

LOUISIANA GAMING CONTROL BOARD

Minutes of April 18, 2005

The Louisiana Gaming Control Board conducted a meeting on Monday, April 18, 2005, 10:00 a.m., at the LaSalle Building. Present at this meeting were: H. Charles Gaudin, Chairman; Judge Robert Fleming, James Boyer, Gen. Sherian Cadoria, Dennis Kinchen, William Lastrapes, Marcia Morgan, Mervin Simoneaux and ex-officio member Col. Henry Whitehorn. Absent was board member Rupert Richardson and ex-officio member Sec. Cynthia Bridges.

The meeting was called to order. It was moved by Gen. Cadoria to approve the minutes and waive the reading of the March meeting. That motion was seconded by Mr. Boyer 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. Ms. Constance Wallace, State Police Gaming Audit Division, reported on the employee numbers and salaries for the landbased casino. Ms. Donna Stevens, also with the Audit Division, reported on the statistics for video poker.

It was moved by Judge Fleming to approve the 2005-2006 contracts with United Court Reporters, Inc. and Kaiser Court Reporting, Inc. and authorize the Chairman to execute the documents. That motion was seconded by Gen. Cadoria and unanimously approved by the Board.

Ms. Alyson McCord, Asst. Attorney General presented compliance reports for calendar years 2002-2004.

The Board acted on the following truckstop applications:

1. **S & A Truck Stop LLC d/b/a Kings Club – No. 0900514329** – Motion by Mr. Boyer to approve the application. That motion was seconded by Mr. Kinchen and unanimously approved by the Board.
2. **190 Truck Stop LLC d/b/a Grand Point Grand Casino – No. 4700513410** – Motion by Mr. Lastrapes to approve the revenue recipients. That motion was seconded by Judge Fleming and unanimously approved by the Board.
3. **I-10 Duson Travel Center, LLC d/b/a Miss Mamie's Casino – No. 0109511122**
4. **UNO Investment Group, Inc. d/b/a L.J.'s Casino – No. 0507510991**

Motion by Ms. Morgan to approve the stock transfers of both truckstops. That motion was seconded by Mr. Lastrapes and unanimously approved by the Board.

The next item dealt with a request by Argosy Casino for approval of a revised floor plan. Mr. Frank Quigley, General Manager and Mr. Richard Williams, Compliance/Risk Manager, addressed the Board of behalf of Argosy Casino.

Following discussion, it was moved by Judge Fleming to approve the revision of the floor plan. That motion was seconded by Mr. Lastrapes and unanimously approved by the Board.

There was a request by Peninsula Gaming Company, LLC (Old Evangeline Downs) for approval of an Amendment to the Warner Loan Agreement. It was moved by Mr. Lastrapes to approve the amendment. That motion was seconded by Mr. Simoneaux and unanimously approved by the Board.

Peninsula Gaming Corporation also requested approval of a Second Amended and Restated Credit Facility. It was moved by Mr. Simoneaux to approve the Credit Facility. That motion was seconded by Mr. Kinchen and approved six to two. Voting against the amendment were Mr. Boyer and Gen. Cadoria.

The Board acted on the application of Churchill Downs Louisiana Horseracing Company, L.L.C. d/b/a Fair Grounds Race Course to conduct slot machine gaming at the eligible facility. Mr. John Campbell, Special Asst. Attorney General, stated that because of the amended and renegotiated Casino Operating Contract between Jazz Casino Corporation and the State of Louisiana, there would be no exclusivity violation if the Board decided to grant Fair Grounds Race Course a license.

Following discussion, it was moved by Mr. Boyer to approve the license application of Churchill Downs Louisiana Horseracing Company, L.L.C. d/b/a Fair Grounds Face Course for slot machine gaming at the eligible facility in New Orleans, subject to the conditions attached as Appendix A. That motion was seconded by Gen. Cadoria and unanimously approved by the Board.

There was a motion by Mr. Boyer to amend the agenda to provide an update concerning the bankruptcy of Hollywood Casino Corporation. That motion was seconded by Mr. Lastrapes and unanimously approved by the Board.

Mr. Paul West, one of the attorney's involved in the bankruptcy, stated to board members that Judge Calloway had ruled to close the bidding process and accept the bid by El Dorado. He also stated that Judge Calloway announced he would probably give a final ruling on the matter by June.

Following the update on Hollywood, Mr. Tom Warner, Asst. Attorney General addressed the Board concerning the institution of rulemaking procedures for the adoption

of amendments to LAC 42:XI.2403, Definitions. Action was deferred on LAC 42:XI.2413, Devices. It was moved by Judge Fleming to institute the rulemaking procedures for the adoption of amendments to LAC 42:XI.2403, Definitions. That motion was seconded by Mr. Boyer and unanimously approved by the Board.

