2012, following the date that the  
8 Louisiana Gaming Control Board has  
9 passed a resolution accepting the  
10 contracts referenced in Condition 13(b),

11 with construction to be completed within  
12 24 months of commencement of  
13 construction.

14 Commenced construction or  
15 commencement of construction shall be  
16 that time when excavating and grading  
17 work begins for purposes of constructing  
18 the approved project. Failure to meet  
19 this deadline or to timely receive an  
20 extension may result in forfeiture of  
21 all privileges to the license.

22 Be it further resolved that subject  
23 to the approval of the transfer of  
24 interest to Ameristar Casinos, Inc., or  
25 a wholly owned subsidiary of Ameristar,

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1 Casinos, Inc., Ameristar, Conditions 6  
2 and 14 of the Statement of Conditions to  
3 riverboat gaming license be modified and  
4 replaced with the following Conditions 6  
5 and 14.

6 Six: To offer the kind, amount and  
7 scope of the non-gaming activities on  
8 the riverboat, shore and support  
9 facilities and all other amenities as  
10 described in applications for license  
11 and as presented to the Louisiana Gaming  
12 Control Board on December 16th, 2010,  
13 and February 9th, 2011. Together with

14 such layout and aesthetic changes deemed  
15 desirable by Ameristar and submitted to  
16 the Gaming Control Board for review and  
17 acceptance that do not detract from  
18 overall quality of the project as  
19 described in the application and  
20 presentations, including, but not  
21 limited to: Gaming riverboat; support  
22 facilities with restaurant and retail  
23 space; hotel facilities with at least  
24 700 guest rooms, including not less than  
25 630 main rooms and 70 VIP suites; pool

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1 and pleasure craft docking facility; an  
2 18-hole golf course; spa, tennis courts,  
3 crochet and falconry facilities; and not  
4 less than 3,000 parking spaces, at least  
5 1,000 of which shall be in a parking  
6 garage and the balance of which shall be  
7 surface parking lots here and after  
8 referred to as the approved project.

9 Fourteen: To invest a minimum of  
10 \$500 million in the approved project.  
11 In calculating the investment, initial  
12 bank roll, capitalized interest,  
13 preopening expenses, contingencies and  
14 corporate overhead related to the  
15 approved project may be included as  
16 funds expended on the approved project

17 provided that expenses unrelated to the  
18 approved project may not be included as  
19 funding -- spending on the approved  
20 project unless approved by Louisiana  
21 Gaming Control Board.

22 Thus done and signed in Baton Rouge,  
23 Louisiana, this 15th day of March, 2012.

24 Mr. Bradford?

25 MR. BRADFORD: Yes.

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1 THE CLERK: Mr. Jones? [No  
2 response.] Mr. Stipe?

3 MR. STIPE: Yes.

4 THE CLERK: Mr. Singleton?

5 MR. SINGLETON: Yes.

6 THE CLERK: Miss Noonan?

7 MS. NOONAN: Yes.

8 THE CLERK: Miss Rogers?

9 MS. ROGERS: Yes.

10 VICE-CHAIR ROGERS: We also need  
11 another motion. We need a motion  
12 authorizing the vice-chair to sign the  
13 resolution.

14 MR. BRADFORD: So moved.

15 MR. SINGLETON: Second.

16 VICE-CHAIR ROGERS: Moved and  
17 seconded. Any objections? [No  
18 response.] It's passed.

19 D. Consideration of conditional permits for the

20 following:

21 1. Michael John DeMoss - No. PO20043152

22 2. Robert LaMont Brown - No. PO20054083

23 VICE-CHAIR ROGERS: Move on to  
24 consideration of conditional permits for  
25 Michael John DeMoss, No. PO20043152, and  
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1 Robert LaMont Brown, PO20054083. We  
2 have to consider issuing conditional key  
3 gaming employee permits to these. There  
4 will be no presentation. Is there a  
5 motion to issue these conditional  
6 permits?

