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COVER SHEET INFORMATION

Date of Job: October 26, 2011
Hearing Before the: Missouri Gaming Commission
IN RE: Commission Resolutions/Approvals

MISSOURI GAMING COMMISSION
Third Open Session Minutes
October 26, 2011

The Missouri Gaming Commission (the “Commission”) went into open session at approximately 11:49 a.m. on October 26, 2011, at the St. Charles City Hall.

Commissioner Hatches moved to adjourn the open session meeting. Commissioner Jones seconded the motion. After a roll call vote was taken, the motion passed unanimously.

The open session ended at 11:50.m.

1 IN THE MISSOURI GAMING COMMISSION

2 STATE OF MISSOURI

3

4 Date of Job: October 26, 2011

5 Hearing Before the: Missouri Gaming Commission

6 IN RE: Commission Resolutions/Approvals

7

8 BE IT REMEMBERED that the above-entitled matter
9 came on for a hearing at St. Charles City Hall, Council
10 Chambers, 200 North Second Street, in the City of
11 St. Charles, State of Missouri, on the 26th day of
12 October, A.D., 2011, commencing at the hour of 9:00 in
13 the morning of that day, said hearing having been
14 called by the Missouri Gaming Commission, pursuant to
15 the issuance of due notice to all parties in interest,
16 and the following is a transcript of the record made of
17 all proceedings held during the course of that hearing.

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1 APPEARANCES:

2 Mr. James L. Mathewson, Chairman

3 Mr. Barrett Hatches, Committeeman

4 Mr. Darryl T. Jones, Commissioner

5 Ms. Angie Franks

6 Mr. Roger Stottlemyre, Executive Director

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1 MISSOURI GAMING COMMISSION HEARING

2 CHAIRMAN MATHEWSON: Good morning,
3 everyone. Nice to have you here. Thank you very much
4 for being here this morning.

5 For the benefit of our guests that are here
6 today, we will call the order. We're a little short
7 this morning. One of our members, Ms. Bradley, was
8 caught up in an appointment situation with a special
9 session. So the governor had to withdraw her name, so
10 she couldn't -- she can't serve.

11 Now, I think the Legislature signed and dotted
12 yesterday. At least the Senate did. I don't know if
13 the House has done that yet or not. So he can
14 reappoint her now, and we can go again, having her
15 presence with us. And we miss her.

16 Our other member, Jack Merritt, was a past
17 sheriff, past highway patrolman. Somehow -- it's been
18 a while, but he was subpoenaed into some kind of a
19 federal court case, something that he had previously
20 been involved in. So he is off out of state, I think,
21 taking care of that situation. So he won't be here.

22 So the three of us will be here and that
23 constitutes a quorum. So we'll deal with it that way.

24 We're going to, first of all, just call the
25 roll, and then we'll be going into a closed meeting for

1 a short period of time for our presentation over in the
2 room across the hall. And then we'll come back in and
3 we will then take up the normal order of business. So
4 everyone kind of knows that's the direction we're
5 headed this morning.

6 Okay. With that, Angie, would you call the
7 roll, please?

8 MS. FRANKS: Commissioner Merritt?

9 Commissioner Hatches?

10 COMMISSIONER HATCHES: Present.

11 MS. FRANKS: Commissioner Jones?

12 COMMISSIONER JONES: Present.

13 MS. FRANKS: Chairman Mathewson?

14 CHAIRMAN MATHEWSON: Present.

15 Okay. With that, the Chair would accept a
16 motion to go in to closed under 313.847, please.

17 COMMISSIONER HATCHES: Mr. Chairman, I
18 move for to go into a closed meeting under Section
19 313.847, Investigatory, Proprietary and Application
20 Records; and 610.021, Section 14.

21 COMMISSIONER JONES: Second.

22 CHAIRMAN MATHEWSON: Call roll, Angie,
23 please.

24 MS. FRANKS: Commissioner Hatches?

25 COMMISSIONER HATCHES: Yes.

1 MS. FRANKS: Commissioner Jones?

2 COMMISSIONER JONES: Yes.

3 MS. FRANKS: Chairman Mathewson?

4 CHAIRMAN MATHEWSON: Yes.

5 Okay. We'll be out for a few minutes, and then
6 we'll be back in with you. Thank you all very much.

7 (Thereupon, the meeting was adjourned while the
8 closed meeting was conducted.)

