



State of Louisiana
Gaming Control Board

BOBBY JINDAL
GOVERNOR

RONNIE JONES
CHAIRMAN

February 20, 2014

Honorable James R. "Jim" Fannin, Chairman
Joint Legislative Budget Committee
P.O. Box 44294
Baton Rouge, LA 70804

Dear Representative Fannin:

As you know, LSA R.S. 27:247 requires the Louisiana Gaming Control Board to negotiate and enter into an agreement with the Parish of Orleans for payment of associated support services rendered by the City to the official gaming establishment.

On February 20, 2014, the Louisiana Gaming Control Board acted on the attached contract providing for payment to the City of an amount not to exceed \$3,600,000.

The contract now requires final consideration and action by the Joint Legislative Committee on the Budget.

If, after consideration, the Committee approves the appropriation as outlined in the terms of the instrument, the contract shall formally be executed by me on behalf of the Board and by the City of New Orleans.

This matter is hereby submitted to you for the necessary actions as outlined by LSA R.S. 27:247. All funds necessary to fund the contract must be approved and appropriated by the legislature.

If I can be of further assistance, please do not hesitate to call.

Sincerely,

Ronnie Jones, Chairman
Louisiana Gaming Control Board

RJ/llt
Attachment

LGCB-2661-14

K14-011

CASINO SUPPORT SERVICES CONTRACT

Between

**THE STATE OF LOUISIANA, by and through
THE LOUISIANA GAMING CONTROL BOARD**

And

**PARISH OF ORLEANS, by and through its
Governing Authority, THE CITY OF NEW
ORLEANS**

2014-2015

CASINO SUPPORT SERVICES CONTRACT

This agreement, effective as of the Effective Date, is between:

The State of Louisiana ("State"), by and through the Louisiana Gaming Control Board, created pursuant to the Louisiana Gaming Control Law (as set forth in LSA R.S. 27:1 et seq. adopted by the legislature of the State of Louisiana and assuming regulatory authority, control and jurisdiction of the Louisiana Economic Development and Gaming Corporation pursuant to LSA R.S. 27:15 and 31) ("LGCB"), herein represented by its Chairman who appears pursuant to a resolution of the members of the LGCB, a certified copy of which is annexed hereto and made a part hereof and identified as Exhibit 'A' and

The City of New Orleans, a municipal corporation, acting as the governing authority for and on behalf of the Parish of Orleans, appearing herein through the Honorable Mitchell J. Landrieu, its Mayor,

and is as follows:

ARTICLE I PURPOSE, PROCEDURE AND SUBJECT MATTER

1.1 Purpose: Subject to and in accordance with the Casino Act and the Louisiana Gaming Control Law, including specifically La R.S. 27:247, the State, by and through the LGCB, shall enter into a casino support services contract with the governing authority of the Parish where the Official Gaming Establishment is located, in order to compensate the Parish for the cost to the Parish for providing Casino Support Services resulting from the operation of the Official Gaming Establishment and the activities therein. The purpose of this Casino Support Services Contract is to set forth the terms under which such compensation shall be provided to the Parish and the terms under which the governing authority for the Parish of Orleans shall provide casino support services.

1.2 Procedure: Prior to signing this Casino Support Services Contract, the LGCB shall submit the proposed Casino Support Services Contract to the Legislature for approval by the Joint Legislative Committee on the Budget. The City acknowledges that this Casino Support Services Contract is subject to the approval of the Joint Legislative Committee on the Budget. The effectiveness and continuation of this Casino Support Services Contract is contingent upon the appropriation by the Legislature of funds specifically allocated and sufficient to pay the Total Consideration.

1.3 Effective Date and Continuation of Contract: This agreement shall not be effective until the "Effective Date" which shall be upon the occurrence of all of the following events: (a) approval of the terms of this agreement by the Joint Legislative Committee on the Budget; (b) an appropriation by the Legislature of funds specifically allocated and sufficient to pay the Total Consideration; and (c) the duly authorized representative of each party hereto signs this Casino Support Services Contract signifying each party's agreement to the terms and conditions hereof, as defined herein below.