7 MR. JONES: Moved.

8 VICE-CHAIR ROGERS: Bob Jones moves.

9 Mr. Bradford seconds. Is there a motion  
10 to issue additional permits and  
11 authorize for the vice-chair to sign?

12 All in favor? "Aye." Opposed? No  
13 objection.

14 IX. PROPOSED SETTLEMENTS/APPEALS FROM HEARING

15 OFFICERS' DECISIONS

16 1. In Re: Tommy Gagliano - No. PO40001166  
17 (proposed settlement)

18 VICE-CHAIR ROGERS: Proposed  
19 settlements and appeals, Tommy Gagliano,  
20 No. PO40001166, proposed settlement.

21 MS. WIMBERLY: Good morning, Members  
22 of the Board, Ashley Wimberly, Assistant

23 Attorney General, appearing on behalf of  
24 State Police in the settlement matter of  
25 Tommy C. Gagliano. Mr. Gagliano holds a

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1 non-key gaming employee permit.

2 On November 29th, 2011, the  
3 Jefferson Parish Sheriff's Office  
4 arrested Mr. Gagliano in violation of a  
5 protective order. He was subsequently  
6 charged with possession of a Schedule II  
7 controlled dangerous substance and  
8 possession of contraband in a  
9 correctional facility. The charges were  
10 refused on December 9th, 2011, by the  
11 Jefferson Parish District Attorney's  
12 Office.

13 In lieu of administrative hearing,  
14 the Division and Mr. Gagliano have  
15 entered into a compromise and settlement  
16 agreement. Under this agreement,  
17 Mr. Gagliano has agreed to pay a \$250  
18 civil penalty for his failure to notify  
19 the Division of his November 29th, 2011,  
20 arrest. This joint compromise and  
21 settlement agreement was approved and  
22 signed by Hearing Officer Brown on  
23 February 29th, 2012. I now submit it to  
24 you for board approval.

25 VICE-CHAIR ROGERS: We need a motion



1 to approve the settlement and to  
2 authorize the vice-chair to sign the  
3 decision. Do we have a motion?

4 MR. BRADFORD: So moved.

5 VICE-CHAIR ROGERS: Mr. Bradford.

6 Second, Miss Noonan. All in favor?

7 "Aye." Any opposition? [No response.]

8 Motion carries.

9 2. Bellon Investments, L.L.C., d/b/a Bellon  
10 Investments, L.L.C. - No. 0100615417 (proposed  
11 settlement)

12 VICE-CHAIR ROGERS: Next one is  
13 Bellon Investments, LLC, No. 0100615417.

14 MS. WIMBERLY: Ashley Wimberly,  
15 Assistant Attorney General, appearing on  
16 behalf of Nicolette Colly, A.A.G., and  
17 the Louisiana State Police in the  
18 proposed settlement matter of Bellon  
19 Investments, LLC, doing business as  
20 Bellon Investments, LLC.

21 Bellon Investments is a Type 6 video  
22 draw poker licensee whose annual form  
23 and fee was due to the Division on  
24 July 1st, 2011. These forms and fee was  
25 not received by the Division until

1 September 28th, 2011, and that made the  
2 submission three months late.

3 In lieu of administrative hearing,  
4 the Division and the licensee have  
5 entered into a joint and compromise and  
6 settlement agreement. Under this  
7 agreement the licensee has agreed to pay  
8 a \$1,500 civil penalty for failure to  
9 timely submit its annual form and fee to  
10 the Division. This joint settlement and  
11 compromise agreement was approved and  
12 signed for by Hearing Officer Reynolds  
13 on February 13th, 2012. I now submit it  
14 to the Board for the approval.