The Board acted on a petition for declaratory ruling by Cajun Chemical & Janitorial Supply, Inc. regarding a non-gaming supplier permit application. It was moved by Judge Fleming to dismiss the petition. That motion was seconded by Mr. Lastrapes and approved five to two. Voting against the motion were Mr. Boyer and Ms. Morgan. Chairman Gaudin abstained from voting.

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

1. **In Re: Lacetha S. Thomas – No. P040028191**
2. **In Re: Rayfield Casey, Jr. – No. P040005588**
3. **In Re: Shannon Cropprue – No. P040038331**
4. **In Re: Wendewossen G. Ambaw – No. P040044585**

The above stated cases were handled in globo because they dealt with the same issue. All four permittees failed to timely submit their annual tax clearances. It was moved by Mr. Lastrapes to approve the \$250.00 penalty for each permittee. That motion was seconded by Gen. Cadoria and unanimously approved by the Board.

5. **In Re: Angela C. Bryant – No. P040017147**
6. **In Re: Ricky A. Guye – No. P040003446**

The above stated cases were also handled in globo because they dealt with the same issue. Both permittees failed to timely submit their annual tax clearances. It was moved by Mr. Simoneaux to approve the \$250.00 penalty for each permittee. That motion was seconded by Gen. Cadoria and unanimously approved by the Board.

7. **In Re: Shani M. Evans – No. P040004710** – Motion by Gen. Cadoria to approve the \$250.00 penalty for failure to timely submit a tax clearance. That motion was seconded by Mr. Kinchen and unanimously approved by the Board.

8. **In Re: McInnis Brothers Construction – No. P086001727** – Motion by Mr. Kinchen to approve the \$500.00 penalty for failure to timely submit a tax clearance. That motion was seconded by Mr. Boyer and unanimously approved by the Board.

9. **In Re: Daiquiri Bay Café, Inc. d/b/a Daiquiri Bay Café – No. 2600207318A** – Motion by Mr. Boyer to approve the \$32,747.72 penalty for failure to meet food sales requirements. That motion was seconded by Gen. Cadoria and approved by Judge Fleming, Mr. Boyer, Gen. Cadoria, Mr. Kinchen, Mr. Lastrapes and Ms. Morgan. Chairman Gaudin and Mr. Simoneaux abstained from voting.

10. **In Re: Mikohn Gaming Corporation – No. CGD040384** – Motion by Mr. Kinchen to approve the \$40,000.00 penalty for failure to timely provide requested

information. That motion was seconded by Gen. Cadoria and approved by Judge Fleming, Mr. Boyer, Gen. Cadoria, Mr. Kinchen, Mr. Lastrapes, Ms. Morgan and Mr. Simoneaux. Chairman Gaudin abstained from voting.

11. **In Re: Briggs Investments, Inc. d/b/a LeCroissant Café - No. 3601200632** - Motion by Judge Fleming to deny the rehearing request. That motion was seconded by Mr. Boyer and approved five to one. Voting for the motion were: Judge Fleming, Mr. Boyer, Mr. Kinchen, Mr. Lastrapes and Ms. Morgan. Voting against the motion was Mr. Simoneaux. Chairman Gaudin abstained from voting.

12. **In Re: SOF Investments, Inc. – No. 2403607525** - Motion by Mr. Lastrapes to suspend the license for ten days. The motion failed because of failure to receive a second. There was a motion by Mr. Boyer to affirm the decision of the hearing officer. That motion was seconded by Ms. Morgan. There was a substitute motion by Mr. Simoneaux to assess \$1,000.00 penalty and suspend the license for ten days. That motion was seconded by Mr. Lastrapes but failed five to three. Voting against the motion were: Judge Fleming, Mr. Boyer, Mr. Kinchen, Ms. Morgan and Chairman Gaudin. Voting for the motion were: Gen. Cadoria, Mr. Lastrapes and Mr. Simoneaux. The Board then voted on Mr. Boyer's motion to affirm the decision of the hearing officer. The motion passed by a seven to one vote. Voting for the motion were: Judge Fleming, Mr. Boyer, Gen. Cadoria, Mr. Kinchen, Mr. Lastrapes, Ms. Morgan and Mr. Simoneaux. Chairman Gaudin voted against the motion.

There being no public comments, it was moved by Gen. Cadoria to adjourn. The meeting was adjourned.