ARTICLE II DEFINITIONS

2.1 Definitions: As used in this Casino Support Services Contract, the capitalized words and phrases shall have the meanings as set forth below. Other capitalized terms have the meaning ascribed to them in the Casino Act and the Louisiana Gaming Control Law.

(a) "**Business Day**" shall have the meaning as set forth in the Casino Operating Contract.

(b) "**Casino Act**" means La. R.S. 27:201, et seq.

(c) "**Casino Operating Contract**" means that written agreement titled

“Amended and Renegotiated Casino Operating Contract” entered into between the State, by and through Louisiana Gaming Control Board and Jazz Casino Company, L.L.C. on October 30, 1998, including all properly executed amendment(s) thereto.

(d) “**Casino Operator**” means Jazz Casino Company, L.L.C., or its assigns or successors.

(e) “**Casino Support Services**” shall have the meaning as set forth in La. R.S. 27:247.

(f) “**City**” means the City of New Orleans, Louisiana, acting as the governing authority for and on behalf of the Parish of Orleans.

(g) “**Daily Payment**” shall have the meaning as set forth in the Casino Operating Contract.

(h) “**Expiration Date**” means midnight on June 30, 2015.

(i) “**LGCB**” means the Louisiana Gaming Control Board.

(j) “**Legislature**” means the Legislature of the State of Louisiana, as it may be constituted from time to time.

(k) “**Legislative Auditor**” means the Legislative Auditor of the State of Louisiana and persons designated by the Legislative Auditor and its representatives.

(l) “**Louisiana Gaming Control Law**” means La. R.S. 27:1, et seq.

(m) “**Official Gaming Establishment**” means the facility described in Section 2.121 of the Casino Operating Contract.

(n) “**Parish**” means the Parish of Orleans, State of Louisiana.

(o) “**Quarterly Payment(s)**” shall have the meaning as set forth in Sec 4.2 of this agreement.

(p) “**State**” shall mean the State of Louisiana.

(q) “**Total Consideration**” means the amount of compensation to be received by the City, in the maximum amount of \$3,600,000, which amount shall not exceed the amount approved by the Joint Legislative Committee on the Budget and specifically allocated and appropriated by the Legislature for payment to the City for Casino Support Services.

ARTICLE III TERM

3.1 Term: Subject to the conditions, covenants, obligations and requirements of this Casino Support Services Contract, this Casino Support Services Contract shall be for the period commencing on July 1, 2014, and ending on June 30, 2015. The term may be divided into four quarters (the "Quarters"). The First Quarter shall commence on July 1, 2014, and end on September 30, 2014. The Second Quarter shall commence on October 1, 2014, and end on December 31, 2014. The Third Quarter shall commence on January 1, 2015, and end on March 31, 2015. The Fourth Quarter shall commence on April 1, 2015, and end on June 30, 2015.

3.2 Earlier Expiration Date: This Casino Support Services Contract shall terminate earlier than the Term set forth in Section 3.1 if:

- (a) The occurrence of an "Event of Default" under Section 20.1 of the Casino Operating Contract which is either (i) insusceptible of remedy by the Casino Operator pursuant to Section 20.2 of the Casino Operating Contract or (ii) is not remedied by the Casino Operator pursuant to Section 20.2 of the Casino Operating Contract; or
- (b) The Casino Operating Contract is terminated; or
- (c) This Casino Support Services Contract is terminated for any reason other than expiration of the Term.

ARTICLE IV CONSIDERATION, AMOUNT AND METHOD

4.1 Total Consideration: Subject to the conditions, covenants, obligations and requirements herein contained, and in consideration of the obligation and agreement of the City to provide all Casino Support Services at least to the extent of the amount of compensation provided for hereby, the City shall be compensated in the maximum amount of \$3,600,000 ("Total Consideration") as further set forth in, and as limited by, this article. In the event the Joint Legislative Committee on the Budget approves a lesser amount, and/or the Legislature specifically allocates and appropriates an amount less than \$3,600,000 for payment of this Casino Support Services Contract, that lesser amount shall be the Total Consideration.

