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BEFORE THE MISSOURI GAMING COMMISSION

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Meeting

October 25, 2017

7

8:30 a.m.

Cape Girardeau City Hall, Council Chambers

8

401 Independence

Cape Girardeau, Missouri 63703

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BEFORE:

Herbert M. Kohn, Chairman

Brian Jamison, Vice Chairman

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Richard F. Lombardo, Commissioner

Daniel P. Finney, III, Commissioner

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REPORTED BY:

AMANDA N. FARRAR, CCR

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ALARIS LITIGATION

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1 P R O C E E D I N G S

2 (The meeting commenced at 8:30 a.m.)

3 CHAIRMAN KOHN: It's 8:30 and we'll  
4 begin.

5 We're going to try and do this without  
6 microphones today. So, if somebody in the back  
7 cannot hear any of us or anybody speaking from the  
8 podium, let us know and we'll, we'll try using the  
9 mics, but for now we'll go without it.

10 We will call the meeting of the  
11 October 25 Missouri Gaming Commission to order.

12 Angie, please call the role.

13 MS. FRANKS: Commissioner Finney.

14 COMMISSIONER FINNEY: Present.

15 MS. FRANKS: Commissioner Lombardo.

16 COMMISSIONER LOMBARDO: Present.

17 MS. FRANKS: Commissioner Neer.

18 Commissioner Jamison.

19 COMMISSIONER JAMISON: Present.

20 MS. FRANKS: Chairman Kohn.

21 CHAIRMAN KOHN: Present.

22 We have a quorum and we're ready to  
23 begin the meeting.

24 Before we begin the meeting, let me say  
25 on behalf of the Commission how much we enjoyed our

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1 tour yesterday of the two casinos, Caruthersville  
2 and here in Cape. Tony Rohrer, you and your folks  
3 at the Lady Luck are doing a tremendous job. It's  
4 certainly a different-looking casino from the ones  
5 that we have seen in other parts of the state and  
6 that made our tour all the more interesting,  
7 especially learning about the additional problems  
8 you have with the river. We don't normally think  
9 about that when we think about casinos.

10                   And Lyle, we were so pleased to be part  
11 of your experience at your casino and also as being  
12 part of the Cape Girardeau community where you've  
13 become such an active part and the whole city of  
14 Cape Girardeau I think we were impressed with. I  
15 had not been here in about 20 years and was amazed  
16 at all the growth that's taken place. So, I hope  
17 that, Tony, you and Lyle each take back our thanks  
18 to your staff for the excellent tour that we  
19 received yesterday and the continued best wishes for  
20 the future.

21                   We now again, before we begin, have a  
22 special presentation, and I'll call on Deputy  
23 Director Tim McGrail for that one.

24                   MR. MCGRAIL: Thank you, Mr. Chairman.

25                   Mandi, come forward, please.

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1                   So, most of you have been at the  
2 Commission meetings in the past and we started, when  
3 Executive Director Seibert took over the position,  
4 to recognizing our patrons and also as far as our  
5 employees on the work that they do with the  
6 Commission. Some of them have been here for a very  
7 long time. Some of them have started, like Mandi  
8 had started when Isle Capri opened up, five years  
9 ago. So, she's celebrated her five years with  
10 Missouri Gaming Commission. So, we'd like to  
11 present her with a certificate to recognize Mandi  
12 Lambert for her five years of dedicated service with  
13 the Missouri Gaming Commission. Congratulations on  
14 reaching this significant milestone in your career.  
15 Your effort and dedication play a tremendous part in  
16 our success and I appreciate your commitment. So,  
17 thank you on your years of dedicated service and as  
18 far as the Executive Director and the Commission as  
19 a whole we recognize you for this. So, thank you  
20 very much.

21                   (Applause.)

22                   CHAIRMAN KOHN: Did you get all the  
23 pictures you wanted?

24                   And on behalf of the Commission, let us  
25 add our congratulations to you for what is,

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1 obviously, a job very well done.

2 With that, we will consider the first  
3 item of business, the minutes from the meeting of  
4 September 27. Is there a motion to approve those  
5 minutes?

