

1:1 LOUISIANA GAMING CONTROL BOARD

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4 BOARD OF DIRECTORS' MEETING

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9 Thursday, March 17, 2011

10 Natchez Room - Galvez Building

11 602 North Fifth Street

12 Baton Rouge, Louisiana

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16 TIME: 10:00 A.M.

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1 APPEARANCES:

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3 DANE K. MORGAN

4 Chairman

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6 VELMA ROGERS

7 Vice-Chairman

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9 AYRES BRADFORD

10 Board Member

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12 ROBERT JONES

13 Board Member

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15 MARK STIPE

16 Board Member

17

18 JAMES SINGLETON

19 Board Member

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21 DENISE NOONAN

22 Board Member

23

24 ELLIS BLOUNT

25 Board Member

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1 APPEARANCES CONTINUED:

2

3 MAJOR MARK NOEL

4 Ex-Officio Board Member

5

6 LANA TRAMONTE

7 Executive Assistant to the Chairman

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9 REPORTED BY:

10 SHELLEY G. PAROLA, CSR, RPR

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1 I. CALL TO ORDER

2 CHAIRMAN MORGAN: Morning. Come to
3 order. Call the roll.

4 THE CLERK: Chairman Morgan?

5 CHAIRMAN MORGAN: Here.

6 THE CLERK: Miss Rogers?

7 MS. ROGERS: Here.

8 THE CLERK: Mr. Bradford?

9 MR. BRADFORD: Here.

10 THE CLERK: Mr. Jones?

11 MR. JONES: Here.

12 THE CLERK: Mr. Stipe?

13 MR. STIPE: Here.

14 THE CLERK: Mr. Singleton?

15 MR. SINGLETON: Here.

16 THE CLERK: Miss Noonan? [No
17 response.] Mr. Blount?

18 MR. BLOUNT: Here.

19 THE CLERK: Colonel Edmonson?

20 MAJOR NOEL: Major Noel for Colonel
21 Edmonson.

22 THE CLERK: Secretary Bridges? [No
23 response.]

24 II. COMMENTS FROM THE CHAIR

25 CHAIRMAN MORGAN: We have a quorum.

7

1 I'd just like to thank the Public
2 Service Commission for allowing us to
3 use the room, and we're probably going
4 to be here for the next two months --
5 three months until maybe June, so to
6 make you aware of that.

7 We'd also like, as you might have
8 recognized, Mr. Juneau is no longer on
9 the board. He resigned for personal
10 reasons, but I wanted to publicly thank
11 him for his service to the State and to
12 the Board and wish him all the best.

13 III. APPROVAL OF THE MINUTES

14 CHAIRMAN MORGAN: Item III, Approval
15 of the Minutes. Are there any public
16 comment on the minutes? Hearing none,
17 members, you have minutes before you

18 from the February 9th meeting and the
19 February 17th meeting. Are there any
20 questions? Hearing none, is there a
21 motion to waive formal reading and
22 approval of the 9th and 17th minutes?

23 MS. ROGERS: I move.

24 CHAIRMAN MORGAN: Moved by Miss
25 Rogers --

8

1 MR. SINGLETON: Move.

2 CHAIRMAN MORGAN: -- seconded by Mr.
3 Singleton. Is there any objection?
4 Hearing none, those are approved.

5 IV. REVENUE REPORTS

6 CHAIRMAN MORGAN: Revenue reports.

7 MS. JACKSON: Good morning, Mr.

8 Chairman, Board Members. My name is
9 Donna Jackson with the Louisiana State
10 Police Gaming Audit Section.

11 The riverboat revenue report for
12 February 2011 is shown on page one of
13 your handout. During February, the 13
14 operating riverboats generated Adjusted
15 Gross Receipts of \$138,399,920, up \$5.5
16 million or four percent from last month,
17 but down \$6.6 million or 4.6 percent
18 from last February.

19 Adjusted Gross Receipts for fiscal
20 year 2010-2011 to date are

21 \$1,086,000,000, a slight decrease of
22 \$1.6 million from fiscal year 2009-2010.

23 During February, the State collected
24 fees totaling \$29,755,983. As of
25 February 28th, 2011, the State has

9

1 collected approximately \$234 million in
2 fees for fiscal year 2010-2011.

3 Next is a summary of the
4 February 2011 gaming activity for
5 Harrah's New Orleans found on page
6 three. During February, Harrah's
7 generated \$28,048,215 in gross gaming
8 revenue, up \$1.7 million or 6 percent
9 from last month, but down \$1 million or
10 four percent from last February. Fiscal
11 year-to-date gaming revenues for
12 2010-2011 are \$230 million, up
13 \$1.2 million or 1 percent from fiscal
14 year 2009-2010.

15 During February, the State received
16 \$4.6 million in minimum daily payments.
17 As of February 28th, 2011, the State has
18 collected almost \$40 million in fees for
19 fiscal year 2010-2011.

20 Slots at the Racetracks revenues are
21 shown on page four. During February,
22 the four racetrack facilities combined
23 generated Adjusted Gross Receipts of

24 \$33,013,352, an increase of \$1 million
25 or three percent from last month, but a
10
1 decrease of \$1.5 million or four percent
2 from last February.

