

Minutes of the Special Meeting of the Board of Commissioners of the Lake Charles Harbor and Terminal District held at 6:00 P.M., Wednesday, March 14, 2012, in the Board Room of the Port of Lake Charles located at 150 Marine Street, Lake Charles, Louisiana.

In attendance and constituting a quorum, were:

- Walter M. Sanchez, President
- Harry C. Hank, Vice President
- John L. LeBlanc, Secretary/Treasurer
- Elcie J. Guillory, Assistant Secretary/Treasurer
- Daryl V. Burckel, Commissioner
- Barbara M. McManus, Commissioner

Absent:

None

Also Present:

- Bill Rase, Port Director
- Michael K. Dees, General Counsel
- Richert Self, Director of Administration and Finance
- Michelle Bolen, Executive Administrative Assistant

Mr. Sanchez called the meeting to order at 6:00 P.M. and asked Mr. LeBlanc to give the invocation. Ms. McManus led the Board and audience in the Pledge of Allegiance.

Mr. Sanchez made a statement reminding the Public of the Port’s procedure for the Public to address an agenda item to the Board.

- 
1. Submission 2012 – 012 considering appropriate action requiring certain approvals by the District relating to the Amended Lease Option with Creative Casino and other related necessary actions by the Port.
- 

Mr. Sanchez asked Mr. Rase to speak about the Submission.

Mr. Rase stated staff would like to recommend to the Board that they approve the movement from Creative Casinos to Ameristar Casinos. The addition of Ameristar is a positive situation for the State of Louisiana and especially for the community here in Southwest LA. It strengthens the area’s resort complex and allows the Port to continue. Ameristar has about eight successful properties they operate across the country. This facility will complement the current tenant, L’auberge.

He feels it is a very positive move in that Mr. Lee promised that he would bring a casino to them at a minimum of \$400 million and he thinks he has done that through this particular transaction.

Mr. Rase stated there were representatives from Creative Casino and Ameristar here tonight and he would like to turn it over to them.

Mr. Sanchez asked Mr. Lee to address the Board.

Mr. Dan Lee, Creative Casinos of Las Vegas, NV, stated that first he wanted to thank the Port for all of the confidence they have had in him – not just this past year but really the past eight years. He first came here and took the boat, one of the Port's boats across the way, and went to where L'auberge is now and stepped off into mud up to his thigh. He was warned to watch out for the snakes and alligators and three or four years later they got L'auberge open and it has been very successful. Then they came back and wanted to build SugarCane Bay and went through all of that and wanted to build it and there were some on the Board who did not want to build it and that was one of the things that led him to leaving.

He came back again trying to build it again with the name Mojito Pointe. It is a different property, of course, but very much of the scale and quality as SugarCane Bay. They made a lot of progress this past year in designing the place, winning the local referendum, getting the guaranteed maximum price contract, getting the CORPS permit and getting everything lined up. Then they went to start to get financing and he remembers they started to get it the week that Standards and Poor downgraded U.S. Treasuries and the bond market started going up and down and up and down for about four or five months. They would go around and meet people and they would say nobody is making commitments now because they do not know if Greece is going to default. He said he did not know what the heck Greece has to do with slot machines in Lake Charles, Louisiana and they said that is the problem. It is a world economy and it is all tied together.

Come January, the financial markets calmed down pretty nicely. The press got onto the primaries and started following Mitt Romney around and stopped worrying about whether the Greeks were going to default so they set out again to get this done.

They lined up \$90 million of preferred equity at 20% accretion rate, which was very expensive money. Then they started working on the bonds which were about \$400 million in bonds. The first number they kept hearing was 10%, then 11%, then 11.5%, then 12% and then 12.5%. That was 12.5% and the bankers wanted \$18 million in fees. That was what happened right after the last Gaming Commission meeting when they had a conference call and told him 12.5% and they wanted \$18 million in fees. He was just stunned. Now one has to recognize that as a start up company they have to borrow all of the money in advance. It sits there for the two years you are building it and really the first six months you are open. So the interest reserve account they had to borrow upfront just to pay the interest during construction got to be \$110 million with the banker fees on top of that. So all of a sudden the \$400 million project was about a \$530 million project. He started running the math and the fact that the interest expense is so high does not make the building any better. He started looking at it and saying they have to build it on budget, which

he can control and that is ok. They need to make what they earn on budget. He has a lot to say on that and that is ok. He also needs to be able to refinance this debt right after they open or they are going to be dead and he does not really control that. He started looking at that and went looking for another solution. They did not take the deal with the bankers that day. The next morning he called Gordon Kanofsky, Chief Executive Officer of Ameristar, who could not be here today. He called him and said to him that he just had a conference call saying that they worked out the estate issues and everything else and if they are looking for growth opportunities, he thinks he has one and maybe they can do this in a partnership and he could borrow money at less than 3%. Mr. Lee stated he was looking at 13.5% and they have a credit facility with a couple hundred million of availability that is less than 3%. Plus they have eight casinos producing cash flow that they can feed into. They started talking about a month ago to decide how to do this. Will it be a partnership or can they step into MGM's role? They have a better credit rating than MGM. One thing led to another and it became fairly obvious they should build their own balance sheet and they should own it. Maybe Mr. Lee should have a percentage of ownership in it. Maybe he should have a percentage of the earnings in it. They went back and forth for a while and ultimately it was just easier for them to buy creative. He will make a little money out of this but not very much. They invested a lot this year and have to clear up a lot of bills. He does not really know how much he will make when the dust clears. He thinks they will make a small profit.