4.2 Method of Payment: The Total Consideration may be paid: 1) in four Quarterly Payments to the City as follows: (a) the first Quarterly Payment, in the maximum amount of \$900,000, shall be paid no later than September 30,

2014; (b) the second Quarterly Payment, in the maximum amount of \$900,000, shall be paid no later than December 31, 2014; (c) the third Quarterly Payment, in the maximum amount of \$900,000, shall be paid no later than March 31, 2015; and (d) the fourth Quarterly Payment, in the maximum amount of \$900,000, shall be paid no later than June 30, 2015, or 2) at the option of the City, with the consent of the LGCB, and subject to other terms and conditions of this Casino Support Services Contract, the City may select substitute date(s) for payment of the Total Consideration.

4.3 Condition of Payment: The City and the Parish recognize that this Contract, notwithstanding approval by the Joint Legislative Committee on the Budget, is contingent upon an appropriation from the Legislature of funds specifically allocated to and sufficient to pay the Quarterly Payments as provided herein. The City and Parish recognize that the LGCB has no alternative source of funds or method of payment to satisfy the Total Consideration set forth in this Casino Support Services Contract.

If a reduction is made in the Total Consideration pursuant to section 4.4 under no circumstances shall the Board be liable for the difference between the negotiated amount and the reduced amount.

4.4 Reduction of Total Consideration:

(a) If for any reason the Legislature appropriates an amount less than \$3,600,000 for payment to the City pursuant to this contract, or if for any reason the appropriation for payment of this contract is reduced in accordance with law, then the amount of each Quarterly Payment shall be proportionately reduced to reflect the amount specifically allocated and appropriated for payment of the Quarterly Payments as provided herein.

(b) If for any reason (including but not limited to failure of the Casino Operator to make a Daily Payment) the State, by and through the LGCB, has not received all Daily Payments due by the Casino Operator during the term of this Casino Support Services Contract, then the amount of Total Consideration the City is entitled to receive pursuant to this Casino Support Services Contract shall be reduced by an amount calculated as $1/365^{\text{th}}$ of the Total Consideration for each day the State does not receive a Daily Payment.

(c) If for any reason the State, by and through the LGCB or otherwise, reduces the amount of the Daily Payment or the Minimum Payment as defined in the Casino Operating Contract as of April 1, 2001, then any future Quarterly Payment due under this contract to the City shall, without further action, be reduced by the same proportion that any new Daily Payment or Minimum Payment is reduced in relation to the existing Daily Payment or Minimum Payment as defined in the Casino Operating Contract as of April 1, 2001.

(d) Any reduction of Total Consideration and/or Quarterly Payments made pursuant to this Section shall be deducted from the next, and if necessary the remaining, Quarterly Payment(s) payable to the City. Under no circumstances shall the City be required to refund any Daily Installments previously received or due prior to the effective date of a reduction.

ARTICLE V WARRANTIES AND REPRESENTATIONS

5.1 LGCB Warranties; Due Authorization: The LGCB warrants that it is a duly created State agency created under Louisiana law and has by virtue of a resolution of its board authorized the execution and delivery of this agreement. However, notwithstanding anything contained in this Casino Support Services Contract to the contrary, neither the State nor the LGCB shall have any liability to the City for damages based on any claim should any provision of this Casino Support Services Contract ever be judicially declared or decreed in a final non-appealable judgment or order to be invalid or ineffective as being beyond or in excess of the authority granted to the LGCB by the Casino Act or the Louisiana Gaming Control Law. The full risk of loss, damage or injury to the City (or any person claiming by, through or against the City) which may arise as a result of lack of authority on the part of the LGCB to enter into this Casino Support Services Contract shall be borne by the City, and the City shall defend, indemnify and hold the State and the LGCB harmless against any and all such Claims by any person, party or entity related or unrelated to the City. If there is a judicial declaration or decree of the invalidity or ineffectiveness of this Casino Support Services Contract as described herein, the parties shall not be bound by any of the terms or conditions of this Casino Support Services Contract.