6 COMMISSIONER LOMBARDO: Motion to  
7 approve.

8 COMMISSIONER FINNEY: Second.

9 CHAIRMAN KOHN: Angie, please call the  
10 roll.

11 MS. FRANKS: Commissioner Finney.

12 COMMISSIONER FINNEY: Approve.

13 MS. FRANKS: Commissioner Lombardo.

14 COMMISSIONER LOMBARDO: Approve.

15 MS. FRANKS: Commissioner Jamison.

16 COMMISSIONER JAMISON: Approved.

17 MS. FRANKS: Chairman Kohn.

18 CHAIRMAN KOHN: Approve.

19 MS. FRANKS: By your vote you've adopted  
20 the minutes of the September 27th, 2017, meeting.

21 CHAIRMAN KOHN: Now we're really ready  
22 for business. Seibert.

23 EXECUTIVE DIRECTOR SEIBERT: First order  
24 of business, Mr. Chairman, is consideration of  
25 relicensure of certain Class B Licensees, and I

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1 would like to introduce Donna Negrotto to make  
2 introductions and any comments.

3 MS. NEGROTTO: Sure, sure. Good  
4 morning, Mr. Chairman, Commissioners. My name is  
5 Donna Negrotto. I'm the executive vice president  
6 and general counsel and secretary of Pinnacle  
7 Entertainment.

8 We're here before you today for the  
9 relicensing hearing of River City Casino. I have  
10 with me today Mr. Chris Plant who is the vice  
11 president and general manager of that property and  
12 he's going to come up here, introduce a few folks  
13 and then go through the presentation for you.

14 CHAIRMAN KOHN: Thank you.

15 MR. PLANT: Thank you, Donna.

16 Chairman, Commissioners, thank you for  
17 the opportunity to spend some time with you this  
18 morning. We'll be brief because we know there's  
19 planes to catch, but before we get started, I do  
20 want to introduce a few folks that are joining us  
21 from both our corporate team and our local team.  
22 So, we have with us Neil Walkoff who is our  
23 executive vice president of operations based out of  
24 the St. Louis area, responsible for a number of  
25 properties, one of them being my property. Troy

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1 Stremming, who is our vice president -- executive  
2 vice president of government affairs and public  
3 relations. We have Steve Peate who is our River  
4 City assistant general manager, vice president. We  
5 have Josh Glazer who is our corporate strategic  
6 sourcing, vice president, coming in from Las Vegas;  
7 and then Quinten Anderson who is our strategic  
8 sourcing leader of the property there at River City.

9                   So, with that, let's just go ahead and  
10 step right into it. We have the opportunity to  
11 share with you River City as the quick overview.  
12 You can see we're a property that's rather large.  
13 We have over 1,900 slot machines, over 50 table  
14 games, over 1,000 team members at our property. We  
15 opened about seven-and-a-half years ago, did a nice  
16 celebration, similar to what Lyle's doing at his  
17 property, with the big cake that we did celebrating  
18 seven years. So, about \$482 million we've spent on  
19 the property in the time that we've built it and  
20 owned it.

21                   From a development agreement, one of the  
22 things I know you'd like to understand is how are we  
23 complying with our development agreement. This  
24 gives you a quick overview of what that development  
25 agreement looks like, the highlights. Initial phase

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1 1 investment we did, and the second phase 2  
2 investment of about 82 million. And some of the  
3 highlights I'd like to call out is the \$5 million  
4 that we received capital with the aquatics center  
5 that's one of the premium St. Louis County parks and  
6 rec sites nowadays in the summertime. It's a one  
7 in, one out. It's so busy at that pool side that  
8 they're so full you got to have one come out to have  
9 one go in. The Hancock School District property tax  
10 funding that goes into the school district and then  
11 our rent check. Joe Bannister is here from the  
12 St. Louis Economic Development Partnership and he  
13 can speak to the value of that rent check that this  
14 past year was close to \$5.3 million for the 2016  
15 year.

16                   When we think of capital investment, I  
17 spoke to our phase 1 investment, 375 million, our  
18 second phase investment of 82 million, but we've  
19 continued to invest in that property. It hasn't  
20 been just stopping there. So, in the intervening  
21 seven years we've invested another \$25 million, and  
22 what I'm really excited about is the most recent  
23 investment we've done. About \$5 million we spent to  
24 add a new restaurant called Cibare Italian Kitchen  
25 we opened up. In fact, you may recall last year

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1 when you were visiting our property, we were under  
2 construction for that site. We opened up in  
3 November. So, just about a month from now we'll  
4 celebrate our one-year anniversary of that  
5 restaurant. And then we -- I think we had open, I'm  
6 pretty sure we had our Asian gaming and dining  
7 experience already open by the time that you-all  
8 came through. And both of those have been extremely  
9 accretive businesses to River City, bringing new  
10 experiences and new opportunities for our guests to  
11 enjoy when they move around the property.

