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BEFORE THE MISSOURI GAMING COMMISSION

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Meeting

6

April 24, 2019

9:30 a.m.

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3417 Knipp Drive

Jefferson City, Missouri

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9

10

BEFORE:

Brian Jamison, Chairman

Thomas Neer, Commissioner

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Richard F. Lombardo, Commissioner -

(via telephonic)

12

Daniel P. Finney, III, Commissioner

Brandon Boulware, Commissioner

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Reported by:

23

Patricia A. Stewart, CCR 401

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AGENDA

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I. Call to Order

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II. Consideration of Minutes

4

A. March 27, 2019

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III. Consideration of Relicensure of Class A Licensee

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Eldorado Resorts, Inc. (Class A)

\* Presentation by Applicant

7

\* Investigative Summary

\* Staff Recommendation

8

B. Resolution No. 19-018

9

IV. Consideration of Disciplinary Action

C. Ameristar Casino Kansas City, LLC

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1. DC-19-047

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V. Consideration of Placement on Exclusion List

12

D. Timothy Karpovich

1. Resolution No. 19-019

13

E. Pamela J. Oestreich

1. Resolution No. 19-020

14

VI. Consideration of Rules and Regulations

15

F. Proposed Amendments

16

1. 11 CSR 45-5.190 Minimum Standards for Electronic Gaming Devices Percentage for Electronic Gaming

17

2. 11 CSR 45-5.200 Progressive Slot Machines

18

3. 11 CSR 45-5.210 Integrity of Electronic Gaming Devices

19

4. 11 CSR 45-5.237 Shipping of Electronic Gaming Devices, Gaming Equipment or Supplies

20

5. 11 CSR 45-8.140 Application and Verification Procedures for Granting Credit

21

22

6. 11 CSR 45-9.105 Minimum Internal Control Standards (MICS) - Chapter E

23

7. 11 CSR 45-12.020 Excursion Liquor License and Definitions

24

8. 11 CSR 45-12.080 Hours of Operation

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9. 11 CSR 45-40.100 Audits

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AGENDA (CONT'D)

- VII. Consideration of Ratification of Extension of Licensure
  - G. NRT Technology, Corp.
    - 1. Resolution No. 19-021
- VIII. Consideration of Relicensure of Certain Suppliers
  - H. Aristocrat Technologies, Inc.
    - 1. Resolution No. 19-022
  - I. Interblock USA, L.C.
    - 1. Resolution No. 19-023
  - J. Interblock D.D. Corporation
    - 1. Resolution No. 19-024
- IX. Consideration of Licensure of Level I/ Key Applicants
  - K. Resolution No. 19-025
- X. Consideration of Relicensure of Fantasy Sports Operators
  - L. SportsHub Games Network, Inc.
    - 1. Resolution No. 19-026
- XI. Motion for Closed Meeting under Sections 313.847 and 313.945, RSMo., Investigatory, Proprietary and Application Records and 610.021(1), RSMo, Legal Actions, (3) & (13) Personnel and (14) Records Protected from Disclosure by Law

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1 (Start time: 9:30 a.m.)

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

3 CHAIRMAN JAMISON: I'll call the April 24th  
4 Missouri Gaming Commission meeting to order.

5 Just a point of reference, Commissioner  
6 Lombardo is joining us by conference call, and so he is  
7 here but not in person.

8 So, Angie, would you call the roll.

9 MS. FRANKS: Commissioner Boulware.

10 COMMISSIONER BOULWARE: Present.

11 MS. FRANKS: Commissioner Finney.

12 COMMISSIONER FINNEY: Present.

13 MS. FRANKS: Commissioner Lombardo.

14 COMMISSIONER LOMBARDO: Present.

15 MS. FRANKS: Commissioner Neer.

16 COMMISSIONER NEER: Present.

17 MS. FRANKS: Chairman Jamison.

18 CHAIRMAN JAMISON: Present.

19 EXECUTIVE DIRECTOR GROTHAUS: Chairman, we  
20 have some awards to give out, if we can do that first.

21 CHAIRMAN JAMISON: Yes.

22 EXECUTIVE DIRECTOR GROTHAUS: I will turn  
23 that over to Deputy McGrail.

24 DEPUTY DIRECTOR MCGRAIL: Good morning.

25 CHAIRMAN/COMMISSIONERS: Good morning.

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1                   DEPUTY DIRECTOR MCGRAIL: So we have years of  
2 service recognition for several of our employees, and  
3 these are employees that have been here for a  
4 considerable amount of time.

5                   So I'll ask for Brian Graham to come forward,  
6 as well as Gail Carroll.

7                   Both these people have 15 years of service with  
8 the Missouri Gaming Commission. Brian is one of our  
9 auditors in the St. Louis area, and Gail is our IT  
10 support personnel.

11                   So like I say, they've been here for a long  
12 time. I understand many of you have seen them around  
13 the casinos, and, like I say, with the support that Gail  
14 does mostly on our website. So many times you frequent  
15 our website. A lot of that is to Gail and then the  
16 support team that they have.

17                   So again, we want to recognize their 15 years  
18 of service for the Missouri Gaming Commission.

19                   (Applause.)

20                   CHAIRMAN JAMISON: Congratulations.

21                   DEPUTY DIRECTOR MCGRAIL: We have one more  
22 year of service, if I could get Debi Grueneberg to come  
23 forward as well.

24                   So Debi has been one of our 25-year  
25 employees, so this is a major milestone. She was here

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1 pretty much close to the very beginning of the  
2 Commission. So she's located in St. Louis. She's our  
3 office manager. She handles a lot of what the SOSAs do  
4 today. So we do need to recognize especially 25 years.  
5 That's a considerable amount of time.