5.2 City Warranties: The City of New Orleans warrants that it has the full right, power and authority to enter into this Casino Support Services Contract on behalf of the Parish of Orleans, as the governing authority for the Parish of Orleans, and to perform all of the conditions, covenants, obligations, requirements and terms herein contained. The making, execution, delivery and performance of this Casino Support Services Contract by the City has been duly authorized and approved by requisite action of the City in accordance with the requirements of its respective governance documents and all applicable law. The City has and shall have the requisite authority and ability to perform, as and when timely performance is required, all of the conditions, covenants, obligations, requirements and terms contained in this Casino Support Services Contract.

ARTICLE VI CITY'S AFFIRMATIVE COVENANTS

6.1 General: Throughout the Term, the City covenants with the State, by and through the LGCB, to duly and timely observe and to cause its affected agencies, boards and commissions to duly and timely observe each and every one of the conditions, covenants, obligations and requirements of this Casino Support Services Contract. Throughout the Term, the State, by and through the LGCB, covenants with the City to duly and timely observe each and every one of the conditions, covenants, obligations and requirements of this Casino Support Services Contract.

6.2 Services: As partial consideration to the State, by and through the LGCB, for the compensation granted, the City shall provide Casino Support Services at least to the extent of the amount of compensation provided herein. Nothing contained herein is intended to limit or shall be interpreted as limiting the obligations, responsibilities and authority of the City, including its respective agencies, boards, commissions and related instrumentalities, to provide governmental services pursuant to law, its charter and other mandates.

6.3 Access to Information, Materials and Data: The City and its respective agencies, boards, commissions or other related instrumentalities shall provide to the State, by and through the LGCB (and its representatives including the Legislative Auditor), upon receipt of reasonable written notice of not less than seventy-two (72) hours, access to their books and records and such other information, material or data concerning the City's obligations and requirements under this Casino Support Services Contract, including but not limited to such information, documents, data (electronic or otherwise) necessary to permit the State, by and through the LGCB (and its representatives including the Legislative Auditor), to exercise its investigative rights under this agreement.

6.4 Maintaining Books and Records: The City and its respective agencies, boards, commissions or other related instrumentalities shall maintain books and records in accordance with the terms of this Casino Support Services Contract for five (5) years following expiration or termination of this Casino Support Services Contract.

6.5 Cooperation in Investigations: The City and its respective agencies, boards, commissions or other related instrumentalities shall cooperate fully in any investigation by the State by and through the LGCB (and its representatives including the Legislative Auditor) into the circumstances surrounding any failure

or inability to perform or timely perform the Casino Support Services required under this Casino Support Services Contract.

6.6 Indemnification: The City does hereby agree to indemnify, hold harmless and defend the State, the LGCB and any of their officers, agents or employees from any and all claims or liability that may be made or asserted by any person, group or entity arising out of a cause or right of action alleged to have resulted or arisen from acts of the City, its officers, agents or employees in the performance or non-performance of support services purported to be provided under or funded pursuant to this Casino Support Services Contract. Further and in conjunction with this duty to defend, the City shall be liable for all actual attorneys fees, actual costs and actual expenses incurred by or on behalf of the State, the LGCB and any of their employees, agents or officers, the State and the LGCB having the exclusive right to select counsel to defend.

ARTICLE VII CITY'S NEGATIVE COVENANTS

7.1 Prohibited Activities: Neither the City, its agencies, boards, commissions nor related instrumentalities shall, in any manner, unreasonably restrict, delay or prohibit the operation of the Casino or in any manner, unreasonably restrict, delay or prohibit the Casino Operator from fulfilling any of its obligations or covenants to the State and/or the LGCB under the Casino Operating Contract. If the City, its respective agencies, boards, commissions or related instrumentalities violates the provisions of this section 7.1, then the State shall terminate payment of the Total Consideration and the obligation to pay shall cease. Nothing in this section shall be construed to limit the exercise of legitimate and lawful regulatory authority on the part of the City or any of its agencies, boards, commissions or other related instrumentalities.