3 Adjusted Gross Receipts for fiscal
4 year 2010-2011 to date are \$254 million,
5 a minimal decrease from fiscal year
6 2009-2010.

7 During February, the State collected
8 fees totaling \$5 million. As of
9 February 28th, 2011, the State has
10 collected over \$38 million in fees for
11 fiscal year 2010-2011.

12 Overall, riverboats, landbased and
13 Slots at the Racetracks generated
14 \$199 million, which is \$9 million or
15 4 percent less than last February.

16 Are there any questions before I
17 present the Harrah's employees
18 information?

19 CHAIRMAN MORGAN: Any questions?

20 MS. JACKSON: Once again, I've
21 included a spreadsheet for the employee
22 numbers in the chart folders. Harrah's
23 New Orleans is required to maintain at
24 least 2,400 employees in a bi-weekly
25 payroll of \$1,750,835. This report

1 covers the two pay periods in
2 February 2011.

3 For the first pay period, the audit
4 section verified 2,427 employees with a
5 payroll of \$2,069,000. For the second
6 pay period, the audit section verified
7 2,437 employees with a payroll of
8 \$2,051,000. Therefore, Harrah's met the
9 employee criteria during February.

10 CHAIRMAN MORGAN: Can you elaborate
11 on the on-call status?

12 MS. JACKSON: Jeff Traylor would be
13 a better person to address that.

14 CHAIRMAN MORGAN: I had a question
15 about are they counted or not?

16 MR. TRAYLOR: Jeff Traylor, Audit
17 Director for State Police.

18 CHAIRMAN MORGAN: On the numbers,
19 are the on-call personnel counted?

20 MR. TRAYLOR: Yes. The ones who are
21 working during the pay period or that
22 have worked recently, not anybody who
23 hasn't shown up for work or been at work
24 for months at a time.

25 CHAIRMAN MORGAN: So they actually

12

1 have to --

2 MR. TRAYLOR: They have to be at
3 work, yeah.

4 CHAIRMAN MORGAN: Any questions?

5 Okay, thank you. Video gaming.

6 MR. BOSSIER: Good morning, Chairman

7 Morgan and Board Members. My name is

8 Jim Bossier with the Louisiana State

9 Police Gaming Audit Section. I'm

10 reporting video gaming information for

11 February 2011 as shown page one of your

12 handout.

13 During February 2011, 26 new

14 licenses were issued: 14 bars, 11

15 restaurants and 1 device owner.

16 Twenty-four new applications were

17 received during February and are

18 currently pending in the field: 14

19 bars, 9 restaurants and 1 truckstop.

20 During February 2011, the Gaming

21 Enforcement Division assessed \$25,012

22 and collected \$20,712 in penalties.

23 There are currently \$9,000 in

24 outstanding fines. Please refer to page

25 two of your handout.

13

1 There are presently 14,871 video

2 gaming devices activated at 2,193

3 locations. Net device revenue for

4 February 2011 was \$55,994,723, a

5 \$5.9 million increase, or 11.8 percent

6 when compared to net device revenue for

7 January 2011, and a \$102,000 increase or
8 two-tenths of one percent when compared
9 to February 2010.

10 Net device revenue for fiscal year
11 2010-2011 to date is \$405,698,841, a
12 \$5.7 million increase, or 1.4 percent
13 when compared to net device revenue for
14 fiscal year 2009-2010. Please refer to
15 page three of your hand -- excuse me,
16 page three of your handout shows a
17 comparison of net device revenue.

18 Total franchise fees collected for
19 February 2011 were \$16,725,954, a \$1.8
20 million increase when compared to
21 January 2011, and a \$6,000 increase when
22 compared to February 2010.

23 Total franchise fees collected for
24 fiscal year 2010-2011 to date are
25 \$120,772,793, a 1.6 million, or

14

1 1.3 percent increase when compared to
2 last year's franchise fees. Page four
3 of your handout shows a comparison of
4 franchise fees. Does anybody have any
5 questions?

6 CHAIRMAN MORGAN: Any questions?

7 V. CONSIDERATION OF CONTRACTS WITH HEARING

8 OFFICERS AND COURT REPORTER

9 CHAIRMAN MORGAN: We're at Item V,

10 Consideration of Contract for Hearing
11 Officers and Court Reporter. Members,
12 annually we're required to -- the Board
13 to approve the contracts for both of our
14 hearing officers. The only notable
15 difference is there's been a decrease in
16 the total amount per contract, \$5,000.
17 This was instituted mainly for the
18 reason they didn't expend all the money
19 in the previous years for the contracts,
20 but also it allowed more flexibility
21 with the budget for me to make with
22 other shortfalls in other categories.

23 We also added a standards of
24 conduct. It kind of mirrors what's
25 required of our employees and also of

15

1 the board members. That was not covered
2 in the previous contract. We have two
3 of those, and then also we have a
4 contract for court reporting services.
5 The aggregate amount stays -- remained
6 the same; however, the individual cost
7 per page went up slightly and for the
8 appearance mainly because we are
9 under -- significantly under what other
10 state agencies were paying, and we were
11 just trying to come into conformance
12 with what the contracts were for other

13 state agencies.