6 So on behalf of the Commission, as well as  
7 the new Executive Director, we'd like to present your  
8 certificate for 25 years of service.

9 MS. GRUENEBERG: Thank you very much.

10 (Applause.)

11 DEPUTY DIRECTOR MCGRAIL: And then I'll have  
12 one more. I promise that will be it.

13 CHAIRMAN JAMISON: You can have as much time  
14 as you want, Tim.

15 DEPUTY DIRECTOR MCGRAIL: Employee of the  
16 quarter. So we want to recognize our employee of the  
17 quarter.

18 Our employee of the quarter has been  
19 nominated for her initiative and dedication. Let's have  
20 her come forward.

21 Laura Nehring, if you'd come forward, please.  
22 You promise not to hit me. You have to stand up here  
23 and let everyone look at you.

24 Several years ago when the licensing section  
25 was going through changes in policy and staff, Licensing

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1 Investigator Laura Nehring recognized the Senior Office  
2 Support Assistants, what we call SOSAs, did not have a  
3 reference manual or guide to describe their duties and  
4 responsibilities.

5           The question of how to train and guide new  
6 and current SOSAs in the performance of their duties  
7 arose. Laura formulated the idea of a SOSA Guide, and  
8 with input from the SOSAs and the staff she developed  
9 the original Guide in 2015.

10           Since its creation Laura has maintained and  
11 updated the SOSA Guide when necessary. The SOSA Guide  
12 is used today by all of the SOSAs at the casinos and is  
13 a training tool for all new hires.

14           At this time we'd like to commend Laura for  
15 her efforts and service to both the Missouri Gaming  
16 Commission and the State of Missouri and why she has  
17 been selected as MGC's employee of the quarter.

18           (Appause.)

19           DEPUTY DIRECTOR MCGRAIL: I can't promise you  
20 but the previous Executive Director used to buy lunch.  
21 I will go out on the limb that the new Executive  
22 Director will also provide that same offer.

23           CHAIRMAN JAMISON: Congratulations from the  
24 Commission and say I wouldn't know why he wouldn't buy  
25 you lunch.

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1 EXECUTIVE DIRECTOR GROTHAUS: It looks like  
2 we're having lunch.

3 CHAIRMAN JAMISON: Okay. The Chair would  
4 entertain a motion for the consideration of the  
5 March 27th minutes.

6 COMMISSIONER NEER: Motion to approve.

7 COMMISSIONER FINNEY: Second.

8 CHAIRMAN JAMISON: It's been first and  
9 seconded.

10 Angie.

11 MS. FRANKS: Commissioner Boulware.

12 COMMISSIONER BOULWARE: Approve.

13 MS. FRANKS: Commissioner Finney.

14 COMMISSIONER FINNEY: Approve.

15 MS. FRANKS: Commissioner Lombardo.

16 COMMISSIONER LOMBARDO: Approve.

17 MS. FRANKS: Commissioner Neer.

18 COMMISSIONER NEER: Approve.

19 MS. FRANKS: Commissioner Jamison.

20 CHAIRMAN JAMISON: Approve.

21 MS. FRANKS: By your vote you've adopted the  
22 minutes of the March 27th, 2019 meeting.

23 EXECUTIVE DIRECTOR GROTHAUS: Mr. Chairman,  
24 the first item of business is Consideration of  
25 Relicensure of Class A Licensee Eldorado Resorts,



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1 Incorporated.

2 And I think Mr. Barron Fuller is in the room.

3 And, Mr. Fuller, would you please introduce  
4 the people with you?

5 MR. FULLER: Yes.

6 Good morning everyone --

7 CHAIR/COMMISSIONERS: Good morning.

8 MR. FULLER: -- Chairman, Commissioners.

9 Executive Director, We have not had a chance  
10 to meet. My name is Barron Fuller, Senior Vice  
11 President of Operations for Eldorado Resorts Midwest  
12 Division. I have accountability for our Missouri  
13 properties and our Iowa properties. So it's our  
14 pleasure to be here today requesting the reapproval of  
15 our Class A license.

16 At this point I would turn it over to Jeff.

17 CHAIRMAN JAMISON: Okay. Thank you.

18 MR. HENDRICKS: Good morning, Chairman,  
19 Commissioners, staff. Barron covered most of the  
20 material I was going to cover, so I'll keep this brief.

21 My name is Jeff Hendricks. I'm the Vice  
22 President of Compliance for ERI. It's a pleasure to be  
23 back before the Missouri Gaming Commission requesting  
24 approval for ERI's Class A relicensing.

25 On behalf of the company I want to say thank

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1 you for the Commission's hard work with our company over  
2 the past few years, obviously very busy few years for  
3 our company, and we've been thrilled with the results  
4 and thrilled with all of the work and excellent services  
5 provided by the Commission and Commission staff. In  
6 particular I want to thank Officer Holcomb on the  
7 licensing review.

8                   And I'm really here in case you have any  
9 questions about ERI's corporate office or any questions  
10 about the Class A license renewal. So with that I'll be  
11 available for questions throughout, and I'll turn things  
12 back over.

13                   CHAIRMAN JAMISON: Thank you.

14                   MR. FULLER: Just a quick recognition for  
15 some of the general managers that came in today.

16                   We have Heather Rapp from our Boonville  
17 property, Denny Callen from our Caruthersville property  
18 and Lyle Randolph from our Cape Girardeau property. And  
19 Jamie Ellingboe is also here today.

20                   Today is somewhat of bittersweet for me. I'm  
21 ending my career in the state of Missouri and moving on  
22 to our southern region. So effective May 1st I will  
23 take over our Florida, Louisiana and Mississippi  
24 jurisdictions.

25                   So Jamie has done a nice job over the last

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1 ten years keeping me out of trouble.