What he brings to Lake Charles is a good company. They are 50% bigger than Pinnacle. They have one of the strongest balance sheets in the industry. They build a good product. This is not a letter of intent that maybe they will build it. With the Board's and the Gaming Commission's approval it is a binding deal. They are in it for \$500 million. They are in it for \$32 million to buy Creative right away and they are bound to the Gaming Commission to build the thing under the development agreement. This is the real deal and a real company and is frankly the best way he can fulfill the promises he made to the Port.

Mr. Lee introduced Troy Stremming, Senior Vice President of Ameristar.

Mr. Stremming, introduced himself to the Board and gave an overview of Ameristar. He also stated the following officers were in attendance as well:

Mr. Larry Hodges – President and Chief Operating Officer

Mr. Tom Steinbaur – Senior Vice President and Chief Financial Officer

Mr. Jack Mohn – Senior Vice President of Governmental Relations & Community Affairs

Ms. Roxanne Kinkaid – Director of Public Relations

Mr. Stremming presented a PowerPoint presentation of Ameristar. Mr. Steinbaur also presented the financial information of the presentation. The presentation is attached at the end of the minutes.

After the Presentation, Mr. Stremming asked if there were any questions from the Board.

Mr. Sanchez asked about the modifications for the hotel and entertainment venue.

Mr. Stremming stated the hotel would not have two separate hotels. It would have one hotel tower with a minimum of 700 rooms and 10% of those rooms would be suites. As far as the entertainment venue, they would still have meeting space, but as far as the entertainment venue, they really believe that money is going to be better spent put into additional hotel rooms and additional parking garage. It is no secret this market really relies heavily on the Houston market and that is a long way for a day trip. The more people they are bringing into the community and keeping them here overnight and they are experiencing other things in the community as well will be better for their project and better for the Port and the State of Louisiana.

Mr. Sanchez asked if the \$500 million investment was for the infrastructure - \$500 million hard dollar. Mr. Stremming stated that yes it was.

Dr. Burckel asked if the name would be Ameristar Lake Charles or Mojito Pointe. Mr. Stremming stated they had not completely decided on the name.

Mr. Guillory asked if the July 20<sup>th</sup> date was when they would start. Mr. Stremming stated that assuming everything goes well with the Gaming Board July 20, 2012 is the starting date.

Mr. Guillory also asked about minority hiring. He has dealt with companies before who said they would be hiring minorities and then they were hired on a quota basis. Is that the norm? Mr. Stremming stated that their goal is to grow as many of those businesses as they can.

Dr. Burckel asked how long construction would take. Mr. Stremming stated the construction time is 24 months.

Mr. Sanchez spoke to Mr. Lee to let him know the community owes him a tremendous debt of gratitude not just for this project but for the vision he brought to L'auberge when he came in. He made a commitment to this area that added to their confidence when he came to them with Creative Casinos. One of the things this Board has been committed to is to make sure this location has a first class quality project on it. He knows Mr. Lee did everything he could to bring it here. They have now a proposal for such a project that would not be here if not for his efforts. They owe him a gratitude for everything he has done for helping grow this market, this state and this region and thank him on the behalf of the Board. It has been an absolute pleasure to work with him. His reputation in this state is one who under promises and over performs. He found a way to bring in a project that instead of \$400 million it is \$500 million. It is a real tribute to everything he did to finish this up.

Mr. Sanchez asked Mr. Dees to explain the Resolution the Board is to act on.

Mr. Dees explained the Resolution.

It extends the option agreement for about 5 months so they can do what has been explained. It modifies the description of the project as Mr. Stremming described. The project is very well defined in the lease agreement and also in the Gaming Board provisions. There is no ability for the company to do anything other than what has been promised both

to be enforced by the Port through the option and lease agreement and the Gaming Board through its licensing provisions. This simply modifies the option to lengthen the time somewhat and to slightly modify the description of the project.

Mr. Hank asked about the road improvements that were committed. Mr. Dees stated those commitments remain the same. Mr. Lee also stated the same.

Dr. Burckel offered a motion to adopt Resolution 2012 – 0012 approving a Second Amendment to Conditional Real Estate Lease Option Agreement (“Second Amended Option”) and an Estoppel Certificate with Creative Casinos of Louisiana, L.L.C. (“Creative”) to consent to the transfer of the total ownership interest of Creative to Ameristar Casinos, Inc. or to its wholly owned subsidiary and extending and revising the terms and conditions of the Option and otherwise providing with respect thereto. Mr. Guillory seconded the motion and it carried unanimously.

-----  
19. Other Matters which may properly come before the Board.  
-----

There being no further business to come before the Board, Mr. Sanchez asked for a motion to adjourn. Mr. LeBlanc offered a motion to adjourn. Mr. Hank seconded the motion and it carried unanimously. The meeting adjourned at 6:479 p.m.

All discussions held on the above items were recorded on Compact Disc Number 1, and filed in the Executive Offices of the District.

Please note that when the votes are shown as unanimous, it is the policy of the Board that the President does not vote except in the event of a tie vote by the rest of the Board and/or unless otherwise indicated.

\_\_\_\_\_  
WALTER M. SANCHEZ, President

ATTEST:

\_\_\_\_\_  
JOHN L. LEBLANC, Secretary/ Treasurer