APPENDIX A

STATEMENT OF CONDITIONS TO SLOT MACHINE GAMING LICENSE OF CHURCHILL DOWNS LOUISIANA HORSERACING CO., LLC d/b/a FAIR GROUNDS RACE COURSE

CHURCHILL DOWNS LOUISIANA HORSERACING CO., LLC d/b/a FAIR GROUNDS RACE COURSE hereby expressly accepts, agrees and stipulates to the following mandatory and voluntary conditions to its license to conduct slot machine gaming, to be issued by the Louisiana Gaming Control Board (the “Board”) pursuant to provisions of La. R.S. 27:351, et seq. and administrative rules promulgated pursuant thereto. More particularly, CHURCHILL DOWNS LOUISIANA HORSERACING CO., LLC d/b/a FAIR GROUNDS RACE COURSE agrees as follows:

GENERAL CONDITIONS

1. To at all times comply with all provisions of the Louisiana Gaming Control Law, (the “LGCL”) the Pari-Mutuel Live Racing Facility Economic Redevelopment and Gaming Control Act (the “Racetrack Gaming Act”), as amended, and all administrative rules in effect or later promulgated by the Board.
2. To indemnify and hold harmless the Board, the State of Louisiana, and their agents and employees against any and all claims for personal injury or property damage arising out of or in connection with negligence, errors and omissions in the following: (1) The approval of an application; (2) The approval of support facility plans, designs and specifications; (3) The granting of a License; (4) The issuance of emergency orders; and (5) The denial, suspension or revocation of a License. Pursuant to this condition, CHURCHILL DOWNS LOUISIANA HORSERACING CO., LLC d/b/a FAIR GROUNDS RACE COURSE further agrees to sign a separate indemnification agreement implementing this condition. The indemnification agreement shall be signed no later than 10 working days following acceptance of the conditions by the Board and CHURCHILL DOWNS LOUISIANA HORSERACING CO., LLC d/b/a FAIR GROUNDS RACE COURSE.
3. To maintain copies of the License and Conditions at the offices of the gaming operator, and any Louisiana State Police Gaming Division, (“Division,”) office in-house at CHURCHILL DOWNS LOUISIANA HORSERACING CO., LLC d/b/a FAIR GROUNDS RACE COURSE. The License and Conditions shall be produced for examination and inspection upon demand of any agent or representative of the Board or the Division.
4. To submit to and successfully complete a preoperative inspection by the Division prior to commencing gaming operations at the approved facility in Orleans Parish, Louisiana.

5. To obtain all fire marshal certifications prior to conducting the preoperative inspection and submit these to the Board for review.
6. To obtain Board approval of the internal controls submitted to the Division prior to commencing gaming operations at the approved facility and to continually operate under a Board approved system of internal controls.
7. To assume responsibility for all acts or omissions of any contractor that results in a violation of the LGCL, the Racetrack Gaming Act, any rules promulgated pursuant to the LGCL as well as the Racetrack Gaming Act, any order of the Board, and any portion of the CHURCHILL DOWNS LOUISIANA HORSERACING CO., LLC d/b/a FAIR GROUNDS RACE COURSE's system of internal controls.
8. To make all on-line slot monitoring and accounting system(s) meet Board approval prior to commencement of gaming operations and maintain approved systems during the term of the license.
9. To allow inspection by authorized agents and representatives of the Board, including but not limited to the Division, at any time and of any premises under control of CHURCHILL DOWNS LOUISIANA HORSERACING CO., LLC d/b/a FAIR GROUNDS RACE COURSE or affiliated companies and particularly any portion of the slot machine support facilities, administrative offices, surveillance rooms and account rooms.
10. To report immediately in writing to the Board any failure to comply with these conditions or any provisions of the LGCL, the Racetrack Gaming Act or rules of the Board along with an explanation of the reasons therefore.
11. To comply with all Board rules regarding advertisements as well as promotions and to discontinue use of a particular advertisement or promotion which the Board determines offensive or contrary to the integrity of gaming regulations.
12. To submit quarterly to the Board a sworn certificate or list of all persons having an interest in CHURCHILL DOWNS LOUISIANA HORSERACING CO., LLC d/b/a FAIR GROUNDS RACE COURSE If CHURCHILL DOWNS LOUISIANA HORSERACING CO., LLC d/b/a FAIR GROUNDS RACE COURSE or its gaming operator is a publicly traded company, those holding less than five percent (5%) ownership of either or both may be excluded from this reporting.
13. To submit quarterly a list of all consultants, contractors, agents, and junket representatives.