15 VICE-CHAIR ROGERS: We need a motion  
16 to approve the settlement and authorize  
17 the vice-chair to sign.

18 MS. NOONAN: I motion.

19 VICE-CHAIR ROGERS: Motion by  
20 Miss Noonan.

21 MR. JONES: Second.

22 VICE-CHAIR ROGERS: Second by  
23 Mr. Jones. All in favor? "Aye." Any  
24 opposition? [No response.]

25 3. In Re: 3D Enterprises, Inc., d/b/a

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1 Eight Ball Game Room - No. 4800114906 (proposed  
2 settlement)

3 VICE-CHAIR ROGERS: 3D Island  
4 Enterprises, Inc., d/b/a Eight Ball Game  
5 Room, No. 4800114906, proposed

6 settlement.  
7 MS. BOGRAN: Good morning, Miss  
8 Rogers, Board Members, Olga Bogan Gaming  
9 Division. This licensee was deemed  
10 ineligible for a tax clearance by  
11 Louisiana Department of Revenue. The  
12 clearance was finally received, and the  
13 civil penalty included in the settlement  
14 before you is \$500. This is for the  
15 period of noncompliance. The settlement  
16 is before you for your final approval.

17 VICE-CHAIR ROGERS: Motion to  
18 approve the settlement and authorize  
19 vice-chair to sign the decision.  
20 Motion?

21 MR. JONES: Move.

22 VICE-CHAIR ROGERS: Mr. Jones moves.

23 MR. STIPE: Second.

24 VICE-CHAIR ROGERS: Mr. Stipe  
25 seconds. All in favor? "Aye."

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1 Opposition? [No response.] Motion  
2 carries.

3 4. In Re: Carlos T. Bryant - No. PO40057344  
4 (proposed settlement)

5 5. In Re: Otto J. Zoller, III - No. PO40057971  
6 (proposed settlement)

7 6. In Re: Williams S. Murray - No. PO40057581  
8 (proposed settlement)

9 MS. BOGRAN: The next three are  
10 similar violations and similar  
11 penalties. Do you want me to take them  
12 altogether?

13 VICE-CHAIR ROGERS: Please.

14 MS. BOGRAN: It's Carlos T. Bryant,  
15 No. PO40057344; Otto J. Zoller, III,  
16 PO40057971; and William S. Murray,  
17 PO40057581.

18 These permittees were deemed  
19 ineligible for IRS tax clearances, and  
20 they eventually received their  
21 clearances. The settlements before you  
22 include a civil penalty amount for \$250  
23 for a period of noncompliance. It's  
24 signed by the hearing officer and before  
25 you for final approval.

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1 MR. BRADFORD: I move for approval  
2 and approval of the vice-chair's  
3 signature.

4 MS. NOONAN: Second.

5 VICE-CHAIR ROGERS: All in favor?  
6 "Aye." Any opposition? [No response.]  
7 Passed.

8 7. In Re: Doux Over, L.L.C., d/b/a Sidney's  
9 Sports Bar - No. 2600116161. (proposed  
10 settlement)

11 MS. BOGRAN: The final one for me is

12           Doux Over, LLC, d/b/a Sidney's Sports  
13           Bar 2600116161. This licensee was  
14           delinquent in the submission of the  
15           required form and fees. The required  
16           submissions were eventually made. The  
17           settlement amount is \$750 for the period  
18           of noncompliance, and it's before you  
19           for final approval.

20           VICE-CHAIR ROGERS: Motion to  
21           approve the settlement and authorize  
22           vice-chair to sign the decision?

23           MR. SINGLETON: I'll move.

24           VICE-CHAIR ROGERS: Mr. Singleton.

25           MR. BRADFORD: I'll second.

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1           VICE-CHAIR ROGERS: Mr. Bradford  
2           seconds. Any opposition? [No  
3           response.] Motion carries.

4           MS. BOGRAN: Thank you.

5           8. In Re: XXVII, LLC, d/b/a Doors Uptown Pizza -  
6           No. 3601215601 (appeal)

7           VICE-CHAIR ROGERS: Thank you.

8           We'll go to appeals now. We have Doors  
9           Uptown Pizza, 3601215601.

10           MS. HIMEL: Vice-Chairman Rogers,  
11           Members of the Board, I'm Assistant  
12           Attorney General, Dawn Himel here on  
13           behalf of the Office of State Police.  
14           This matter is the appeal, as you

15 stated, of XXVII, LLC, doing business as  
16 Doors Uptown Pizza.