2 I will be replaced with a good gentleman.

3 Todd Conley will replace me. Todd is behind me, and

4 I'll let Todd talk a little bit about himself.

5 MR. CONLEY: Good morning, Mr. Chairman,

6 Commissioners. My name is Todd Conley. I'm from Iowa.

7 I have spent nine years, from '07 to '15, in Missouri,

8 and last was the General Manager in Caruthersville for

9 those last two years. So on May 1 I'll take over the

10 Iowa and Missouri region.

11 So I'm happy to be back in the state, and I'd

12 be welcome to answer any questions you may have. Thank

13 you.

14 MR. FULLER: Unless there are any questions

15 we respectfully request relicensure.

16 EXECUTIVE DIRECTOR GROTHAUS: Brian Holcomb,

17 Missouri Highway Patrol Gaming Division.

18 CHAIRMAN JAMISON: Does anyone have any

19 questions?

20 Rick, do you have any questions?

21 COMMISSIONER LOMBARDO: No, Brian. I don't.

22 CHAIRMAN JAMISON: Thank you very much.

23 Sergeant, how are you this morning?

24 SERGEANT HOLCOMB: I'm good, sir. Thank you.

25 Good morning, Mr. Chairman, Commissioners.

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1                   Eldorado Resorts, Incorporated is being  
2 presented for relicensure. Eldorado Resorts is the  
3 Class A Licensee which owns and operates the following  
4 five casinos in Missouri: IOC - Kansas City,  
5 Incorporated; IOC - Boonville, Incorporated; IOC -  
6 Caruthersville, LLC doing business as Lady Luck Casino  
7 Caruthersville; IOC - Cape Girardeau, LLC doing business  
8 as Isle Casino Cape Girardeau; and Tropicana  
9 St. Louis, LLC doing business as Lumiere Place Casino &  
10 Hotels St. Louis.

11                   Eldorado Resorts was initially licensed by  
12 the Commission on April 26, 2017 and is being presented  
13 today for consideration of its second anniversary  
14 renewal.

15                   Highway Patrol and MGC financial  
16 investigators conducted the relicensing investigation  
17 which consisted of jurisdictional inquiries, an  
18 examination of disciplinary actions, litigation and  
19 business credit profiles, as well as a review of key  
20 persons associated with the company.

21                   The investigative summary was provided to the  
22 MGC staff for review, and investigators are present to  
23 answer any questions you might have.

24                   CHAIRMAN JAMISON: Any questions for Sergeant  
25 Holcomb?

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1 COMMISSIONER NEER: No.

2 CHAIRMAN JAMISON: Rick.

3 COMMISSIONER LOMBARDO: No.

4 EXECUTIVE DIRECTOR GROTHAUS: Mr. Chairman,  
5 staff recommends relicensure.

6 CHAIRMAN JAMISON: Okay. Thank you,  
7 Sergeant.

8 SERGEANT HOLCOMB: Thank you, sir.

9 CHAIRMAN JAMISON: The Chair would entertain  
10 a motion on Resolution 19-018.

11 COMMISSIONER BOULWARE: Motion to approve.

12 COMMISSIONER FINNEY: Second.

13 CHAIRMAN JAMISON: It's been first and  
14 seconded.

15 Angie.

16 MS. FRANKS: Commissioner Boulware.

17 COMMISSIONER BOULWARE: Approve.

18 MS. FRANKS: Commissioner Finney.

19 COMMISSIONER FINNEY: Approve.

20 MS. FRANKS: Commissioner Lombardo.

21 COMMISSIONER LOMBARDO: Approve.

22 MS. FRANKS: Commissioner Neer.

23 COMMISSIONER NEER: Approve.

24 MS. FRANKS: Chairman Jamison.

25 CHAIRMAN JAMISON: Approve.

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1 MS. FRANKS: By your vote you've adopted  
2 Resolution No. 19-018.

3 CHAIRMAN JAMISON: Okay.

4 EXECUTIVE DIRECTOR GROTHAUS: Mr. Chairman,  
5 next on the agenda is Consideration of Disciplinary  
6 Actions, and our Chief Counsel, Ed Grewach, will  
7 present.

8 MR. GREWACH: Thank you, Mr. Chairman,  
9 Commissioners.

10 Under Tab C we have a Preliminary Order of  
11 Discipline directed to Ameristar Kansas City for repeat  
12 audit findings which were violations of our Rule 5.181  
13 relating to the conduct of promotions.

14 As part of our routine compliance audit  
15 process, we review a sample of promotions to determine,  
16 among other things, that the prizes were awarded  
17 according to the rules of the promotion.

18 The most recent audit of the casino  
19 identified four promotions where patrons did not receive  
20 the correct amount of entries in drawings.

21 The rules for these four promotions provided  
22 that entries were to be awarded based on points earned  
23 during specific times and specific dates. However, when  
24 the promotions were set up, the times were entered  
25 incorrectly, and that resulted in 13,330 patrons not

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1 receiving the correct amount of entries.

2           The prior audit had also found a problem with  
3 one promotion in which entries were not awarded  
4 according to the rules, and the staff recommends a fine  
5 of \$5,000.

6           CHAIRMAN JAMISON: Any questions for Ed?

7           COMMISSIONER BOULWARE: Yes.

8           How did this happen?

9           MR. GREWACH: Well, what happened is at each  
10 promotion the rules had stated that these specific times  
11 for this day would be the time for the points to be  
12 issued, but when it was actually set up, the manual  
13 entry was made to set up the promotion. The times on  
14 all four of these were just entered wrong.

15           So that meant some people who actually earned  
16 points during the time period the rules said they should  
17 count towards drawings, they weren't awarded those  
18 drawings.