14. To submit quarterly to the Board a sworn report of the number of minorities, females and Louisiana residents employed, their general job classification and total salaries.
15. To submit the information described in conditions (12), (13), and (14) as part of the quarterly report submissions required by the Board rules no later than 5:00 p.m. on the 20th day of April, July, October and January. All submissions are to be delivered to the Board at 9100 Bluebonnet Centre Boulevard, Suite 500, Baton Rouge, LA 70809 and to the Attorney General's Gaming Division, One Canal Place, 365 Canal Street, Suite 2730, New Orleans, Louisiana 70130.
16. To appoint a compliance representative as a liaison between the licensee and the Board and the Attorney General's Gaming Division.
17. To comply with any and all orders, directives and policy decisions of the Board and the Division.
18. To comply with such other general or specific conditions as may be later required by the Board and duly requested.

SPECIFIC ECONOMIC AND PROCUREMENT CONDITIONS

In addition to the general conditions above, CHURCHILL DOWNS LOUISIANA HORSERACING CO., LLC d/b/a FAIR GROUNDS RACE COURSE agrees also to specific economic and procurement conditions or goals as follows:

1. To submit plans of the facility to the Board for review and approval including placement of slot machines in the designated gaming area. The plans and specifications must satisfy the requirements of size and design as provided in the Racetrack Gaming Act. The plans and specifications must comply also with all applicable fire and ADA regulations, including but not limited to, fire and safety codes or such other applicable requirements as are imposed on gaming of similar design and size by federal, state, or local laws.
2. To provide a Work-In-Progress report to the Board once a month on the construction of the gaming facility. These reports shall be delivered to the Louisiana Gaming Control Board, c/o the Louisiana State Police Division, P.O. Box 66614, #41, Baton Rouge, Louisiana 70896.
3. To submit to the Board a narrative on the status of all work that has been completed up to the date of the Work-In-Progress report, a Progress Payment report listing all payments made to date on the project, to whom such payments were made and for what goods or services rendered. These reports shall be delivered to the Louisiana Gaming Control Board, c/o the Louisiana State Police Division, P.O. Box 66614, #41, Baton Rouge, Louisiana 70896. All contracts shall only be let by CHURCHILL DOWNS LOUISIANA HORSERACING CO., LLC d/b/a FAIR GROUNDS RACE COURSE. All reports shall be signed and verified by an officer of CHURCHILL DOWNS LOUISIANA HORSERACING CO., LLC d/b/a FAIR GROUNDS RACE COURSE.
4. To provide the Board on or before _____ a list of all persons and entities paid any sum of money to date by or on behalf of CHURCHILL DOWNS LOUISIANA HORSERACING CO., LLC d/b/a FAIR GROUNDS RACE COURSE in connection with this project. This list shall contain the names, addresses, social security numbers, and tax I.D. numbers (if applicable) of all such persons and entities. This report shall be signed and verified by an office of CHURCHILL DOWNS LOUISIANA HORSERACING CO., LLC d/b/a FAIR GROUNDS RACE COURSE.
5. To provide to the Board on or before _____, a list of all persons and entities with whom agreements have been made to pay any sum in connection with this project. Copies of the agreements must be attached to the list. This list shall include the names, addresses, social security numbers, and tax I.D. numbers of all such persons and entities. This report shall be signed and verified by an officer of CHURCHILL DOWNS LOUISIANA HORSERACING CO., LLC d/b/a FAIR GROUNDS RACE COURSE.

6. To provide to the Board monthly reports beginning on or before _____ which shall consist of a list of all persons and entities paid any sums by or on behalf of CHURCHILL DOWNS LOUISIANA HORSERACING CO., LLC d/b/a FAIR GROUNDS RACE COURSE in connection with the project in the previous month. This report shall contain the names, addresses, social security numbers, and tax I.D. numbers of all such persons and entities, a description of the services rendered by the person or entity, any amounts paid or to be paid and a copy of any agreements relevant thereto. Those persons or entities reported in the Work-In-Progress Reports required hereinabove shall be excepted. These reports shall be signed and verified by an officer of CHURCHILL DOWNS LOUISIANA HORSERACING CO., LLC d/b/a FAIR GROUNDS RACE COURSE.
7. To maintain a policy or policies of general liability insurance, insuring all non-employee guests, patrons, etc. against personal injury and damage to property which they may sustain in connection with or arising out of their presence at the casino and various related facilities in the amount of \$1,000,000 per occurrence for bodily injury and property damage and \$1,000,000 per occurrence for personal injury.
8. Pursuant to La. R.S. 27:361(C), as amended, CHURCHILL DOWNS LOUISIANA HORSERACING CO., LLC d/b/a FAIR GROUNDS RACE COURSE agrees to the following:
 - a) to have in place a good faith plan to recruit, train and upgrade minorities in all employment classifications;
 - b) to have in place written policies, procedures, and regulations for the inclusion of businesses owned by minorities to the maximum extent practicable;
 - c) to select businesses and vendors who strictly adhere to the nondiscrimination policies and practices embodied in applicable federal, state, and local law; and
 - d) to employ, as nearly as practicable, minorities consistent with the population of the state.
9. CHURCHILL DOWNS LOUISIANA HORSERACING CO., LLC d/b/a FAIR GROUNDS RACE COURSE agrees to ensure that all employees of the slot machine gaming facility are permitted as required by the Division.
10. CHURCHILL DOWNS LOUISIANA HORSERACING CO., LLC d/b/a FAIR GROUNDS RACE COURSE agrees that any change to design, construction or financing of the project from that submitted for obtaining licensing must be