17 The license at issue expires on  
18 June 30th, 2013.

19 MS. SMITH: Excuse me, is the  
20 appellant here?

21 MS. HIMEL: They haven't come  
22 forward to me. I believe his name is  
23 Rich Graham.

24 So the licensee, due to their  
25 expiration of the license timing, was

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1 required to submit completed annual  
2 licensee form and completed record and  
3 update form, a local sales tax clearance  
4 certificate, state sales tax clearance  
5 certificate, current copy of the State  
6 ATC permit and an annual fee no later  
7 than July 1st, 2011.

8 The licensee failed to timely submit  
9 all these documents, and the Division,  
10 at the administrative hearing on  
11 December 5th, 2011, through evidence and  
12 testimony of the Division's agent,  
13 proved the licensee failed to submit the  
14 fee and the documents July 1st, 2011, as  
15 required by gaming law.

16 They did not submit the fee or the  
17 documents until September 20th, 2011.

18 And in accordance with gaming law, the  
19 hearing officer ordered a civil penalty,  
20 and he assessed it in the amount of \$750  
21 for the violation of failure to timely  
22 provide the documents and fees.

23 The licensee, a representative on  
24 behalf of the licensee was not present  
25 at the hearing. They offered no

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1 evidence or testimony to contradict any  
2 of the Division's case. They have not  
3 followed through, as far as I'm aware,  
4 either for this appeal, and we do ask  
5 that this Board uphold and affirm the  
6 hearing officer's decision and the  
7 penalty.

8 MR. BRADFORD: Did you ask already  
9 if the licensee was here?

10 MS. SMITH: Right.

11 MR. BRADFORD: And they are not  
12 here?

13 MS. SMITH: Right.

14 VICE-CHAIR ROGERS: Do we have a  
15 motion which includes authorization for  
16 the vice-chair to sign with a motion to  
17 uphold the hearing officer?

18 MS. NOONAN: I'll motion to uphold.

19 VICE-CHAIR ROGERS: Miss Noonan.

20 MR. JONES: Second.

21 VICE-CHAIR ROGERS: Second  
22 Mr. Jones. Any objections? [No  
23 response.] Motion passes.  
24 9. In Re: Freddie D. Knox - No. PO40039760 -  
25 (appeal)

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1 VICE-CHAIR ROGERS: Freddie Knox,  
2 No. PO40039760, appeal by the Division  
3 of the hearing officer's decision. The  
4 Division recommended the revocation of  
5 Mr. Knox's non-key gaming employee  
6 permit.

7 MR. HEBERT: Good afternoon, Madam  
8 Vice-Chairwoman and Members of the  
9 Board. Christopher Hebert representing  
10 the Division in this matter.

11 MR. KNOX: Good morning, my name is  
12 Freddie Knox.

13 MR. HEBERT: This matter is an  
14 appeal of a denial by the hearing  
15 officer of a revocation of Mr. Knox's  
16 non-key gaming employee permit. At  
17 issue in this matter is whether Mr. Knox  
18 should be deemed suitable to possess a  
19 non-key gaming employee permit in  
20 accordance with Louisiana Gaming  
21 regulations considering his arrest  
22 history and failure to timely notify of  
23 an arrest.



24           The Division asserts that an  
25           individual with a history of arrests,

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1           which include alleged violent behavior  
2           and substance abuse, pose a threat to  
3           those citizens who wish to participate  
4           in the gaming industry. Such that a  
5           finding of unsuitability is not only  
6           warranted but necessary.

7           Louisiana legislature has provided,  
8           in its enactment of Louisiana Revised  
9           Statute 27:28, that suitability of an  
10          applicant, licensee or permittee is  
11          determined by whether the person is of  
12          good character, honesty and integrity  
13          whose prior activities, arrests or  
14          criminal record, if any, reputation,  
15          habits and associations do not pose a  
16          threat to the public interest of the  
17          state or to the effective regulation of  
18          video draw poker, and do not create or  
19          enhance the dangers of unsuitable,  
20          unfair or illegal practices, methods and  
21          operations and the activities that is  
22          likely to conduct business as authorized  
23          by Louisiana Gaming Law.