19           COMMISSIONER NEER: Was this a software issue  
20 or human error?

21           MR. GREWACH: I believe it was human error.  
22 That was the actual entries of the times of the  
23 promotion.

24           COMMISSIONER FINNEY: Was this casino aware  
25 of the issue before you conducted the audit? Did it

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1 bring it to your attention?

2 MR. GREWACH: They did not.

3 COMMISSIONER FINNEY: Do you know why not?

4 MR. GREWACH: Well, they actually, you know,  
5 once they did the promotion.

6 To kind of follow up a little bit on your  
7 question. They did in response to this audit finding  
8 add another step, to where there is a second person who  
9 double checks the times that are entered. They just  
10 didn't have that step at this point in time. And  
11 they've added a step where they themselves now do a  
12 random audit promotion to double-check for this type of  
13 issue. But no patron complained, and they just had no  
14 mechanism in place to be able to find that.

15 COMMISSIONER FINNEY: Okay. Thanks.

16 COMMISSIONER NEER: The patrons wouldn't know  
17 that they deserved points if they weren't awarded them  
18 because of the error. Correct?

19 MR. GREWACH: That's correct. They really --  
20 it would be difficult to imagine a scenario in which  
21 that they would be aware that they were short entries.

22 CHAIRMAN JAMISON: Any additional questions?

23 Rick.

24 COMMISSIONER LOMBARDO: No.

25 CHAIRMAN JAMISON: Okay. It's been first and



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1 seconded. The Chair would entertain a motion on  
2 DC-19-047.

3 COMMISSIONER FINNEY: Motion to approve.

4 COMMISSIONER BOULWARE: Second.

5 CHAIRMAN JAMISON: Angie, call the roll.

6 MS. FRANKS: Commissioner Boulware.

7 COMMISSIONER BOULWARE: Approve.

8 MS. FRANKS: Commissioner Finney.

9 COMMISSIONER FINNEY: Approve.

10 MS. FRANKS: Commissioner Lombardo.

11 COMMISSIONER LOMBARDO: Approve.

12 MS. FRANKS: Commissioner Neer.

13 COMMISSIONER NEER: Approve.

14 MS. FRANKS: Chairman Jamison.

15 CHAIRMAN JAMISON: Approve.

16 MS. FRANKS: By your vote you've adopted  
17 DC-19-047.

18 EXECUTIVE DIRECTOR GROTHAUS: Next is  
19 Consideration of Placement on the exclusion list, and  
20 our staff attorney Carolyn Kerr will present.

21 MS. KERR: Good morning.

22 CHAIRMAN/COMMISSIONERS: Good morning.

23 MS. KERR: The first, Tab D, we have  
24 consideration for Timothy Karpovich to be placed on the  
25 involuntary exclusion list.

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1                   On April 10th of 2018 Timothy Karpovich pled  
2 guilty to felony bank robbery. On January 1st -- or  
3 January 22nd of 2018 he robbed the KCB Bank in Bonner  
4 Springs, Kansas, took the money that he had obtained  
5 from the bank and went to the Harrah's Casino in North  
6 Kansas City, bought in a poker table for a poker game,  
7 tried to cash some of the money in for chips.

8                   And while he was at the casino -- he was a  
9 regular customer at the casino -- one of the employees  
10 recognized him from I guess the news and notified  
11 the Gaming agent, notified the police and told them that  
12 Tim was here and he's the guy that's wanted for the bank  
13 robbery.

14                   When he was confronted and arrested, he  
15 admitted robbing the bank to get money to go gamble. So  
16 he admitted everything. He was sentenced to 65 months  
17 in Federal prison, ordered to pay restitution from the  
18 bank and ordered specifically not to engage in any form  
19 of gambling, including betting at casinos, horse races  
20 online, sports betting, any of that. For these reasons  
21 Tim Karpovich should be placed on the involuntary  
22 exclusion list.

23                   CHAIRMAN JAMISON: Obviously Mr. Karpovich is  
24 not here today. Is there anyone representing him here  
25 today?

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1                   Okay. Seeing no one, the Chair would  
2 entertain a motion on Resolution 19-019.

3                   COMMISSIONER FINNEY: Motion to approve.

4                   COMMISSIONER NEER: Second.

5                   CHAIRMAN JAMISON: It's been first and  
6 seconded.

7                   Angie.

8                   MS. FRANKS: Commissioner Boulware.

9                   COMMISSIONER BOULWARE: Approve.

10                  MS. FRANKS: Commissioner Finney.

11                  COMMISSIONER FINNEY: Approve.

12                  MS. FRANKS: Commissioner Lombardo.

13                  COMMISSIONER LOMBARDO: Approve.

14                  MS. FRANKS: Commissioner Neer.

15                  COMMISSIONER NEER: Approve.

16                  MS. FRANKS: Chairman Jamison.

17                  CHAIRMAN JAMISON: Approved.

18                  MS. KERR: By your vote you've adopted  
19 Resolution 19-019.

20                  Under Tab E we have Pamela Oestreich, I  
21 believe is how you pronounce her name.

22                  CHAIRMAN JAMISON: No better than I did on  
23 the first one.

24                  MS. KERR: That's what I was told how to  
25 pronounce it.

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1 COMMISSIONER NEER: It's Oestreich.

2 MS. KERR: Oestreich.

3 Pam Oestreich pled guilty in federal court to  
4 felony embezzling from Callaway County, Missouri. She  
5 was sentenced to 30 months in Federal prison and ordered  
6 to pay restitution totaling over 300,000.

7 Essentially Ms. Oestreich, who was elected  
8 County Tax Collector in 2002, stole money from the  
9 Callaway County Collector's Office and used that money  
10 for personal purposes, including gambling.

