

# LOUISIANA GAMING CONTROL BOARD

## Minutes of March 15, 2005

The Louisiana Gaming Control Board held a meeting on Tuesday, March 15, 2005, 10:00 a.m., in Senate Room A of the Louisiana State Capitol. Present at this meeting were: H. Charles Gaudin, Chairman; Judge Robert Fleming, James Boyer, Gen. Sherian Cadoria, William Lastrapes, Marcia Morgan, Rupert Richardson, and Mervin Simoneaux. Absent was board member Dennis Kinchen and ex-officio members, Sec. Cynthia Bridges and Col. Henry Whitehorn.

The meeting was called to order. It was moved by Gen. Cadoria to waive the reading and approve the minutes of the February meeting. That motion was seconded by Ms. Richardson and unanimously approved by the Board.

Ms. Donna Jackson, State Police Gaming Audit Division, presented the revenue reports for the riverboats, landbased casino, and slots at the tracks. She also reported on the employee numbers and salaries for the landbased casino. It was noted that revenue in the Shreveport area continues to decline since the opening of an Indian casino in Oklahoma. Ms. Janice Adolph, also with the Audit Division, reported on the statistics for video poker.

The Board considered a request by Harrah's Entertainment, Inc. for approval of a five billion credit facility and transfer of interest between Harrah's Entertainment, Inc., Harrah's Operating Company and Caesars Entertainment. Mr. Leonce Gautreaux, Asst. Attorney General and Ms. Lonna Willingham, State Police Gaming Audit Division, addressed the Board with reference to this request.

Following discussion, it was moved by Mr. Simoneaux to:

1. Approve Harrah's Entertainment, Inc.'s proposed \$5 billion credit facility;
2. Approve the continuation of Harrah's Entertainment, Inc.'s \$250 million floating rate bonds as a private placement under Rule 144 A of the Securities Act of 1933; and
3. Approve the transfer of shares of Harrah's Entertainment, Inc. made pursuant to the Agreement and Plan of Merger dated July 14, 2004, between Harrah's Entertainment, Inc., Harrah's Operating Company and Caesars Entertainment, Inc.

The motion was seconded by Gen. Cadoria and unanimously approved by the Board.

The Board received an update on PNK (Lake Charles) by Mr. Cliff Kortman, Vice-President of Construction & Development.

Following the update, the Board acted on a request by PNK (Lake Charles) for modification of License Condition 15 (c), i.e., a request for extension of opening deadline, and consideration of petition for Declaratory Ruling regarding Substantial Completion of Approved

Project. It was moved by Mr. Boyer to approve the request and adopt the resolution attached as Appendix A. That motion was seconded by Gen. Cadoria and unanimously approved.

The Board also acted on a petition by PNK (Lake Charles) for approval of Revised Gaming Space. It was moved by Ms. Morgan to approve the petition for revised gaming space. That motion was seconded by Gen. Cadoria and unanimously approved by the Board.

There was a presentation on Addictive Disorders by Mr. Michael Duffy, Asst. Secretary, LA DHH, Office for Addictive Disorders. Following Mr. Duffy's presentation, Ms. Sue McNabb, Asst. Attorney General, addressed the Board concerning compulsive gaming.

The Board acted on the following truckstop applications:

1. **Riverbend Truckstop & Palace Casinos, Inc. d/b/a St. Martin Truckstop & Casino – No. 500514161** – Motion by Mr. Lastrapes to approve the application. That motion was seconded by Gen. Cadoria and unanimously approved by the Board.
2. **Ewings of Livonia, LLC d/b/a La Express 11 Deli – No. 3904514315** – Motion by Ms. Richardson to approve the application. That motion was seconded by Mr. Boyer and unanimously approved by the Board.
3. **Jalou Eunice, L.L.C. d/b/a Cash Magic-Eunice – No. 4900514311** – Motion by Judge Fleming to approve the application. That motion was seconded by Mr. Simoneaux and unanimously approved by the Board.

The Board acted on Proposed Settlements/Appeals from Hearing Officers' Decisions in the following:

1. **In Re: Michael B. Boslin – No. P040004394** – Motion by Judge Fleming to approve the \$250.00 penalty for failure to timely submit a tax clearance. That motion was seconded by Gen. Cadoria and unanimously approved by the Board.
2. **In Re: Harrah's Star Partnership d/b/a Harrah's Star – No. CGD040381** – Motion by Gen. Cadoria to approve the \$9,500.00 penalty for violations regarding tokens and tracking hopper amounts. That motion was seconded by Ms. Richardson and unanimously approved by the Board.
3. **In Re: William Morris – No. P040039178** –
4. **In Re: Victor J. Small – No. P040024769** -  
Numbers 3 and 4 above were handled in globo because they dealt with the same issue. Both licensees were assessed a \$250.00 penalty for failure to timely submit a tax clearance. It was moved by Judge Fleming to approve the penalty for each licensee. That motion was seconded to Ms. Richardson and unanimously approved by the Board.
5. **In Re: Floyd A. Salmon – No. P040007996** –
6. **In Re: Sean Davis – No. P040027409** -

Numbers 5 and 6 six above were also handled in globo because they dealt with the same issue. Both licensees were assessed a \$250.00 penalty for failure to timely submit a tax clearance. It was moved by Mr. Lastrapes to approve the penalty for each licensee. That motion was seconded by Gen. Cadoria and unanimously approved by the Board.