12                   From an economic impact, how are we  
13 contributing to the environment, to the economy, you  
14 can see there some pretty sizable numbers there.  
15 All in to the state, local community \$75 million  
16 with about 25 of that million -- 25 million of those  
17 dollars coming into that local area for Lemay and  
18 the South County region. And then, you know, we put  
19 up there that compensation for that \$37 million that  
20 has been paid to our team members, benefits  
21 contributing to their lives and really continuing to  
22 grow the economy. And all of that's the 12 months  
23 end of June of 2017.

24                   When it comes to diversity, you can see  
25 here over the last four years our spend in the

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1 diversity category is close to over \$39 million,  
2 which is a pretty significant amount of money and  
3 represents about 41 percent of our qualified spend,  
4 a commitment that we've continued to maintain at our  
5 property and actually within the Pinnacle family in  
6 totality.

7                   When I look at that, that page, some of  
8 the things -- one of the things that jumps out at me  
9 is that our base of vendors. So, we think about not  
10 only are we spending with vendors, but are we  
11 growing our base over that. You can see that over  
12 the four years we've grown our base by almost 20  
13 percent, adding 18 new vendors. We've lost a few  
14 along the way, but a fairly sizable investment.

15                   CHAIRMAN KOHN: Chris, let me make sure  
16 I understand. You're saying 41 percent of your  
17 spend with vendors is minority?

18                   MR. PLANT: Correct. On the cumulative  
19 base over the last four years, correct.

20                   CHAIRMAN KOHN: Four years, okay.

21                   MR. PLANT: Yeah. And I think Cheryl  
22 Bonner has a brief presentation.

23                   When I think of our ongoing efforts, so  
24 not just what have we done in the past, but what do  
25 we continue to do, Josh Glazer is here as a

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1 representative of our service center and that  
2 culture that's not only engrained at the River City  
3 property, but within the Pinnacle family and how  
4 that support that we have with our service center to  
5 commit to a diversity culture when it comes to  
6 spending. We have a fair next week at the property.  
7 It's our sixth annual diversity fair. Over 100  
8 folks will be showing up, 100 different vendors  
9 showing up all for a number of different industries.  
10 Just last week Quinten went to a diversity event  
11 where we were the only casino, ourselves and our  
12 sister property, represented at the event of  
13 Monsanto, an agri business, to try and speak with  
14 new prospective vendors and buyers, vendors of  
15 different diversity products.

16 Underage gaming, another area where we  
17 take very seriously. Of course, it's part of that  
18 credibility that we want to make sure that those who  
19 are on our gaming floor are over 21. So, if you're  
20 looking under 30, we're going to pause you at our  
21 entrance, we're going to ask you for an ID, we're  
22 going to have that ID checked in our Veridoc system  
23 and we're going to make sure that you're over 21.  
24 And as you can see, over 99 percent of our guests  
25 are, in fact, over that 21 age limit.

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1                    Problem gambling, another area where  
2 Donna and I were talking as we drove in today.  
3 Things that we talk about today are really engrained  
4 in who we are, whether it be at our local property,  
5 at our corporate event. We're actively involved in  
6 the awareness campaign that happens in March of  
7 every year. We're actively involved in the gaming  
8 week that's in August every year. We have brochures  
9 at our different locations on our property. The  
10 bets-off phone number is in all the different  
11 marketing collateral. Problem gambling, we want  
12 gamblers that want to be there. Those that need  
13 assistance we want to make sure we provide the  
14 channels to obtain that, to get that assistance.

15                    Compliance is something that -- you  
16 know, credibility in this industry is critical and  
17 we take that very seriously. Once a month our  
18 director of compliance, Matt Sondermann -- who would  
19 be with us today, but he had a family commitment  
20 that was, frankly, just that much more important.  
21 So, we certainly said go enjoy your family event.  
22 He puts out a communication piece once a month to  
23 tell our team members, to remind them of issues that  
24 are important from the compliance. We have a heart  
25 of house wall that's dedicated to compliance

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1 matters. Matt is in our executive meeting weekly  
2 talking about here's things that are on the  
3 forefront, here's some areas that we need to work  
4 on. Compliance continues to be an important  
5 ingredient to how we're succeeding.