24          Thus, the legislative enactment of  
25          Louisiana Revised Statute 27:28 requires

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1 Mr. Knox to meet suitability in order to  
2 be permitted to participate in the  
3 State's gaming industry. The Division  
4 contends that Mr. Knox's propensity for  
5 unsuitable behavior is established by  
6 his sixth arrest for seven charges for  
7 incidents alleging theft, violence and  
8 drug use within a five-year period.  
9 These arrest and citations should cause  
10 Mr. Knox to be viewed as a person of  
11 questionable character, honesty and  
12 integrity and, thus, unsuitable.

13 The Division asserts that Louisiana  
14 Administrative Code Section  
15 42:XIII.29(B)(4) submits that any person  
16 required to be found suitable or  
17 approved in connection with the granting  
18 of any license or permit shall have a  
19 continual duty to notify the Division of  
20 his or her arrests. Mr. Knox on three  
21 separate occasions has failed to  
22 disclose to the Division the existence  
23 of an arrest or citation on his criminal  
24 record.

25 Now, whether or not this failure to

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1 disclose was intentional or  
2 unintentional in nature, the law clearly  
3 states that he must notify the Division.

4           The hearing officer's decision in  
5           this matter should be overturned.  
6           Mr. Knox's history of unsuitable  
7           behavior and pattern of arrest poses a  
8           threat to those citizens that wish to  
9           participate in the gaming industry such  
10          that a finding of unsuitability is not  
11          warranted but also necessary.

12          Mr. Knox's past arrests and  
13          citations all involve some sort of  
14          theft, violent behavior, and/or  
15          substance abuse. In addition, Mr. Knox  
16          has failed to timely notify.

17          By these facts, the Division would  
18          pray that Mr. Knox be found unsuitable  
19          to participate in the gaming industry  
20          and that his non-key gaming employee  
21          permit be revoked.

22          VICE-CHAIR ROGERS: Any question?  
23          Mr. Stipe.

24          MR. STIPE: I do. You were able to  
25          present all your evidence at the

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1          hearing?

2          MR. HEBERT: I was.

3          MR. STIPE: But is it fair to say  
4          the hearing officer considered that  
5          evidence?

6          MR. HEBERT: He did.

7 MR. STIPE: Do you have any  
8 objections to the reasons for decision  
9 that the hearing officer laid out?

10 MR. HEBERT: Only in that, like I  
11 said, the Division did not feel  
12 comfortable with the fact that Mr. Knox  
13 had -- this is not the second or third  
14 or the fourth notice of revocation that  
15 has come forth, and at some point, I  
16 think based on the totality of the  
17 circumstances, we have to take a serious  
18 look at someone's character, you know,  
19 after so many notices have been issued  
20 and with so much history of arrest.

21 MR. STIPE: But, I mean, the  
22 findings of fact, there are no factual  
23 issues?

24 MR. HEBERT: No issues with the  
25 finding of fact at all.

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1 VICE-CHAIR ROGERS: Mr. Bradford?

2 MR. BRADFORD: As I understand it,  
3 the Division reviewed Mr. Knox's license  
4 in 2010.

5 MR. HEBERT: Yes.

6 MR. BRADFORD: And a lot of this  
7 history was before that, and you had --  
8 the Division had full knowledge of that  
9 and renewed his license at that time.

10 MR. HEBERT: Right.

11 MR. BRADFORD: And then subsequent  
12 to that, there's been a couple of  
13 arrests where he was proven to be not --  
14 where the charges were dropped.

15 MR. HEBERT: That's been the case in  
16 most of the charges, and at the time of  
17 the renewal, there was no outstanding  
18 issue, in that Mr. Knox's previous  
19 charges, which would have been automatic  
20 disqualifiers, were nolle prossed, or he  
21 pled to a lesser offense in some  
22 instances.