14 Are there any questions on the
15 contracts? We would need a motion to
16 authorize the Chairman to execute the
17 contracts for the hearing officer and
18 the court reporter.

19 COURT REPORTER: You're going to
20 have to pull your mike up, because I
21 heard what you're saying, but now
22 they're doing the floors.

23 CHAIRMAN MORGAN: Do you need me to
24 say it again?

25 COURT REPORTER: No, I got that

16

1 part.

2 CHAIRMAN MORGAN: Moved by Mr.
3 Stipe, seconded by Mr. Bradford. Is
4 there any questions? Is there any
5 public comment? Any objection? Hearing
6 none, that's approved. Thank you.

7 VI. COMPLIANCE REPORTS

8 CHAIRMAN MORGAN: Item VI,
9 Compliance Reports.

10 MS. BROWN: Good morning.

11 CHAIRMAN MORGAN: I'd ask anyone to
12 step out and ask them not to vacuum.
13 Can somebody from State Police step out
14 and convince them not to vacuum.

15 MS. BROWN: Chairman Morgan, Board

16 Members, I'm Assistant Attorney General
17 Mesa Brown. I'll be presenting the
18 staff report on riverboat casino and
19 racetrack licensees' compliance with
20 employment and procurement conditions
21 for the fourth quarter of 2010. The
22 fourth quarter reports are taken from
23 figures reported by 13 of the 15
24 operating riverboats to the Louisiana
25 Gaming Control Board.

17

1 In the fourth quarter of 2010,
2 approximately 11,547 people were
3 employed by the riverboat industry. Of
4 that number, 11,352 were Louisiana
5 residents --

6 (Whereby Ms. Noonan entered the board meeting.)

7 MS. BROWN: -- 6,988 were minorities
8 and 6,507 [inaudible] were women.

9 I'll begin by saying that one
10 licensee, Sam's Town Hotel & Casino
11 achieved total compliance.

12 Next I'll move on to total
13 employment. All licensees either met or
14 exceeded their voluntary conditions of
15 total employment with the exception of
16 five casinos: Diamond Jacks achieved
17 698 out of a goal of 770; Amelia Belle
18 achieved 334 out of 400; Isle of Capri

19 Grand Palais achieved 383 out of a goal
20 of 520; Boomtown Bossier achieved 654
21 out of a goal of 775; and Eldorado
22 achieved 1,258 out of a goal of 1,500.

23 In the subcategories under the main
24 category of employment, all licensees
25 either met or exceeded their goal with

18

1 the exception of one casino. Hollywood
2 Casino fell short of its female goal by
3 achieving 48.6 percent out of a goal of
4 51.86 percent.

5 Next I'll address procurement. The
6 licensees are grouped according to three
7 subcategories which appear in your
8 report: They are Louisiana procurement,
9 minority and female procurement.

10 Louisiana procurement, ten licensees did
11 not achieve compliance with their
12 voluntary conditions. They are Diamond
13 Jacks Casino & Resort who achieved 48.6
14 out of 75; Horseshoe Casino and Hotel
15 achieved 38.6 out of 75; Boomtown Casino
16 West Bank achieved 77.5 out of 80; Belle
17 of Baton Rouge achieved 73.5 out of 75;
18 Treasure Chest, 74 out of 75; Hollywood
19 Casino, 62.3 out of 80; Grand Palais
20 Isle of Capri, 76.1 out of 90; Boomtown
21 Bossier City, 63.9 out of 80; Eldorado

22 Resort, 53.3 out of 60; and L'Auberge du
23 lac Hotel & Casino, 71.1 out of 80.

24 In regards to minority procurement,
25 four licensees did not achieve

19

1 compliance with their voluntary
2 conditions, and they are Horseshoe
3 Casino and Hotel, who achieved 10.9 out
4 of 35; Hollywood Casino, 9.6 out of 10;
5 Amelia Belle, 3.8 out of 30; Isle of
6 Capri Casino St. Charles, 3.6 out of 10
7 percent.

8 With regards to female procurement,
9 one licensee did not reach the goals.

10 This licensee is Isle of Capri Casino
11 Grand Palais, who achieved 2.2 out of
12 8 percent.

13 Are there any questions?

14 CHAIRMAN MORGAN: I'll entertain
15 questions, but I'd like to brief the
16 board on what we have done -- the board
17 staff and also the Attorney General's
18 Office, with regard to, first,
19 employment. We have met with Mr. Duty
20 and with several of the licensees. They
21 are preparing -- some of the licensees,
22 I know two in particular, have prepared
23 data for us that would illustrate the
24 downturn in their income and in their

25 volume of their business, and I asked

20

1 them to put that in a form of a petition
2 that the board will entertain in the
3 future. I anticipate at least two of
4 them to be before the board -- two
5 licensees before the board next board
6 meeting, and it would be up to the board
7 then to modify the conditions of the
8 license. But what I've seen thus far,
9 it makes sense to do that because of the
10 current economic situation. So with
11 regard to employment, that's been
12 addressed.