6                   Wrapping up in the last few slides is  
7 our contributions and charitable giving. When I  
8 look at that slide, over \$400,000 in the last four  
9 years has been donated to different organizations,  
10 but what I'd call your attention to is that  
11 \$157,000, that's that workplace giving component of  
12 that 400-plus-thousand. That's money that team  
13 members individually said I'm going to give from  
14 myself to a charity of choice, whether it be Feed My  
15 People to a Veterans organization, something. And  
16 the number two charity within the list of  
17 opportunities is, in fact, the team member  
18 assistance fund. So, our team members are giving to  
19 team members to help out. But, you know, money is  
20 critical, but time is golden and the volunteerism  
21 that our team members exhibit every year is probably  
22 the most celebrated of all of that charitable. In  
23 fact, just last week the Lemay Chamber of Commerce  
24 recognized River City for the 2017 community service  
25 award for the volunteering that our team members do,

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1 whether it's pulling weeds out of backyards for  
2 houses, painting porches, food banks, a variety of  
3 activities. About six times a year we get out into  
4 the community to volunteer and help out.

5                   So, with that, I'm going to ask Joe  
6 Bannister, who is the vice president of real estate  
7 with the St. Louis Economic Development Partnership  
8 that's our home dock community and see if you have  
9 any words.

10                   MR. BANNISTER: I just -- good morning,  
11 everybody. I'd just like to reinforce on top of all  
12 that other community involvement, St. Louis County  
13 has what we call the community reinvestment fund.  
14 We reinvest in the entire St. Louis community  
15 through all the economic development partnerships  
16 that we have with other communities and  
17 municipalities. And so, we're proud to have as many  
18 of the organizations as we do, and that's from, from  
19 the furthest point north in St. Louis County to the  
20 furthest point south to the furthest point west.  
21 So, that reinvestment fund is critical. The number  
22 this year is around \$5 million that we continue to  
23 invest in the entire St. Louis region. So, without  
24 this project we wouldn't have the success that we do  
25 in our economic development.

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1 MR. PLANT: Thank you.

2 MR. BANNISTER: Thank you.

3 CHAIRMAN KOHN: I also notice that you  
4 have a letter from the county executive.

5 MR. PLANT: Steve Stenger.

6 CHAIRMAN KOHN: Want to enter that into  
7 the record as well?

8 MR. PLANT: Yes, please do.

9 So, with that, open to any questions  
10 that you-all may have.

11 COMMISSIONER LOMBARDO: Chris, I'm  
12 looking at part of your report that's entitled  
13 organized activity, and it shows that in 2016 there  
14 was 192 felony arrests. I presume that's on the  
15 property?

16 MR. PLANT: Yes. And so --

17 COMMISSIONER LOMBARDO: That's  
18 considerably higher than previous years, which are  
19 77, 45, and 30. Perhaps you can comment on that.

20 MR. PLANT: Well, I would say that it's  
21 a combination of the team that's at River City, Tim  
22 Hourihan, who's a sergeant for our property, and  
23 they're active in partnering with our security team  
24 to pay attention to who's coming onto our property.  
25 Those incidents --

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1                   COMMISSIONER LOMBARDO:  What are they  
2  mainly?

3                   MR. PLANT:  Drugs.

4                   COMMISSIONER LOMBARDO:  Okay.  So, are  
5  you saying that it's essentially better enforcement  
6  as opposed to more crime.

7                   MR. PLANT:  I absolutely do.  I mean,  
8  our guests tell us regularly our safety -- we do  
9  surveys to all of our quests and one of those  
10 metrics we seek is how safe do you feel and 97.5  
11 percent feel safe at our property.  So, it's more of  
12 an active, more active engaging versus a risk  
13 relationship.

14                  COMMISSIONER LOMBARDO:  So, you made  
15 some changes and it led to better enforcement?

16                  MR. PLANT:  We've secured additional  
17 camera coverage that's allowed us to see some  
18 patrons that are coming on property.  We've added a  
19 surveillance team member into our room just to pay  
20 attention to our exterior, our parking lots, and  
21 that's helping see more than what we were seeing  
22 before and we engage the Missouri Gaming patrol team  
23 that's on the property.