11 She diverted money paid to the Collector's  
12 Office by individuals, businesses and the Federal  
13 government to her own personal account and moved funds  
14 between the various bank accounts held by Callaway  
15 County and her own personal account to hide her theft.

16 She also failed to account for paid tax bills  
17 by diverting the payments to her personal account rather  
18 than depositing them into the County's account.

19 The total amount embezzled by Ms. Oestreich  
20 from county taxpayers included money received from the  
21 Federal government, money that would have gone to local  
22 schools, cities and other taxing districts within the  
23 county.

24 Although she did pay some of it back by  
25 taking money out of her personal account, putting it

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1 back in the County bank accounts, which was part of her  
2 scheme, she did admit to diverting the County's funds to  
3 her personal use on over 100 occasions.

4 Missouri State Auditors released an audit  
5 that found the funds were stolen between January 1st,  
6 2016 and March 15, 2018.

7 She resigned her elected position on that  
8 March 15th after a bank personnel noticed suspicious  
9 activity on a County checking account.

10 And when the Callaway County Sheriff and the  
11 FBI confronted her about the missing funds, she admitted  
12 everything. She has also admitted that her gambling  
13 addiction was a motive for theft. A review of her  
14 gambling activity showed in 2017 and 2018 she wagered  
15 over \$700,000 and recorded losses of over \$70,000, all  
16 at the Isle of Capri-Boonville.

17 Upon sentencing the court specifically  
18 ordered her not to engage in any gambling or enter any  
19 gambling establishment, and so for these reasons Pamela  
20 Oestreich should be placed on Missouri's involuntary  
21 exclusion list.

22 CHAIRMAN JAMISON: Okay. Is Ms. Oestreich or  
23 a representative for her present today?

24 Seeing no one, are there any questions for  
25 Carolyn?

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1 COMMISSIONER LOMBARDO: No.

2 CHAIRMAN JAMISON: The Chair would entertain  
3 a motion on Resolution 19-020.

4 COMMISSIONER BOULWARE: Motion to approve.

5 COMMISSIONER FINNEY: Second.

6 CHAIRMAN JAMISON: It's been first and  
7 seconded.

8 Angie.

9 MS. FRANKS: Commissioner Boulware.

10 COMMISSIONER BOULWARE: Approve.

11 MS. FRANKS: Commissioner Finney.

12 COMMISSIONER FINNEY: Approve.

13 MS. FRANKS: Commissioner Lombardo.

14 COMMISSIONER LOMBARDO: Approve.

15 MS. FRANKS: Commissioner Neer.

16 COMMISSIONER NEER: Approve.

17 MS. FRANKS: Chairman Jamison.

18 CHAIRMAN JAMISON: Approve.

19 MS. FRANKS: By your vote you've adopted  
20 Resolution No. 19-020.

21 CHAIRMAN JAMISON: Thank you, Carolyn.

22 EXECUTIVE DIRECTOR GROTHAUS: Next,

23 Mr. Chairman, we have Consideration of Rules and  
24 Regulations, and Chief Counsel Ed Grewach will present.

25 CHAIRMAN JAMISON: Ed.

1 MR. GREWACH: Thank you.

2 Under Tab F we have some Proposed Amendments  
3 and Orders of Rulemaking. For these rules the items  
4 under Tabs 1, 2, 3 and 6 all relate to electronic gaming  
5 devices, including issues concerning how progressive  
6 electronic gaming device jackpots are reconciled and  
7 allowing certain electronic gaming devices that have  
8 certain detectable dependency features in the game,  
9 which was something that was requested by the industry  
10 as a new product that had currently not been allowed in  
11 Missouri.

12 CHAIRMAN JAMISON: So can I question -- I  
13 hate to interrupt you.

14 What part has been requested, the part that  
15 it's progressive or the part that they can run a white  
16 paper or what is the -- maybe you were going to get to  
17 that part. But what is the request?

18 MR. GREWACH: The existing rule says that for  
19 every time you sit down to play a game every potential  
20 result has to be possible. And these new games that are  
21 coming out would have a feature where the longer you  
22 played there may be -- let's say it's a traditional reel  
23 strip and there may be a multiplier or a bonus icon that  
24 comes up and it stays on there.

25 So when I sit down, the longer I play -- or

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1 maybe I sit down at a machine. Now I've got an enhanced  
2 opportunity to win this jackpot because this feature  
3 that carried over from a prior game is on that new  
4 product. Where it's been approved in other states, our  
5 existing rules did not allow that.

6           So our approach then was to say, okay. If  
7 you want to have one of those, we're not going to have a  
8 rule prohibiting it. We want you to submit a white  
9 paper, which is an informal document, that industry  
10 term, that lays out the basics of a new product or a new  
11 proposal that we review.

12           And then we would review that to make sure  
13 we're satisfied that it's fair and we don't see any  
14 major problem with it, and then it would go to an  
15 independent testing lab and tested to make sure it  
16 complies with all of our regulations.

17           The change in the rules -- the two rules  
18 that deal with the detectable dependency would be 5.190  
19 and -- excuse me a second -- 5.210, would then allow  
20 that process to take place.

21           CHAIRMAN JAMISON: Okay. So I've got another  
22 question about the white paper.

23           MR. GREWACH: Sure.

24           CHAIRMAN JAMISON: Is that submitted by the,  
25 like, electronic gaming device manufacturer or supplier



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1 or is that specific to a Class B licensee that is  
2 implementing that device or where does that come in?

3 MR. GREWACH: They would come from the either  
4 manufacturer or supplier, because once they got that  
5 game feature approved, they'd be free to sell it to any  
6 casino then in Missouri.

7 CHAIRMAN JAMISON: So it would allow that  
8 device to be used inside the state of Missouri to any  
9 licensee once that is approved?