13 With regard to procurement, we have
14 an item on the agenda today for
15 rulemaking with regard to Louisiana
16 procurement. That will, I think, assist
17 both the State of Louisiana and the
18 licensees in meeting their goal. But
19 there are some areas that we are going
20 to look at and have before the board. I
21 had mentioned earlier it would be this
22 meeting, but we ran out of time. And we
23 have some more research to do, but it
24 will be mainly driven by geographical
25 area as to stating these goals, because

21

1 if you notice that, in particular, in

2 Shreveport and some of the other areas
3 there, they're varied by licensee as to
4 what their stated goal is.

5 And they're running into difficulty,
6 in particular with the minority
7 procurement and women procurement --
8 well, women procurement actually did
9 very well, minority procurement and
10 Louisiana procurement in certain
11 geographic areas the State. So we'll
12 try to get those more on line, and then
13 the licensees will be able to petition
14 the board to modify those voluntary
15 conditions and goals.

16 Are there any questions with regard
17 to what's been reported on riverboat?
18 Okay.

19 MS. BROWN: I'll now present the
20 staff report on racetrack casino
21 licensees' compliance with statutory
22 employment and procurement conditions
23 for the fourth quarter of 2010. The
24 fourth quarter reports are taken from
25 figures reported by the four racetracks

22

1 to the Louisiana State Police.

2 In the fourth quarter of 2010,
3 approximately 1,855 people were employed
4 by the industry. Of that number, 1,631

5 were Louisiana residents, 948 were
6 minorities and 1,074 were women. All
7 licensees achieved total compliance with
8 the exception of Delta Downs, and Delta
9 Downs fell short of achieving its
10 Louisiana employment goal of 80 percent
11 by achieving 71.6. Are there any
12 questions?

13 CHAIRMAN MORGAN: Any questions?

14 [No response.] Okay, thank you.

15 VII. CASINO GAMING ISSUES

16 A. Consideration of request by L'Auberge du
17 Lac, No. R011001707, for approval of
18 gaming space reconfiguration

19 CHAIRMAN MORGAN: Item VII,
20 Consideration of request by L'Auberge du
21 Lac for approval of the gaming space
22 reconfiguration. Sergeant.

23 SERGEANT WATTS: Morning, Mr.
24 Chairman, Members of the Board. I'm
25 Sergeant Jeff Watts with the Louisiana

23

1 State Police Gaming Enforcement
2 Division.

3 L'Auberge du Lac Casino is
4 requesting a change to their designated
5 gaming area. This was one mentioned
6 earlier, that this was going to be a
7 pretty large reconfiguration which they

8 did. They've basically reconfigured the
9 main deck.

10 With those changes in mind, it was
11 only a net increase of 39 slot machines
12 from 1,577 to 1,616. There were no
13 changes to the number of table games.
14 They currently had 72 games -- table
15 games.

16 With the overall changes of
17 designated gaming area, it will increase
18 from 24,782 square feet to 27,027 square
19 feet, resulting in an increase of 2,245
20 square feet. Mr. Weisblog of Lay,
21 Pitman, Incorporated, prepared the floor
22 plans. Mr. John Fransic of ABS
23 Consulting approved the changes, and the
24 Division reviewed the proposed floor
25 changes and agrees and concurs with

24

1 Mr. Weisblog and ABS. I'll answer any
2 questions.

3 CHAIRMAN MORGAN: Are there any
4 questions? Anyone like to comment?
5 Hearing none, I'll entertain a motion to
6 approve the gaming space
7 reconfiguration.

8 MS. ROGERS: I'll move.

9 CHAIRMAN MORGAN: Motion to approve
10 by Miss Rogers --

11 MR. BRADFORD: Second.

12 CHAIRMAN MORGAN: -- seconded by
13 Mr. Bradford. Any objection? Hearing
14 none, that's approved.

15 SERGEANT WATTS: Thank you, sir.

16 B. Consideration of request by Isle of Capri
17 Casinos, Inc., for approval of \$825
18 Million Senior Secured Credit Facility

19 CHAIRMAN MORGAN: Item B,
20 consideration of the request by Isle of
21 Capri Casinos, Incorporated, for
22 approval of \$825 Million Senior Secured
23 Credit Facility. Morning.

24 MS. FICKLIN: Good Morning, Mr.
25 Chairman, Board Members. I'm Evie

25

1 Ficklin, an auditor in State Police
2 Gaming.

3 Isle of Capri is requesting the
4 Board's approval of its \$825 million
5 amended and restated credit agreement.
6 Isle's existing credit agreement is
7 \$1.25 billion; although, Isle's
8 negotiation with certain of its lenders
9 is still ongoing, Isle's statement is
10 that the proposed revolver will be
11 between 300 and \$325 million and its
12 term loan between 500 and \$525 million,
13 with a total amount of facilities not to

14 exceed \$825 million.

15 The revolver will have a five-year
16 maturity and the term loan six years.
17 Isle's existing revolver and term loan
18 under its current credit agreement
19 expiring in 2011 and 2013 respectively.
20 Isle's proposed amended and restated
21 credit agreement is one of three
22 transactions that the company is using
23 to enhance its capital structure and to
24 create a balanced maturity schedule.