24                  COMMISSIONER LOMBARDO:  Thank you.

25                  MR. PLANT:  Absolutely.

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1 CHAIRMAN KOHN: Any other questions?

2 COMMISSIONER JAMISON: No, sir.

3 CHAIRMAN KOHN: Okay.

4 MR. PLANT: All right. Thank you very  
5 much.

6 COMMISSIONER LOMBARDO: Thank you.

7 COMMISSIONER FINNEY: Thank you.

8 EXECUTIVE DIRECTOR SEIBERT: Mr.

9 Chairman, I don't know if anybody's here who wants  
10 to make public comment.

11 CHAIRMAN KOHN: Does anybody here want  
12 to make comment with regard to this application?

13 Okay. Can we have the investigative  
14 summary?

15 EXECUTIVE DIRECTOR SEIBERT: We have  
16 Sergeant Jim Bennett.

17 CHAIRMAN KOHN: Sergeant.

18 MR. BENNETT: Good morning. Under tab B  
19 you will resolution for relicensure of Class B  
20 licensee PNK (River City), LLC, doing business as  
21 River City Casino.

22 On July 13th, 2017, River City Casino  
23 made application to the Missouri Gaming Commission  
24 for the renewal of their Class B riverboat gaming  
25 license. Riverboat -- River City Casino was

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1 originally granted its Class B license in February  
2 of 2010.

3                   Investigators from the Missouri State  
4 Highway Patrol and the Gaming Commission conducted  
5 an investigation of River City Casino to aid in  
6 determining the company's continued suitability for  
7 relicensure. This investigation consisted of  
8 feedback from local and state agencies, a financial  
9 analysis and a review of key persons associated with  
10 the company.

11                   At this time, River City Casino is being  
12 presented for your consideration and for approval of  
13 their Class B license. A comprehensive report was  
14 submitted to the Missouri Gaming Commission Staff  
15 and you possess a copy of that summary before you,  
16 and I can answer any question that you may have.

17                   CHAIRMAN KOHN: Questions for Sergeant  
18 Bennett?

19                   COMMISSIONER LOMBARDO: No.

20                   COMMISSIONER FINNEY: Sergeant, I have a  
21 question regarding similar to what we talked about,  
22 the drug cases. If you look at the security  
23 statistics on page 12, from 2013 to 2016 there's a  
24 noticeable increase in drug cases.

25                   MR. BENNETT: Yes.

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1                   COMMISSIONER FINNEY: Okay. So, are we  
2 talking about primarily an opioid usage or --

3                   MR. BENNETT: It is. And your question  
4 came from my report actually. And what Mr. Plant  
5 said was exactly spot-on. One of the reasons for  
6 the increase is due to some of the adjustments that  
7 they have made in their surveillance department and  
8 proactive enforcement of the troopers there on  
9 board. They teamed up with the surveillance  
10 department over there and we were able to go in and  
11 chat with those -- with those individuals while we  
12 were conducting this investigation. And they did  
13 put up some new cameras in the parking lots and as  
14 the cars come in and as cars leave these cameras  
15 also pick up license plates. So, even if they get  
16 away today, we get them tomorrow. And these cameras  
17 in the parking lots and the garages, they have a  
18 person assigned totally to that and they're  
19 monitoring these vehicles and the people that come  
20 in and out, and if they see them hanging out in the  
21 parking lot, doing their drugs inside their cars,  
22 our guys come out, the highway patrolmen come out  
23 and take care of that arrest.

24                   COMMISSIONER FINNEY: Okay. So, it's  
25 mostly just possession and usage. We're not talking

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1 about necessarily trafficking and dealing on the  
2 premises or is that an issue as well?

3 MR. BENNETT: There was a very large  
4 case made just a couple months ago with tens of  
5 thousands of dollars to the best of my remembrance  
6 and pounds of drugs. I don't know that I should get  
7 too far involved in that just because it is an  
8 ongoing case. But no, there is some trafficking as  
9 well, but it's in the parking lot and I believe  
10 because of the proactive work of the highway patrol  
11 and Mr. Plant's staff keeping it in the parking lot  
12 and trying to keep it from coming in.