23 MR. BRADFORD: Mr. Knox?

24 MR. KNOX: Yes, sir.

25 MR. BRADFORD: Is your job important

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1 to you?

2 MR. KNOX: Yes, sir. My job is very  
3 important to me.

4 MR. BRADFORD: Sometimes your  
5 behavior doesn't indicate that that was  
6 the case, but I appreciate you being  
7 here today. It shows a lot to me --

8 MR. KNOX: Yes, sir.

9 MR. BRADFORD: -- that you were  
10 willing to come up here and address this  
11 in an effort to represent yourself and  
12 to hopefully keep your job.

13 MR. KNOX: Yes, sir.

14 MR. BRADFORD: So.

15 VICE-CHAIR ROGERS: How recent was  
16 the latest infraction?

17 MR. HEBERT: 2011.

18 VICE-CHAIR ROGERS: Do we have a  
19 motion?

20 MR. BRADFORD: I'd like to make a  
21 motion. Are there any other question?

22 MR. STIPE: I don't have any.

23 MR. BRADFORD: This could go really  
24 either way. You're really on thin ice  
25 here. If your job is important to you,

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1 then your behavior needs to start  
2 reflecting that, and I'm going to make a  
3 motion that the hearing officer be  
4 affirmed and that you keep your license.  
5 And that I would hope that this would be  
6 the last time that you -- of course, I  
7 know that that -- I can't control you,  
8 but you can control you.

9 MR. KNOX: Yes, sir.

10 MR. BRADFORD: And I make a motion  
11 that the hearing officer should be  
12 affirmed.

13 VICE-CHAIR ROGERS: Do we have a  
14 second?

15 MR. SINGLETON: I'll second.

16 VICE-CHAIR ROGERS: All in favor?

17 "Aye." Opposition [No response.]

18 MR. BRADFORD: You keep your  
19 license.

20 MR. KNOX: I would like to thank  
21 you-all, and I promise you I will not  
22 put myself in farther positions with  
23 anything that would jeopardize my  
24 character.

25 MR. BRADFORD: I hope you're right.

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1 MS. SMITH: Board members, if y'all  
2 could have -- if there could be a  
3 motion, if it's your pleasure -- not in  
4 relation to this -- to authorize the  
5 vice-chair to --

6 MS. NOONAN: I make a motion to  
7 authorize the vice-chair to sign all  
8 resolutions, motions, orders and  
9 decisions made by the Board today.

10 MR. BRADFORD: Second.

11 VICE-CHAIR ROGERS: Any objections?

12 [No response.]

13 X. ADJOURNMENT

14 VICE-CHAIR ROGERS: Do we have a  
15 motion to adjourn?

16 MR. SINGLETON: So moved.

17 MR. BRADFORD: Second.

18 VICE-CHAIR ROGERS: This meeting is

19 adjourned.

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1 REPORTER'S PAGE

2

3 I, SHELLEY PAROLA, Certified Shorthand

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

5 officer before whom this sworn testimony was

6 taken, do hereby state:

7 That due to the spontaneous discourse of this

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

9 used to indicate pauses, changes in thought,

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

11 for a Court Reporter's transcription of a

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

13 that words or phrases have been left out of this

14 transcript;

15 That any words and/or names which could not

16 be verified through reference materials have been

17 denoted with the word "(phonetic)."

18

19

20

21



22

23

24 SHELLEY PAROLA

Certified Court Reporter #96001

25 Registered Professional Reporter

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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 given under

7 oath in the preceding matter on March 15, 2012, as

8 taken by me in Stenographic machine shorthand,

9 complemented with magnetic tape recording, and

10 thereafter reduced to transcript, to the best of

11 my ability 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 2nd day of

20 April, 2012.

21

22

23

\_\_\_\_\_  
SHELLEY G. PAROLA, CCR, RPR

CERTIFICATE NO. 96001

24