ARTICLE VIII FINANCIAL AND ACCOUNTING RECORDS, BUDGETS AND REPORTING REQUIREMENTS

8.1 Financial and Accounting Records: The City shall maintain and keep full, complete and accurate books and records of all appropriations and expenditures made to comply with all covenants contained in this Casino Support Services Contract. The City shall also provide to the State, by and through the LGCB (and its representatives including the Legislative Auditor), without cost or charge, detailed information and instructions concerning use of and access to the City's books and records, including an index.

8.2 Financial Statements: Within forty-five (45) days after the end of the City's fiscal year, the end of the City's fiscal year being December 31, the City shall provide to the State, by and through the LGCB, (and its representatives including the Legislative Auditor) complete and accurate unaudited fiscal year

financial statements undertaken by the City providing an accounting of the total compensation and an itemized cost of the Casino Support Services provided. The fiscal year financial statements shall be certified by the City as accurate and prepared in accordance with standards set by Government Accounting Standards Board. A designated form for the fiscal year financial statements shall be submitted to the LGCB for prior approval. Upon request, the financial statements shall be formally presented and explained to the State, by and through the LGCB, by the City.

8.3 Review and Audit: The State, by and through the LGCB, and the Legislative Auditor, shall have the right on an annual basis to examine the Fiscal Year Financial Statements of the City related to Casino Support Services, which shall be prepared in accordance with standards set by the Government Accounting Standards Board. The City shall make its books and records and any other information, documents or data requested by the State, by and through the LGCB, or the Legislative Auditor available for access and review at any time and from time to time upon receipt of reasonable written notice of not less than seventy-two (72) hours demand. If upon completion of any examination, the State, by and through the LGCB, or Legislative Auditor determines that the City has failed to expend money for Casino Support Services in accordance with this Casino Support Services Contract, the parties shall mutually agree upon the selection of an independent auditor, which shall be one of the four (4) largest accounting firms having a national practice in the United States, who shall perform all steps necessary to resolve any dispute arising under this section. The findings of the independent auditor shall be final and binding on the parties. The cost of the independent auditor shall be borne equally by both parties. If upon completion of any examination, the independent auditor finds or determines that the City has failed to expend money for Casino Support Services in accordance with this Casino Support Services Contract, the City shall pay to the State all sums which were not expended in accordance with this Casino Support Services Contract.

8.4 Confidentiality: To the extent permitted by the Casino Act and the Louisiana Gaming Control Law, the LGCB agrees to treat the books and records, Financial Statements and other financial information received from the City as confidential, provided the City has treated and handled the same as confidential material except to authorized persons. Notwithstanding the foregoing, and to the extent that disclosure may be compelled by lawful process or is otherwise required under the provisions of the Casino Act, the Louisiana Gaming Control Law or other applicable "public records" or "freedom of information" laws or regulations, the LGCB shall not be required to maintain confidentiality of any information or material provided to it by the City.

**ARTICLE IX
MISCELLANEOUS**

9.1 Notices: All notices required or permitted to be given under this Casino Support Services Contract shall be in writing and shall be deemed given or delivered when delivered by hand, or on the third Business Day after mailing, postage prepaid, by certified or registered mail, return receipt requested to the parties at the following addresses:

CITY: City of New Orleans
1300 Perdido Street
City Hall Suite 9W-CAO
New Orleans, LA 70112
ATTN: Andrew Kopplin
Chief Administrative Officer

Ms. Sharonda R. Williams
City Attorney
1300 Perdido Street
City Hall Suite 5E03
New Orleans, Louisiana 70112

and: Suchitra Satpathi
Director of State Relations
1300 Perdido Street
City Hall Suite 2E04
New Orleans, Louisiana 70112

with copies to: Rivergate Development Corporation
1340 Poydras Street, 10th Floor
New Orleans, LA 70112
ATTN: Cynthia Connick

LGCB: Louisiana Gaming Control Board
7901 Independence Blvd, Bldg A
Baton Rouge, LA 70806
ATTN: Ronnie Jones, Chairman

with copies to: James D. "Buddy" Caldwell
Attorney General, State of Louisiana
P.O. Box 94005
Baton Rouge, Louisiana 70804-9005
ATTN: Clifford Strider

and: Attorney General, State of Louisiana
P.O. Box 94005
Baton Rouge, LA 70804-9005

ATTN: Olga M. Bogran – Gaming 5th Floor


9.2 Venue: In accordance with La. R.S. 27:18, any dispute arising under this Casino Support Services Contract shall be adjudicated in a court of competent jurisdiction located in the Parish of East Baton Rouge in the State of Louisiana.