13 COMMISSIONER FINNEY: Okay. And just to  
14 follow-up my question then. We're talking primarily  
15 opioids or is it just across the board?

16 MR. BENNETT: I think it's just drugs in  
17 general, yes, sir.

18 COMMISSIONER FINNEY: Okay.

19 CHAIRMAN KOHN: Any other questions?

20 I'm just curious how this works as a  
21 actual process. You get a report from somebody  
22 using or selling or whatever and they're arrested by  
23 the highway patrol?

24 MR. BENNETT: It's not just a report.  
25 They're being videoed on surveillance. Our officers

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1 witness that, they go down and make their own case.  
2 It's not that they're just getting report from an  
3 employee. They're actually conducting an  
4 investigation and seeing it with their own eyes and  
5 making, making arrest on their own case, on its own  
6 merit.

7 CHAIRMAN KOHN: And when an arrest is  
8 made, what happens to that suspect? Are they taken  
9 to headquarters.

10 MR. BENNETT: In some cases they'll be  
11 physically arrested and taken into custody and  
12 transported to the county, the county jail center,  
13 St. Louis County, and sometimes they are let loose  
14 with summons depending on the amount of drugs or,  
15 you know, the other facts in the case.

16 CHAIRMAN KOHN: So, that's -- so, the  
17 trooper makes that judgment --

18 MR. BENNETT: Yes, sir.

19 CHAIRMAN KOHN: -- as to whether or not  
20 to bring them in or --

21 MR. BENNETT: Yes, sir.

22 CHAIRMAN KOHN: -- let them off with a  
23 warning or...?

24 MR. BENNETT: Yes. Well, I'm sure  
25 they're not going to be given a warning, sir.



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1 Commission Staff conducted a 100 percent audit of  
2 the MBE/WBE records for the Class B licensee River  
3 City Casino. The results of our audit and specific  
4 details related to the findings are contained within  
5 the summary report in your possession.

6 I'll be happy to answer any questions.

7 CHAIRMAN KOHN: Any questions?

8 COMMISSIONER JAMISON: And maybe Chris  
9 can, but there was a -- there was a drop between  
10 '14 -- is it '14 and '16, or '14 and '15, and then  
11 it's come back up here in '17?

12 MR. PLANT: Yeah.

13 COMMISSIONER JAMISON: Was that specific  
14 to some major vendor?

15 MR. PLANT: Yeah. It's more of a  
16 marketing strategy, how we continue to evolve our  
17 marketing strategy, and that impacted one of our  
18 vendors.

19 COMMISSIONER JAMISON: Okay. Thank you.

20 MR. PLANT: Uh-huh.

21 MS. BONNER: And I want to -- for the  
22 record, I have -- I've discussed their minority drop  
23 and they are -- to date they are, like, finding  
24 replacements and they're on the climb -- climbing  
25 back up.

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1                   COMMISSIONER JAMISON: Yeah. I see that  
2 through the first part of '17 here it's increased  
3 back up.

4                   MS. BONNER: Right.

5                   COMMISSIONER JAMISON: So, it's going  
6 back in the right direction.

7                   MS. BONNER: Right.

8                   COMMISSIONER JAMISON: I just wanted to  
9 make sure if that was, like, one vendor or...

10                  MR. PLANT: Yeah.

11                  COMMISSIONER JAMISON: So, I appreciate  
12 that.

13                  MS. BONNER: Thank you.

14                  CHAIRMAN KOHN: Okay. With those  
15 reports, we're ready for staff recommendation.

16                  EXECUTIVE DIRECTOR SEIBERT: Mr.  
17 Chairman, Staff does recommend approval.

18                  CHAIRMAN KOHN: Thank you.

19                  Is there a motion to approve Resolution  
20 17-052?

21                  COMMISSIONER LOMBARDO: Motion to  
22 approve.

23                  COMMISSIONER JAMISON: Second.

24                  CHAIRMAN KOHN: Discussion on the  
25 motion?

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1 Angie.