25 On January 25th, 2011, Isle issued

26

1 5.3 million common shares and received
2 approximately \$51.7 million in net
3 proceeds from the issuance. The company
4 used the proceeds from the offering to
5 pay down its revolver. This transaction
6 didn't require Board's approval.

7 On March 7th, 2011, Isle issued
8 300 million and 7.75 percent senior
9 unsecured notes in private placement,
10 using the net proceeds from this
11 issuance to pay down its existing term
12 loan. The company's new 7.75 percent
13 notes mature in 2019. Isle will use the
14 borrowings under its amended and
15 restated credit agreement to pay off the
16 amounts remaining under its existing

17 revolver and existing term loan.

18 The company has received a
19 commitment letter for a portion of the
20 revolver from Wells Fargo Bank, Credit
21 Suisse Kingdom and Deutsche Bank. The
22 commitment letter expires April 30th,
23 2011.

24 Wells Fargo's affiliate, Wells
25 Fargo's Securities, LLC, services the

27

1 primary bookrunner and primary joint
2 lead arranger. Wells Fargo bank serves
3 as self-administrative agent, and Credit
4 Suisse and Deutsche Bank affiliates
5 serve as joint lead arrangers and joint
6 bookrunners.

7 If Isle receives the Board's
8 approval, it tentatively plans to close
9 on its amended and restated credit
10 agreement March 23rd, 2011. As shown on
11 the projected free cash flow schedule on
12 page 19, Isle projects sufficient cash
13 flows to service its debt. Isle's
14 projected long-term debt is shown on
15 page 20.

16 No financial issues came to our
17 attention to preclude the Board's
18 approval of Isle's amended and restated
19 credit agreement; however, the financial

20 position of any company is always
21 subject to adverse changes and
22 conditions which can't be predicted.

23 Does the Board have any questions?

24 MR. JONES: Yeah, I'm just curious:
25 We don't have to approve the stock or

28

1 unsecured bond, but the secured bond we
2 do have to approve, I presume, because
3 they're secured with Louisiana property?

4 MS. FICKLIN: The secured bonds in
5 this instance don't have to be approved
6 either. They're issued in a private
7 placement, which is regulated by the
8 SEC, so they're exempt from board
9 approval. They do notify us, though,
10 that they're going to be doing it. We
11 reviewed the documentation, and then in
12 a short order, they're going to issue a
13 registration statement at which point
14 the funds become public.

15 MR. JONES: So we don't have to
16 approve it. This is just for the --

17 MS. FICKLIN: Just for the credit
18 facility only, the \$825 million credit
19 facility.

20 MR. JONES: Oh.

21 MS. FICKLIN: I'm sorry. I should
22 have been more --

23 MR. JONES: Is somebody from Isle
24 here?

25 MS. FICKLIN: Yes, sir.

29

1 MR. JONES: Yeah, I just have a
2 question.

3 CHAIRMAN MORGAN: Introduce
4 yourself.

5 MR. FREEZE: Michael Freeze with the
6 Isle of Capri.

7 MS. BOLES: Janet Boles, Attorney
8 for the Isle.

9 MR. JONES: The question I have
10 is -- I've never seen this before. The
11 \$300 million senior note deal is a
12 \$2,000 denomination. I've never seen
13 one that's \$2,000. It's either ones or
14 fives. I'm just curious as to how that
15 came about, the \$2,000 denominations.

16 MS. BOLES: I can't -- I am unable
17 to answer that question, but I can get
18 the answer.

19 MR. JONES: It's just curiosity. I
20 mean, if somebody wanted to borrow
21 \$45,000 worth of -- well, they can't --

22 MS. BOLES: Our CFO could not be
23 here today, Dale, but I'll get that
24 answer to you toward the end of the day.

25 MR. JONES: It's just a sheer

1 curiosity question.

2 MS. BOLES: I apologize for not
3 knowing the answer.

4 MR. STIPE: I think they're twice as
5 good as the thousand dollars.

6 MR. BRADFORD: The \$1.25 billion
7 credit facility goes away?

8 MS. BOLES: It's paid down, yes.

9 MR. BRADFORD: Right.

10 MR. FREEZE: Replaced by the new
11 facility.

12 CHAIRMAN MORGAN: Mr. Stipe.

13 MR. STIPE: And in terms of capital
14 expenditures, I'm told that you-all
15 received -- your organization received
16 the gaming license in the State of
17 Missouri; is that right?

18 MR. FREEZE: We were prioritized for
19 the 13th license, that is correct, in
20 December, and we are in the process of
21 construction of that. And we will not
22 actually receive a license until it's
23 ready to open.

24 MR. STIPE: And in reshaping your
25 capital structure, is that -- does the

1 capital expenditures for that particular
2 facility, is that part of why you're

3 doing that -- why we're doing this?

4 MR. FREEZE: We were fully capable
5 of doing that project without doing this
6 refinance. The credit markets are so
7 good, we took advantage of that at this
8 time. We had maturities coming due in
9 2012, and this allows us -- this gives
10 us a great deal of flexibility.