approved by the Board on Petition for Modification filed by the licensee with the Board.

11. CHURCHILL DOWNS LOUISIANA HORSERACING CO., LLC d/b/a FAIR GROUNDS RACE COURSE agrees that if the source of financing is changed to one other than that which is submitted to the Board to obtain licensing, the new source of financing must be suitable to the Board or the license held by CHURCHILL DOWNS LOUISIANA HORSERACING CO., LLC d/b/a FAIR GROUNDS RACE COURSE will be null and void.

Any provisions or conditions shall be modified or superseded by applicable subsequent statutory or regulatory provisions. Failure to comply with any provision or condition shall constitute grounds for administrative action by the Board.

STATE OF _____

COUNTY/PARISH OF _____

**ACKNOWLEDGMENT OF CONDITIONS TO LICENSE TO CONDUCT
SLOT MACHINE GAMING**

BEFORE ME, the undersigned notary public, duly commissioned and qualified within and for the State and Parish aforesaid, and in the presence of the subscribing witnesses, personally came and appeared:

**CHURCHILL DOWNS LOUISIANA HORSERACING CO., LLC
d/b/a FAIR GROUNDS RACE COURSE**

appearing herein, through and represented by _____
who after being sworn and deposed, stated that he does hereby, for and on behalf of **CHURCHILL DOWNS LOUISIANA HORSERACING CO., LLC d/b/a FAIR GROUNDS RACE COURSE**, accept and agree to and is bound by these conditions to its license to conduct slot machine gaming.

Name:
On Behalf of **CHURCHILL DOWNS LOUISIANA HORSERACING CO., LLC d/b/a FAIR GROUNDS RACE COURSE**

Sworn to and Subscribed before me, Notary,
the undersigned notary, on this the
_____ day of _____, 2005, at
_____, _____

Notary Public
My Commission expires _____

Approved By:
The Louisiana Gaming Control Board

H. Charles Gaudin, Chairman
By Authority and on Behalf of the Board

INDEMNITY AND HOLD HARMLESS AGREEMENT

STATE OF _____

PARISH OF _____

BEFORE ME, the undersigned Notary Public, in the presence of the undersigned competent witnesses, on this _____ day of _____, 2005,

PERSONALLY CAME AND APPEARED, CHURCHILL DOWNS LOUISIANA HORSERACING CO., LLC D/B/A FAIR GROUNDS RACE COURSE represented herein by Brian Larson,

WHEREAS, CHURCHILL DOWNS LOUISIANA HORSERACING CO., LLC D/B/A FAIR GROUNDS RACE COURSE indemnifies and holds harmless the Louisiana Gaming Control Board, the State of Louisiana, and their agents and employees against any and all claims for personal injury or property damage arising out of or in connection with negligence, errors and omissions in the following:

- 1) The approval of an application;
- 2) The approval of slot machines or support facility plans, designs and specifications;
- 3) The granting of a License;
- 4) The issuance of emergency orders; and
- 5) The denial, suspension or revocation of a License.

NOW THEREFORE, CHURCHILL DOWNS LOUISIANA HORSERACING CO., LLC d/b/a FAIR GROUNDS RACE COURSE holds harmless the Louisiana Gaming Control Board, its employees and agents harmless and protected from all legal, contractual or other claims or liable for personal injury or property damage which may now or hereafter be incurred or asserted against them.

THUS DONE AND SIGNED by Appearer in the presence of the undersigned witnesses,
on this _____ day of _____, 2005.

WITNESSES

CHURCHILL DOWNS LOUISIANA
HORSERACING CO., LLC d/b/a FAIR
GROUNDS RACE COURSE

BY:

NOTARY PUBLIC

Approved By:
The Louisiana Gaming Control Board

H. Charles Gaudin, Chairman
By Authority and on Behalf of the Board