2 MS. FRANKS: Commissioner Finney.

3 COMMISSIONER FINNEY: Approved.

4 MS. FRANKS: Commissioner Lombardo.

5 COMMISSIONER LOMBARDO: Approved.

6 MS. FRANKS: Commissioner Jamison.

7 COMMISSIONER JAMISON: Approved.

8 MS. FRANKS: Chairman Kohn.

9 CHAIRMAN KOHN: Approved.

10 MS. FRANKS: By your vote you've adopted

11 Resolution No. 17-052.

12 CHAIRMAN KOHN: Thank you.

13 And thank you, Chris, for your  
14 presentation.

15 MR. PLANT: My pleasure.

16 CHAIRMAN KOHN: Seibert.

17 EXECUTIVE DIRECTOR SEIBERT: The next  
18 order of business is consideration of amendment to  
19 term of Class A licensee. Mr. Ed Grewach will  
20 present.

21 MR. GREWACH: Thank you, Director  
22 Seibert.

23 Chairman, Commissioners, on March 23rd,  
24 2017, the Commission approved a transaction between  
25 Pinnacle and GLPI, which involved a transfer of

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1 Pinnacle's real estate to GLPI's REIT and the  
2 leasing back of its operations. Part of that  
3 transaction was the formation of a new entity which  
4 was to hold the Class A license for Pinnacle. By  
5 statute, whenever there's a new Class A license  
6 issued, the initial term is to be one year, the  
7 first renewal is to be one year, and after that it  
8 should be four-year terms.

9                   So, in March of 2016, the Pinnacle was  
10 then granted a one-year term for its Class A  
11 license. When it came up for its first renewal on  
12 March 29th, 2017, in Resolution 17-018, they were  
13 mistakenly given a four-year term instead of the  
14 one-year term as set forth in the statute. This  
15 resolution today is to amend that Resolution 17-018  
16 to correct it to show a one-year term for Pinnacle,  
17 which will expire on April 1st, 2018.

18                   CHAIRMAN KOHN: Okay. Any questions for  
19 Mr. Grewach?

20                   COMMISSIONER LOMBARDO: No.

21                   CHAIRMAN KOHN: Were they complaining  
22 about this?

23                   MS. NEGROTTO: Trust me --

24                   MR. PLANT: Not at all.

25                   MS. NEGROTTO: -- we'll take the plea.

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1                   COMMISSIONER JAMISON: I guess I have a  
2 question.

3                   COMMISSIONER LOMBARDO: I have a  
4 question you can ask, but you probably shouldn't  
5 ask.

6                   COMMISSIONER JAMISON: But, I mean, they  
7 were a previous licensee except by new name,  
8 correct?

9                   MR. GREWACH: Actually, no. It was a  
10 new entity and that new entity was PNK  
11 Entertainment, Inc. Then after the --

12                   COMMISSIONER JAMISON: But did that  
13 entity change materially?

14                   MR. GREWACH: It did change in the  
15 makeup of their shareholders through this  
16 transaction with, with GLPI.

17                   COMMISSIONER JAMISON: You kind of get  
18 where my question is going?

19                   MR. GREWACH: Yeah, I do.

20                   COMMISSIONER JAMISON: If they're a  
21 previous licensee and we relicense them by more --  
22 mostly by rename and then we put them back into a  
23 brand new licensee class --

24                   MR. GREWACH: Correct.

25                   COMMISSIONER JAMISON: -- it seems

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1 different than if it's a brand new licensee that we  
2 never had experience with.

3 MR. GREWACH: It's an absolute different  
4 transaction, we'll say, than when Eldorado purchased  
5 Isle.

6 COMMISSIONER JAMISON: Right.

7 MR. GREWACH: They had a completely new  
8 entity that we investigated from start to finish.  
9 Here there really weren't any significant changes  
10 between Pinnacle and PNK Entertainment, Inc., other  
11 than the fact it was a new entity. That new entity  
12 had to be formed by a nature of the structure of  
13 that transaction and they were just subject to the  
14 statute where we have to do the one-year, the  
15 one-year and the four-year terms at that point. So,  
16 it's more of a statutory.

17 When we look at this case internally and  
18 we look at -- and we were even discussing that  
19 earlier, you know, with the folks from Pinnacle here  
20 that there's really -- you know, we'll update some  
21 information, but we've been investigating Pinnacle,  
22 you know, almost nonstop from this 2016 transaction  
23 because every time we look at Class B, we also  
24 happen to look at the Class A. So, you know, it's  
25 not something that... But as you said, as Donna

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1 indicated, you know, they would have been happy with  
2 a four. Unfortunately, the statute doesn't permit  
3 that.