7. **In Re: Limousine Livery, Limited – No. P083602535** – Motion by Mr. Boyer to approve the settlement. That motion was seconded by Mr. Lastrapes and unanimously approved by the Board.
8. **In Re: Grand Palais Riverboat, Inc. d/b/a Isle of Capri Casino – No. CGD040274** – Motion by Gen. Cadoria to approve the \$10,000.00 penalty for unauthorized upgrading and conversion of electronic gaming devices. That motion was seconded by Mr. Boyer and unanimously approved by the Board.
9. **In Re: Briggs Investments, Inc. d/b/a LeCroissant Café – No. 3601200632** - Motion by Ms. Morgan to affirm the decision of the Hearing Officer. That motion was seconded by Ms. Richardson. There was a substitute motion by Mr. Simoneaux to penalize the establishment 12 percent of revenues or suspend them for 47 days. In addition, Mr. Simoneaux suggested the board apologize to the Hearing Officers for putting them in a box in dealing with penalties. That motion was seconded by Chairman Gaudin but failed by a six to one vote. Voting against the motion were: Judge Fleming, Mr. Boyer, Gen. Cadoria, Mr. Lastrapes, Ms. Morgan and Ms. Richardson. Voting for the motion was Mr. Simoneaux. The Chairman abstained from voting. The Board voted on the original motion to affirm the decision of the Hearing Officer. That motion passed by a six to one vote. Voting for the motion were: Judge Fleming, Mr. Boyer, Gen. Cadoria, Mr. Lastrapes, Ms. Morgan and Ms. Richardson. Voting against the motion was Mr. Simoneaux. The Chairman abstained from voting.

There were public comments by Melinda Fayard. Ms. Fayard stated that she believed any tax increase in video poker would be devastating to the industry.

There being no further comments, it was moved by Ms. Richardson to adjourn the meeting. That motion was seconded by Gen. Cadoria and unanimously approved by the Board.

The meeting was adjourned.

**LOUISIANA GAMING CONTROL BOARD  
STATE OF LOUISIANA**

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**IN THE MATTER OF PNK (LAKE CHARLES), LLC**

**AMENDED PETITION FOR DECLARATORY RULING REGARDING  
COMPLETION OF APPROVED PROJECT AND PETITION FOR SECOND  
MODIFICATION OF LICENSE CONDITION 15C**

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**RESOLUTION**

**On the 15<sup>th</sup> day of March, 2005**, the Louisiana Gaming Control Board (“Board”) did, in a duly noticed public meeting, consider the Amended Petition for Declaratory Ruling Regarding Completion of Approved Project and Petition for Second Modification of License Condition 15C filed on behalf of PNK (Lake Charles), LLC (“PNK”), and upon motion duly made and seconded, the Board adopted this Resolution:

1. For good cause shown, **IT IS HEREBY RESOLVED** that Condition 15C of the Statement of Conditions entered into between and among PNK, Pinnacle Entertainment, Inc. and the Board be and it is hereby amended for a second time granting PNK an additional thirty-two (32) days to complete the Approved Project, through and including June 13, 2005.
  
2. **IT IS HEREBY FURTHER RESOLVED** that Condition 9 of the Statement of Conditions entered into between and among PNK, Pinnacle Entertainment, Inc. and the Board be and it is hereby clarified as follows:
  - a. PNK shall submit to the Board, the Office of State Police and the Office of the Attorney General no later than June 13, 2005, a Certificate of Substantial Completion from the architect of the Approved Project, Bergman, Walls & Associates. The Certificate of Substantial Completion shall include a representation by the architect of the Approved Project that all required amenities of the Approved Project are ready for use and occupancy. The required amenities of the Approved Project are set forth in Condition 7 of the Statement of Conditions and are specifically understood to be:
    - i. Four (4) restaurants
    - ii. Minimum of two (2) retail shops

- iii. 521 to 746 room hotel
- iv. Performance showroom
- v. Conference meeting and banquet facility
- vi. Parking garage
- vii. Pool
- viii. Spa
- ix. 18 hole golf course
- x. Riverboat casino

- b. Provided that PNK submits the Certificate of Substantial Completion to the Board, the Office of State Police and the Office of the Attorney General on or before June 13, 2005, PNK shall not be required to submit a petition to the Board requesting a declaration that the Approved Project is substantially complete. The Board shall deem the Approved Project substantially complete upon receipt of the Certificate of Substantial Completion *and* confirmation by the Office of State Police that the Approved Project has, in the opinion of the Office of State Police, been substantially completed. PNK shall be notified in writing that the Board has received confirmation from the Office of State Police that, in the opinion of the Office of State Police, the Approved Project is substantially complete and PNK may open the Approved Project to the public only upon receipt of such notification. Under no circumstances shall PNK commence gaming operations until it has received such notification from the Board.
3. **IT IS HEREBY FURTHER RESOLVED** that duly authorized representatives of PNK shall appear at the May 2005 Board meeting to present a thorough status report to the Board which shall include, but not be limited to, the date of the mock opening, the date of opening to the public and the grand opening date. The status report shall also include information regarding the number of people employed or to be employed at the property, the total cost of construction of the entire property, the total amount paid to Louisiana businesses as part of the construction process and the total amount paid to minority-owned and woman-owned businesses during the construction process.
4. **IT IS HEREBY FURTHER RESOLVED** that the Approved Project remains subject to all applicable pre-opening inspections, investigations and/or approvals by federal and state regulatory and enforcement agencies, including, but not limited to, the United States Coast Guard, the State Fire Marshal, the Louisiana Office of State Police and the Louisiana Gaming Control Board.

THUS DONE AND SIGNED in Baton Rouge, Louisiana on the 15<sup>th</sup> day of  
March, 2005.

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H. CHARLES GAUDIN, CHAIRMAN  
LOUISIANA GAMING CONTROL BOARD

ATTEST:

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ROBERT M. FLEMING, VICE-CHAIRMAN  
LOUISIANA GAMING CONTROL BOARD