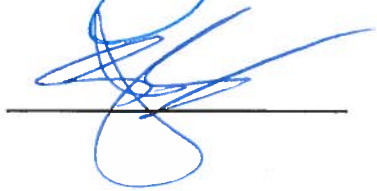
9.3 Applicable Law: This Casino Support Services Contract shall be governed, interpreted and enforced in accordance with the laws of the State of Louisiana.

9.4 Headings: The headings of sections herein are inserted for convenience of reference only and shall have no effect upon the construction or interpretation thereof.

The parties have signed this Casino Support Services Contract on the dates noted below in the presence of the competent witnesses noted opposite their respective signatures.

WITNESSES:





THE CITY OF NEW ORLEANS


BY: _____
ITS MAYOR

DATE: 1-17-14

WITNESSES:

LOUISIANA GAMING CONTROL BOARD

BY: _____
ITS CHAIRMAN

DATE: _____

FORM AND LEGALITY APPROVED.


City Department, City of New Orleans

**CITY OF NEW ORLEANS
CASINO SUPPORT SERVICES CONTRACT
STATEMENT OF UNAUDITED EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2013**

PAILET, MEUNIER and LeBLANC, L.L.P.

Certified Public Accountants

Management Consultants

ACCOUNTANT'S COMPILATION REPORT

Parish of Orleans, by and through its Governing
Authority, The City of New Orleans
2013 Appropriation for Casino Support Services

We have compiled the accompanying special-purpose Statement of Unaudited Expenditures for the Casino Support Services Contract for the Parish of Orleans, by and through its Governing Authority, The City of New Orleans for the year ended December 31, 2013. We have not audited or reviewed the accompanying financial statement and, accordingly, do not express an opinion or provide any assurance about whether the financial statement is in accordance with accounting principles generally accepted in the United States of America.

Management is responsible for the preparation and fair presentation of the financial statement in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statement.

Our responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statement.

Management has elected to omit substantially all of the disclosures, the statement of net assets, and the statement of cash flows required by accounting principles generally accepted in the United States of America. If the omitted disclosures and the statement of cash flows were included in the financial statements, they might influence the user's conclusions about the City's financial position, results of operations, and cash flows. Accordingly, the financial statements are not designed for those who are not informed about such matters.

Paillet, Meunier and LeBlanc, LLP

Metairie, Louisiana
February 18, 2013

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AICPA: Center for Public Company Audit Firms (SEC) • Governmental Audit Quality Center • Private Companies Practice Section (PCPS)

CITY OF NEW ORLEANS
CASINO SUPPORT SERVICES CONTRACT
STATEMENT OF UNAUDITED EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2013

Casino Support Services	
Police	\$ 707,356
Fire	1,716,525
Sanitation	<u>103,789</u>
Subtotal	2,527,670
Indirect/Administrative	
Chief Administrative Office	408,235
City Planning Commission	86,066
Civil Service	81,110
Clerk of Criminal District Court	232,691
Coroner's Office	74,228
Council	340,931
Finance	476,731
Health / EMS	655,219
Historic District Landmarks Commission	36,483
Human Services	118,038
Judicial Retirement	17,200
Juvenile Court	141,377
Law	272,346
Mayor	346,622
Miscellaneous	492,086
Municipal Court	25,507
New Orleans Mosquito Control Board	113,294
Office Of Inspector General	203,818
Parkway & Park Commission	341,128
Property Management	243,709
Public Works	388,233
Safety & Permits	263,078
Traffic Court	21,704
Vieux Carre Commission	<u>21,507</u>
	<u>5,401,341</u>
	<u>\$ 7,929,011</u>

See Accountant's Report