10 MR. GREWACH: That's correct.

11 CHAIRMAN JAMISON: Okay.

12 Sorry to interrupt.

13 MR. GREWACH: Not a problem.

14 I also want to talk a little bit about  
15 Item 4, which is the shipping of electronic gaming  
16 devices.

17 Our old rule required that the software for  
18 the machines be shipped separately from the unit itself,  
19 and we received input from the industry, because of the  
20 changes in technology the software is also embedded into  
21 the EGD or it's contained in the hard drive.

22 And their comments were that shipping it  
23 separately created not only the time and extra work when  
24 it arrived at the casino to install it, but it also  
25 created a risk for problems to come up because the

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1 software now is being installed outside of the  
2 controlled environment of the manufacturer's facility.

3 And as we reviewed it we came to the  
4 conclusion that that was a reasonable request, that we  
5 had adequate safeguards in place to make sure that the  
6 integrity was protected.

7 And I say that because that is something  
8 according to the Governor's Executive Order we've been  
9 tasked to do is to examine rules on a cost-benefit  
10 analysis and new technology like this that comes along,  
11 and we just wanted to again present that as an example  
12 of something that we have done in response to that  
13 mandate.

14 The balance of the rules you'll see are  
15 either technical corrections or corrections to make a  
16 rule consistent with a statutory change.

17 COMMISSIONER LOMBARDO: Ed, this is Rick.

18 What was the purpose of the original rule  
19 requiring the software to be shipped separately?

20 MR. GREWACH: The original concern that led  
21 to that rule was that we didn't want a fully functional  
22 slot machine to somehow disappear off the back of a  
23 truck and show up somewhere in Missouri.

24 But as we reviewed the industry's request we  
25 saw two things, one, that never has happened during the

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1 life of the rule, and secondly, we have safeguards in  
2 place, because when an EGD is shipped, there's a  
3 shipping request when it arrives at the casino. The  
4 serial numbers are checked against the shipping request.  
5 So we have ample safeguards in place.

6 But to answer your question, Commissioner  
7 Lombardo, that was the original rationale for the rule  
8 in the first place.

9 COMMISSIONER LOMBARDO: Thanks.

10 CHAIRMAN JAMISON: Any other questions?

11 Is that all of it?

12 MR. GREWACH: I think that's everything I  
13 have on those, and they can all be covered under one  
14 motion if the Commission would so desire.

15 CHAIRMAN JAMISON: The Chair would entertain  
16 a motion for all of the proposed amendments under Tab F.

17 COMMISSIONER FINNEY: Motion to approve.

18 COMMISSIONER BOULWARE: Second.

19 CHAIRMAN JAMISON: It's been first and  
20 seconded.

21 Angie.

22 MS. FRANKS: Commissioner Boulware.

23 COMMISSIONER BOULWARE: Approve.

24 MS. FRANKS: Commissioner Finney.

25 COMMISSIONER FINNEY: Approve.

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1 MS. FRANKS: Commissioner Lombardo.

2 COMMISSIONER LOMBARDO: Approve.

3 MS. FRANKS: Commissioner Neer.

4 COMMISSIONER NEER: Approve.

5 MS. FRANKS: Chairman Jamison.

6 CHAIRMAN JAMISON: Approve.

7 MS. FRANKS: By your vote you've adopted the

8 proposed amendments, 11 CSR 45-5.190, 5.200, 5.210,

9 5.237, 8.140, 9.105, 12.020, 12.080 and 40.100.

10 CHAIRMAN JAMISON: Thank you.

11 EXECUTIVE DIRECTOR GROTHAUS: Mr. Chairman,

12 the next item of business is Consideration of

13 Ratification of Extension of Licensure, and Counsel Ed

14 Grewach will present.

15 MR. GREWACH: NRT Technology is a supplier

16 who supplies ticket redemption kiosks for casinos in

17 Missouri. Their license is due to expire on April the

18 30th.

19 Some issues and questions arose during the

20 investigation that necessitated additional review, which

21 resulted in the investigation not being able to be

22 completed in time for this meeting for the extension

23 prior to the deadline. Pursuant to our Rule 1.020,

24 Subparagraph 4, the Chairman has granted a 60-day

25 extension and granted that extension on April the 2nd of

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1 2019.

2 The same rule requires that the full  
3 Commission ratify that action at the next regular  
4 Commission meeting, so we present Resolution No. 19-021  
5 for that ratification.

6 CHAIRMAN JAMISON: Okay. Thank you.

7 Any questions?

8 The Chair would entertain a motion on  
9 Resolution 19-021.

10 COMMISSIONER NEER: Motion to approve.

11 COMMISSIONER FINNEY: Second.

12 CHAIRMAN JAMISON: It's been first and  
13 seconded.

14 Angie.

15 MS. FRANKS: Commissioner Boulware.

16 COMMISSIONER BOULWARE: Approve.

17 MS. FRANKS: Commissioner Finney.

18 COMMISSIONER FINNEY: Approve.

19 MS. FRANKS: Commissioner Lombardo.

20 COMMISSIONER LOMBARDO: Approve.

21 MS. FRANKS: Commissioner Neer.

22 COMMISSIONER NEER: Approve.

23 MS. FRANKS: Chairman Jamison.

24 CHAIRMAN JAMISON: Approve.

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

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1 Resolution No. 19-021.

2 MR. GREWACH: Thank you.

3 CHAIRMAN JAMISON: Thanks, Ed,

4 EXECUTIVE DIRECTOR GROTHAUS: The next item  
5 is Consideration of Relicensure of Certain Suppliers,  
6 and Sergeant Bennett from the Missouri State Highway  
7 Patrol Gaming Division will present.