4 CHAIRMAN KOHN: But if we did that, we  
5 would be denying them the privilege of coming to  
6 Jeff City when we...

7 MR. GREWACH: You know --

8 COMMISSIONER LOMBARDO: That's a factor.

9 MR. GREWACH: -- I try to look at it  
10 that way. They get another chance to come up here.

11 COMMISSIONER LOMBARDO: I thought  
12 Brian's question was going to be whose fault was it.  
13 You don't need to answer that.

14 COMMISSIONER JAMISON: That wasn't my  
15 question.

16 COMMISSIONER LOMBARDO: Herbert and I  
17 have already figured out one thing. It was not  
18 Angie's fault. I'm prepared to answer that question,  
19 but if you don't ask, then I'm good with that, too.

20 CHAIRMAN KOHN: Any other questions?  
21 Is there a motion with regard to 17-053?

22 COMMISSIONER LOMBARDO: Motion to  
23 approve.

24 COMMISSIONER FINNEY: Second.

25 CHAIRMAN KOHN: Discussion on the

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1 motion?

2 Angie was blameless.

3 MS. FRANKS: Commissioner Finney.

4 COMMISSIONER FINNEY: Approved.

5 MS. FRANKS: Commissioner Lombardo.

6 COMMISSIONER LOMBARDO: Approved.

7 MS. FRANKS: Commissioner Jamison.

8 COMMISSIONER JAMISON: Approved.

9 MS. FRANKS: Chairman Kohn.

10 CHAIRMAN KOHN: Approved.

11 MS. FRANKS: By your vote you've adopted

12 Resolution No. 17-053.

13 MR. GREWACH: Thank you.

14 CHAIRMAN KOHN: Thank you.

15 That concludes our open session for  
16 today. Do we have a motion to go into closed  
17 session?

18 COMMISSIONER JAMISON: I move for a  
19 closed meeting under Sections 313.847 and 313.945,  
20 Revised Missouri Statutes, investigatory, propriety,  
21 and application records, and 610.021(1), Revised  
22 Missouri Statutes, legal actions, (3) and (13)  
23 personnel, and (14) records protected from  
24 disclosure by law.

25 CHAIRMAN KOHN: Is there a second?

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1 COMMISSIONER FINNEY: Second.

2 CHAIRMAN KOHN: Angie.

3 MS. FRANKS: Commissioner Finney.

4 COMMISSIONER FINNEY: Approved.

5 MS. FRANKS: Commissioner Lombardo.

6 COMMISSIONER LOMBARDO: Approved.

7 MS. FRANKS: Commissioner Jamison.

8 COMMISSIONER JAMISON: Approved.

9 MS. FRANKS: Chairman Kohn.

10 CHAIRMAN KOHN: Approved.

11 Before we go into closed session, let me  
12 thank all the folks that came in today, especially  
13 our guest from Las Vegas. We're happy to have you  
14 in Missouri, and we're happy to have your fine  
15 casino operating in our state. So, thank you.

16 MS. NEGROTTO: Thank you.

17 CHAIRMAN KOHN: We are adjourned -- no,  
18 we're not. We're going into closed session.

19 (The meeting went into closed session at  
20 9:03 a.m.)

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CERTIFICATE OF REPORTER

I, Amanda N. Farrar, a Certified Court Reporter for the State of Missouri, do hereby certify that the foregoing transcript was taken by me to the best of my ability and thereafter reduced to typewriting by me; that I am neither counsel for, related to, nor employed by any of the parties to the action in which this transcript was taken, and further that I am not a relative or employee of any attorney or counsel employed by the parties thereto, nor financially or otherwise interested in the outcome of the action.

\_\_\_\_\_  
Certified Court Reporter

**MISSOURI GAMING COMMISSION**  
**Second Open Session Minutes**  
**October 25, 2017**

The Missouri Gaming Commission (the “Commission”) went back into open session at approximately 9:11 a.m. on October 25, 2017, at the Council Chambers, City of Cape Girardeau, 401 Independence, Cape Girardeau, Missouri.

**Commissioner Jamison moved to adjourn the open session. Commissioner Finney seconded the motion. After a roll call vote was taken, Lombardo – yes, Finney – yes, Neer – yes, Jamison – yes, and Kohn – yes, the motion was unanimously approved.**

The meeting ended at 9:12 a.m.