11 MR. STIPE: That's all I have.
12 Thank you.

13 CHAIRMAN MORGAN: Miss Boles, you
14 know what I want to say. With this new
15 credit you have abundance of money to
16 invest in Louisiana now.

17 MS. BOLES: We hope so. As our
18 president told you, we've got the
19 shovels ready. We just need to make
20 sure that everything gets in place.

21 CHAIRMAN MORGAN: You know, when --
22 a good opportunity.

23 MS. BOLES: I didn't expect it.

24 CHAIRMAN MORGAN: Any other
25 questions?

32

1 MR. JONES: Just a comment. These
2 are awfully good terms. My God, it's
3 amazing when you look back two years ago
4 or one year ago. You got -- you've got
5 a good deal on this.

6 MS. BOLES: We feel very fortunate.

7 MR. JONES: And number two, I have
8 to abstain because Wells Fargo is
9 involved in this deal, so I work for
10 them.

11 CHAIRMAN MORGAN: I'd also before --
12 State Police really went above and
13 beyond getting this done for y'all in a
14 timely matter.

15 MS. BOLES: And we thanked them
16 profusely, but we would like to publicly
17 thank them because the closing date was
18 so quickly -- so quick and we didn't
19 want to lose any commitments that we
20 had, and they worked overtime to make it
21 possible for it to come before you
22 today. And we really appreciate that.

23 MR. FREEZE: Thank you.

24 CHAIRMAN MORGAN: We really
25 appreciate that. Any others questions?

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1 We have a motion by Mr. Bradford to
2 approve the \$825 million senior secured
3 credit facility. Second?

4 MR. STIPE: Second.

5 CHAIRMAN MORGAN: Seconded by Mr.
6 Stipe. Is there any objection? Hearing
7 none, it's approved. Thank you.

8 MS. BOLES: Thank you.

9 VIII. RULEMAKING

10 A. Consideration of the Institution of
11 Rulemaking Procedures for the Adoption
12 of Amendments to LAC 42:XIII.1701
13 (Definitions - Louisiana Business,
14 Louisiana Company or Louisiana
15 Corporation)

16 CHAIRMAN MORGAN: Item VIII is
17 rulemaking: Consideration of
18 Institution of Rulemaking Procedures for
19 the adoption of the amendments to
20 Louisiana Administrative Code
21 42.XIII.1701 (Definitions - Louisiana
22 Business, Louisiana Company or Louisiana
23 Corporation.

24 Members, I know you've just received
25 this. If you want to have a minute to

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1 review it, we'll afford you that while
2 the Attorney General introduces the
3 rule.

4 MR. GAUTREAUX: Leonce Gautreaux,
5 Assistant Attorney General, here with
6 Jonathan Wagner who handles all of our
7 rulemaking. I just wanted to give you a
8 brief explanation of what this rule is.

9 Currently, there is a definition in
10 the riverboat rules for Louisiana
11 businesses, Louisiana companies,

12 Louisiana corporations. What this does
13 is amend that current definition and add
14 some additional factors.

15 As the Chairman explained earlier,
16 this is in part of our ultimate goal and
17 another step into genializing the
18 definitions of Louisiana procurement and
19 also the reporting requirements that all
20 the licenses have to comply with. One
21 of the amendments to the definition of
22 Louisiana business will include
23 businesses and firms that are authorized
24 to do business in Louisiana, qualified
25 with the Secretary of State, have a

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1 physical presence here and employ
2 residents here who control and operate
3 the business; meaning, the employees
4 have to have some sort of management and
5 some sort of operating function in that
6 business you're doing here in Louisiana.

7 The other thing it does is to -- the
8 first part of the definition has a
9 domicile requirement for Louisiana
10 company. We thought we needed to
11 clarify that somewhat and make sure that
12 that domicile requirement includes both
13 legal or paper domicile where
14 incorporated and commercial domicile,

15 where you're actually doing business.
16 So it would have to include both
17 elements of that. That's in an effort
18 to prevent, sort of, the pass-through
19 company that just may be incorporated in
20 Louisiana but everything else is
21 happening in Texas or somewhere else,
22 and they're calling themselves Louisiana
23 domiciliary. But you can't just have
24 paper domicile here. You actually have
25 to be conducting some business in

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1 Louisiana.

2 Again, this is just to further
3 develop and clarify the guidelines for
4 the licensees in determining what is the
5 definition of Louisiana businesses or
6 Louisiana firm for the purposes of
7 calculating. And just to point out,
8 that this stage of the process, this
9 would just be an initiation of the
10 rulemaking process. As Johnathan can
11 probably explain to you in more detail,
12 there is a comment period, and it's --

13 MR. WAGNER: Six months.

14 MR. GAUTREAUX: -- a six-month total
15 process. So there would be an
16 opportunity for the public to comment on
17 the rule and present comments to the

18 Board at some point.

19 CHAIRMAN MORGAN: And, again, I'd
20 like to thank Mr. Gautreaux and
21 Mr. Smith. They worked on this rule, in
22 particular, to get it available and in a
23 manner and format for us to consider
24 today, so I appreciate that. Okay. Are
25 there any questions? Any questions by

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1 board members? Is there any public
2 comment with regard to institution of
3 the rulemaking? I'm not hearing any.