8 CHAIRMAN JAMISON: Good morning.

9 SERGEANT BENNETT: Good morning, Chairman and  
10 Commissioners.

11 Missouri State Highway Patrol investigators  
12 conducted the relicensing investigation of three gaming  
13 supplier companies. These investigations consisted of  
14 jurisdictional inquiries, feedback from Missouri casino  
15 companies, a review of disciplinary actions, litigation  
16 and business credit profiles, as well as a review of the  
17 key persons associated with each company.

18 The results of these investigations were  
19 provided to the Missouri Gaming Commission staff for  
20 their review, and you possess a comprehensive summary  
21 report which has outlined our investigative findings for  
22 each company.

23 The following supplier companies are being  
24 presented for your consideration, which is Aristocrat  
25 Technologies, Incorporated, Interblock D.D. Corporation

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1 and Interblock USA, L.C.

2 CHAIRMAN JAMISON: Thank you.

3 Any questions for the sergeant?

4 COMMISSIONER NEER: No, sir.

5 CHAIRMAN JAMISON: Rick.

6 COMMISSIONER LOMBARDO: No.

7 CHAIRMAN JAMISON: Okay.

8 SERGEANT BENNETT: Thank you.

9 CHAIRMAN JAMISON: The Chair would entertain  
10 a motion on Resolution No. 19-022.

11 COMMISSIONER BOULWARE: Motion to approve.

12 COMMISSIONER FINNEY: Second.

13 CHAIRMAN JAMISON: It's been first and  
14 seconded.

15 Angie.

16 MS. FRANKS: Commissioner Finney.

17 COMMISSIONER FINNEY: Approve.

18 MS. FRANKS: Commissioner Lombardo.

19 COMMISSIONER LOMBARDO: Approve.

20 MS. FRANKS: Commissioner Neer.

21 COMMISSIONER NEER: Approve.

22 MS. FRANKS: Chairman Jamison.

23 CHAIRMAN JAMISON: Approve.

24 MS. FRANKS: By your vote you've adopted  
25 Resolution No. 19-022.

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1 CHAIRMAN JAMISON: Okay. The Chair would  
2 entertain a motion on Resolution 19-023.

3 COMMISSIONER FINNEY: Motion to approve.

4 COMMISSIONER NEER: Second.

5 CHAIRMAN JAMISON: It's been first and  
6 seconded.

7 Angie.

8 MS. FRANKS: Commissioner Boulware.

9 COMMISSIONER BOULWARE: Approve.

10 MS. FRANKS: Commissioner Finney.

11 COMMISSIONER FINNEY: Approve.

12 MS. FRANKS: Commissioner Lombardo.

13 COMMISSIONER LOMBARDO: Approve.

14 MS. FRANKS: Commissioner Neer.

15 COMMISSIONER NEER: Approve.

16 MS. FRANKS: Chairman Jamison.

17 CHAIRMAN JAMISON: Approve.

18 MS. FRANKS: By your vote you've adopted  
19 Resolution No. 19-023.

20 CHAIRMAN JAMISON: And on Resolution  
21 No. 19-024.

22 COMMISSIONER BOULWARE: Motion to approve.

23 COMMISSIONER FINNEY: Second.

24 CHAIRMAN JAMISON: It's been first and  
25 seconded.



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1 Angie.

2 MS. FRANKS: Commissioner Boulware.

3 COMMISSIONER BOULWARE: Approve.

4 MS. FRANKS: Commissioner Finney.

5 COMMISSIONER FINNEY: Approve.

6 MS. FRANKS: Commissioner Lombardo.

7 COMMISSIONER LOMBARDO: Approve.

8 MS. FRANKS: Commissioner Neer.

9 COMMISSIONER NEER: Approve.

10 MS. FRANKS: Chairman Jamison.

11 CHAIRMAN JAMISON: Approve.

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

13 Resolution No. 19-024.

14 EXECUTIVE DIRECTOR GROTHAUS: Mr. Chairman,  
15 the next item of business is Consideration of Licensure  
16 for Level I and Key Applicants, and Corporal Keith  
17 Howery from the Missouri State Highway Patrol Gaming  
18 Division will present.

19 CORPORAL HOWERY: Good morning.

20 CHAIRMAN/COMMISSIONERS:: Good morning.

21 CORPORAL HOWERY: Mr. Chairman and  
22 Commissioners, Missouri State Highway Patrol  
23 investigators, along with Missouri Gaming Commission  
24 financial investigators, conducted comprehensive  
25 background investigations on multiple key and Level I

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1 applicants.

2           The investigations included, but were not  
3 limited to, criminal, financial and general character  
4 inquiries which were made in the jurisdictions where the  
5 applicants lived, worked and frequented.

6           The following individuals are being presented  
7 for your consideration: Maureen Therese  
8 Mullarkey-Miller, Director, Everi Holdings,  
9 Incorporated; Heather Ann Rapp, Vice President and  
10 General Manager, IOC - Boonville, Incorporated; Karl  
11 Aaron Weber, Director of Table Games, Lumiere Place  
12 Casino & Hotels; Mark Anthony Larison, Safety and  
13 Security Manager, St. Jo Frontier Casino; Diana Fine  
14 Cantor, Director, VICI Properties, Incorporated;  
15 Elizabeth Ida Holland, Independent Director, VICI  
16 Properties, Incorporated.

17           The results of these investigations were  
18 provided to the Gaming Commission staff, and the  
19 investigating officers are present to answer any  
20 questions you might have.

21           Thank you.

22           CHAIRMAN JAMISON: Thank you.

23           Any questions?

24           EXECUTIVE DIRECTOR GROTHAUS: Mr. Chairman,  
25 staff recommends licensure for all.

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1                   CHAIRMAN JAMISON: Okay. The Chair would  
2 entertain a motion on Resolution No. 19-025 of the  
3 entire slate.