4 MR. BRADFORD: Is there a vote?

5 CHAIRMAN MORGAN: We'd need to have
6 a motion to institute rulemaking
7 procedures.

8 MR. BRADFORD: To oversimplify for
9 my requirement: In the generic sense,
10 this is to help many of our casinos have
11 a little bit easier time getting into
12 compliance on procurement?

13 MR. GAUTREAUX: To do that and to
14 better define what entities would
15 qualify as far as what they have to
16 report as far as compliance with
17 Louisiana procurement, because they do a
18 due diligence on vendors and have to
19 make a determination of whether they
20 meet those Louisiana definition or not

21 as far as counting for procurement. So
22 this --

23 MR. BRADFORD: This is kind of one
24 step in the process, and another step,
25 maybe at some point in time everybody

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1 getting together and talking about some
2 of these voluntary conditions and
3 procurement goals and seeing about
4 those, how those need to be adjusted
5 also?

6 MR. GAUTREAU: Correct. And as the
7 Chairman pointed out, we're meeting and
8 hopefully trying to get geographic
9 consistency, and that will all be part
10 of the process, too.

11 MS. ROGERS: Reduction in numbers?

12 MR. GAUTREAU: That will be up to
13 the licensees to request for a petition.

14 CHAIRMAN MORGAN: I think this would
15 give some relief, but it also, in my
16 opinion, follows the intent of the
17 original legislation, which was to
18 provide betterment for Louisianians in
19 particular who worked and for the
20 suppliers and folks. And although it --
21 to me it allows the casinos to get a
22 better product for a better cost, but
23 also it helps the Louisiana companies

24 and also companies that might not be a
25 Louisiana company but employ -- I think

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1 one of them employs over 400 people and
2 has trucks and distributorships here, et
3 cetera. Certainly that is beneficial to
4 the citizens of Louisiana.

5 So that's the whole point behind it.

6 MR. STIPE: And so really you would
7 have -- if I understand the underscores,
8 you would have a Louisiana company would
9 be a company that's owned here,
10 domiciled here, registered here
11 and/or -- or would be a company that
12 is -- that has physical operations here,
13 has facilities here and has employees
14 that are reported as employees to the
15 Louisiana Department of Revenue and all
16 of our agencies in terms of being
17 employed by a company in Louisiana.

18 MR. GAUTREAUX: Correct. It could
19 be both or either.

20 CHAIRMAN MORGAN: And that are
21 controlled.

22 MR. GAUTREAUX: And controlled, and
23 I think that's an important thing, that
24 they actually maintain control in
25 Louisiana and have people in Louisiana

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1 running the operations here.

2 CHAIRMAN MORGAN: Any other
3 questions?

4 MR. SINGLETON: I have one.

5 CHAIRMAN MORGAN: Mr. Singleton.

6 MR. SINGLETON: How does this affect
7 or will it affect -- I've got some
8 complaints lately about people in the
9 casino industry going on the national
10 basis in terms of procurement. What's
11 being done if they got casinos all over
12 the United States, and they go through
13 one major company and then they bring
14 those products to Louisiana? How would
15 this affect that?

16 MR. GAUTREAUX: Again, this would
17 not preclude them from doing business
18 with whoever they want to, but that
19 depending on what that -- the makeup of
20 that company, it may not qualify under
21 the definition, either the old one or
22 the new one if they don't have Louisiana
23 company or a Louisiana presence. So it
24 would depend on the facts of the
25 particular case whether it qualifies in

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1 the definition or not.

2 CHAIRMAN MORGAN: Nothing further?

3 Mr. Bradford moves to -- makes a motion

4 to institute rulemaking procedures for
5 the adoption of amendment to LAC
6 42.XIII.2701, seconded by Mr. Jones. Is
7 there any objection? Hearing no
8 objection, it's approved. Thank you.

9 IX. PROPOSED SETTLEMENTS

10 1. In Re: LOSCO, Incorporated - No.
11 PO81700934

12 CHAIRMAN MORGAN: We're at proposed
13 settlements. Before we start, are there
14 any public comment on any of the
15 settlements? Hearing none, thank you.

16 MS. WIMBERLY: Good morning,
17 Chairman Morgan, Members of the Board.
18 I'm Assistant Attorney General Ashley
19 Wimberly appearing on behalf of State
20 Police in the proposed settlement matter
21 of LOSCO, Incorporated, permit number
22 081700934.

23 LOSCO, Incorporated, has failed to
24 timely submit their annual affidavit and
25 permit fee on December 19th, 2010. This

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1 was in violation of Louisiana Revised
2 Statute 27:29(i) and Louisiana Revised
3 Statute 27:29.3(f).

4 On February 7th, 2011, the
5 permittee was able to submit their
6 annual affidavit and permit fee to the

7 Division. LOSCO is interested in
8 settling this matter and agrees to pay a
9 civil penalty in the amount of \$562.50
10 for the aforementioned violation. The
11 settlement agreement has been approved
12 by Hearing Officer Reynolds on
13 February 28th, 2011, and on behalf of
14 the Division, I now submit the joint
15 compromise and settlement agreement for
16 your approval.