4                   COMMISSIONER BOULWARE: Motion to approve.

5                   COMMISSIONER FINNEY: Second.

6                   CHAIRMAN JAMISON: It's been first and  
7 seconded.

8                   Angie.

9                   MS. FRANKS: Commissioner Boulware.

10                  COMMISSIONER BOULWARE: Approve.

11                  MS. FRANKS: Commissioner Finney.

12                  COMMISSIONER FINNEY: Approve.

13                  MS. FRANKS: Commissioner Lombardo.

14                  COMMISSIONER LOMBARDO: Approve.

15                  MS. FRANKS: Commissioner Neer.

16                  COMMISSIONER NEER: Approve.

17                  MS. FRANKS: Chairman Jamison.

18                  CHAIRMAN JAMISON: Approve.

19                  MS. FRANKS: By your vote you've adopted  
20 Resolution No. 19-025.

21                  EXECUTIVE DIRECTOR GROTHAUS: Mr. Chairman,  
22 next is Consideration of Relicensure of Fantasy Sports  
23 Operators. Corporal John Masters from the Missouri  
24 Highway Patrol will present.

25                  CORPORAL MASTERS: Good morning.

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1 CHAIRMAN/COMMISSIONERS: Good morning.

2 CORPORAL MASTERS: Mr. Chairman and  
3 Commissioners, MGC staff and financial investigators,  
4 along with Missouri State Highway Patrol investigators,  
5 completed application reviews and verification of  
6 statutory compliance for SportsHub Games Network,  
7 Incorporated, a fantasy sports operator, who has applied  
8 to be relicensed with the State of Missouri.

9 The result of these reviews and statutory  
10 verification were provided to the MGC staff, and you  
11 have the related summary report before you.

12 Thank you.

13 CHAIRMAN JAMISON: Do we have a  
14 recommendation?

15 EXECUTIVE DIRECTOR GROTHAUS: Yes. Staff  
16 recommends relicensure.

17 CHAIRMAN JAMISON: Are there any questions  
18 for the investigator?

19 Okay. Thank you very much.

20 The Chair would entertain a motion on  
21 Resolution No. 19-026.

22 COMMISSIONER FINNEY: Motion to approve.

23 COMMISSIONER BOULWARE: Second.

24 CHAIRMAN JAMISON: It's been first and  
25 seconded.

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1 Angie.

2 MS. FRANKS: Commissioner Boulware.

3 COMMISSIONER BOULWARE: Approve.

4 MS. FRANKS: Commissioner Finney.

5 COMMISSIONER FINNEY: Approve.

6 MS. FRANKS: Commissioner Lombardo.

7 COMMISSIONER LOMBARDO: Approve.

8 MS. FRANKS: Commissioner Neer.

9 COMMISSIONER NEER: Approve.

10 MS. FRANKS: Chairman Jamison.

11 CHAIRMAN JAMISON: Approve.

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

13 Resolution No. 19-026.

14 CHAIRMAN JAMISON: And that concludes our  
15 open docket for the meeting this morning.

16 Rick, we're going to let you off the hook  
17 today and see if we can get someone else to move for the  
18 closed meeting since you're at a remote location.

19 So the Chairman would appreciate a motion for  
20 a closed meeting.

21 COMMISSIONER LOMBARDO: I'm going to  
22 recommend that Brandon do it.

23 COMMISSIONER BOULWARE: I appreciate that,  
24 Commissioner Lombardo.

25 All right. I will attempt to make a motion

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1 for a closed meeting under Sections 313.847 and 313.945,  
2 Investigatory, Propriety and Application Records, and  
3 610.021, Subsection 1, Legal Actions, Subsection 3 and  
4 Subsection 13, Personnel, and Subsection 14, Records  
5 Protected from Disclosure by Law.

6 CHAIRMAN JAMISON: Rick, do you want to  
7 second that?

8 COMMISSIONER LOMBARDO: Well, I want to  
9 comment him on the good job that he did. He's better  
10 than me. I think he ought to get the job permanently.

11 COMMISSIONER NEER: He skipped the RSMo.

12 CHAIRMAN JAMISON: But do you want to second  
13 it?

14 COMMISSIONER LOMBARDO: Yes, seconded.

15 CHAIRMAN JAMISON: Okay. It's been first and  
16 seconded.

17 Angie.

18 MS. FRANKS: Commissioner Boulware.

19 COMMISSIONER BOULWARE: Enthusiastically  
20 approve.

21 MS. FRANKS: Commissioner Finney.

22 COMMISSIONER FINNEY: Approve.

23 MS. FRANKS: Commissioner Lombardo.

24 COMMISSIONER LOMBARDO: Approve.

25 MS. FRANKS: Commissioner Neer.

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1 COMMISSIONER NEER: Approve.

2 MS. FRANKS: Chairman Jamison.

3 CHAIRMAN JAMISON: Approve.

4 We'll now move into closed session. We'll  
5 return but I don't see that there is anything that we'll  
6 return to that will require an open meeting at that  
7 time. So thank you very much for your attendance this  
8 morning.

9 WHEREIN, the meeting concluded at 10:10 a.m.

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CERTIFICATE OF REPORTER

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Court Reporter in the State of Missouri, do hereby

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certify that the testimony taken in the foregoing

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Patricia A. Stewart

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**MISSOURI GAMING COMMISSION**  
**Second Open Session Minutes**  
**April 24, 2019**

The Missouri Gaming Commission (the “Commission”) went into open session at approximately 12:15 p.m. on April 24, 2019, at the Jefferson City office of the Missouri Gaming Commission.

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

The meeting ended at 12:16 p.m.