17 CHAIRMAN MORGAN: Thank you. Do you
18 have any questions? Is there a motion
19 to approve?

20 MS. ROGERS: I move.

21 CHAIRMAN MORGAN: Motion by Miss
22 Rogers to approve the settlement.

23 MR. BRADFORD: Second.

24 CHAIRMAN MORGAN: Seconded by
25 Mr. Bradford. Any objection? Hearing

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1 none, it's approved. Thank you.

2 2. In Re: Grit's Bar, LLC d/b/a Grit's Bar

3 - No. 3601110501

4 MS. HIMEL: Good morning, Chairman
5 and Members of the Board. This matter
6 is the second on the docket. I'm
7 Assistant Attorney General Dawn Himel on
8 behalf of the Office of State Police in
9 the matter of the proposed settlement of

10 Grit's Bar, LLC, doing business as
11 Grit's Bar, license number 3601110501.

12 Grit's Bar, LLC, failed to notify
13 the Division of a change in membership
14 interest which was effectuated during an
15 agreement to sell executed on
16 February 1st, 2006. The Division was
17 not notified of the change until
18 April 20th, 2010, in violation of gaming
19 law.

20 In lieu of administrative action,
21 the licensee has agreed to pay a \$2,000
22 penalty for this violation within 15
23 days of the approval of the settlement
24 by the Board. The settlement agreement
25 was approved by Hearing Officer Reynolds

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1 on February 28th, 2011, and the Division
2 now submits it for your approval.

3 CHAIRMAN MORGAN: Okay. Any
4 questions?

5 MS. ROGERS: That's a long span,
6 '06.

7 MS. HIMEL: Yes, ma'am. We computed
8 a penalty. We did \$500 which is what
9 the fee schedule now shows for failure
10 to timely -- under LAC 42.XI.2417(b)(4),
11 and we did it for 2006 for the failure
12 to notify; \$500 for 2007, 2008, 2009

13 until they did notify.

14 MS. ROGERS: My point not being the
15 money as much as the time.

16 MS. HIMEL: Yes, ma'am.

17 CHAIRMAN MORGAN: Mr. Bradford moves
18 to approve the settlement. Is there a
19 second?

20 MR. BLOUNT: Second.

21 CHAIRMAN MORGAN: Seconded by Mr.
22 Blount. Is there any objection?

23 Hearing none, it's approved.

24 MS. HIMEL: Thank you.

25 3. In Re: A Plus Chemical Sales, Inc. - No.

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1 PO81002823

2 CHAIRMAN MORGAN: Item three.

3 MS. WIMBERLY: Ashley Wimberly again

4 on behalf of the State Police in the

5 proposed settlement matter of A Plus

6 Chemical Sales, permit number

7 PO81002823. A Plus Chemical Sales has

8 failed to timely submit their annual

9 affidavit and permit fee by

10 November 11th, 2010. This was in

11 violation of Louisiana Revised Statute

12 27:29(i) and Louisiana Revised Statute

13 27:293(f).

14 On February 10th, 2011, the

15 permittee submitted its annual affidavit

16 and permit fee to the Division. A Plus
17 Chemical Sales would now like to settle
18 this matter and agrees to pay a civil
19 penalty in the amount of \$562.50. The
20 settlement was approved by Hearing
21 Officer Brown on March 9th, 2011, and on
22 behalf of the Division, I now submit the
23 joint compromise and settlement
24 agreement for your approval.

25 CHAIRMAN MORGAN: Members, any

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1 questions? [No response.] Motion by
2 Mr. Jones to approve seconded by
3 Mr. Bradford. Is there any objection?
4 Hearing none, that's approved.

5 X. PUBLIC COMMENTS

6 CHAIRMAN MORGAN: Public comments?
7 Thank you. Public comments? Going
8 once. Do we have a motion to adjourn?

9 MR. SINGLETON: Move we adjourn.

10 CHAIRMAN MORGAN: Mr. Singleton,
11 seconded by --

12 MR. BRADFORD: Second.

13 CHAIRMAN MORGAN: -- Mr. Bradford.
14 Any objection? We're 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

 48

1 STATE OF LOUISIANA

2 PARISH OF EAST BATON ROUGE

3 I, Shelley G. Parola, Certified Court

4 Reporter and Registered Professional Reporter, do

5 hereby certify that the foregoing is a true and

6 correct transcript of the proceedings in the

7 preceding matter on March 17, 2011, as taken by me

8 in Stenographic machine shorthand, complemented

9 with magnetic tape recording, and thereafter

10 reduced to transcript, to the best of my ability

11 and understanding, using Computer-Aided

12 Transcription.

13 I further certify that I am not an

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

15 am neither related to nor employed by any attorney

16 or counsel connected with this action, and that I

17 have no financial interest in the outcome of this

18 action.

19 Baton Rouge, Louisiana, this 21st day of

20 April, 2011.

21

22

23

SHELLEY G. PAROLA, CCR, RPR

CERTIFICATE NO. 96001

24