9 MAYOR FAITH: We're glad that you're here.

10 And everybody, St. Charles is God's country. And so
11 while you're here, if you'll just go shop on Main
12 Street, and, you know, just do a lot of fun things in
13 St. Charles. And come any time. And we just want to
14 say thank you for coming.

15 CHAIRMAN MATHEWSON: Well, thank you for
16 having us. Thanks for the use of the facility.

17 MAYOR FAITH: Thank you.

18 CHAIRMAN MATHEWSON: Thank you very, very
19 much.

20 MAYOR FAITH: Absolutely.

21 CHAIRMAN MATHEWSON: Thanks for coming by,
22 Mayor. Have a good day.

23 MAYOR FAITH: Thank you.

24 CHAIRMAN MATHEWSON: Mayor, Mayor.

25 MAYOR FAITH: Yes.

1 COMMISSIONER JONES: Can we take the
2 chairs with us?

3 MAYOR FAITH: Oh, no. I think the Council
4 would miss their seats if they sat down.

5 CHAIRMAN MATHEWSON: You have better
6 chairs than we do.

7 THE MAYOR: Well, I'll give you the
8 vendor.

9 CHAIRMAN MATHEWSON: Thank you. Thank you
10 very much, Mayor.

11 Another quick introduction: Gene McNary is
12 here. Gene was executive director for the Gaming
13 Commission for many years and a good friend. Nice to
14 have you, sir.

15 MR. McNARY: Thank you, sir.

16 CHAIRMAN MATHEWSON: Thank you very much
17 for coming by, Gene.

18 Okay. We need to, I guess, vote ourselves back
19 in, don't we?

20 MS. FRANKS: Yes.

21 CHAIRMAN MATHEWSON: Okay. The Chair will
22 accept the motion to go back into the regular open
23 session.

24 COMMISSIONER JONES: So moved.

25 COMMISSIONER HATCHES: Second.

1 CHAIRMAN MATHEWSON: Call the roll, Angie,
2 please.

3 MS. FRANKS: Commissioner Hatches?

4 COMMISSIONER HATCHES: Present.

5 MS. FRANKS: Commissioner Jones?

6 COMMISSIONER JONES: Present.

7 MS. FRANKS: Chairman Mathewson?

8 CHAIRMAN MATHEWSON: Present.

9 Okay. I think we have minutes that we need to
10 deal with from the September 28th meeting. Actually,
11 yeah, that's what we need to do. So the Chair would
12 accept a motion to adopt those minutes or take
13 questions about those minutes, please, from the
14 September 28th meeting.

15 COMMISSIONER JONES: Move for adoption of
16 meetings from September 28th, 2011.

17 COMMISSIONER HATCHES: Second.

18 CHAIRMAN MATHEWSON: Any questions,
19 comments, concerns?

20 Call roll, Angie, please.

21 MS. FRANKS: Commissioner Hatches?

22 COMMISSIONER HATCHES: Approve.

23 MS. FRANKS: Commissioner Jones?

24 COMMISSIONER JONES: Approve.

25 MS. FRANKS: Chairman Mathewson?

1 CHAIRMAN MATHEWSON: Approve.

2 MS. FRANKS: By your vote, you've adopted
3 the minutes of the September 28th, 2011 meeting.

4 CHAIRMAN MATHEWSON: Our executive
5 director there, Roger?

6 DIRECTOR STOTTELMYRE: Mr. Chairman,
7 Commissioners, the next item on the agenda,
8 consideration of disciplinary actions, and Ed Grewach
9 will present.

10 MR. GREWACH: Thank you, Mr. Chairman,
11 Commissioners --

12 CHAIRMAN MATHEWSON: You okay, Ed?

13 MR. GREWACH: Yeah, that's good.

14 CHAIRMAN MATHEWSON: Because you're
15 celebrating an anniversary now, aren't you?

16 You know, I'll tell you for the record, I'm
17 getting kind of sick of recognizing every meeting we
18 have, either your birthday or your uncle's cousin's
19 firstborn or something. And now it's your anniversary.
20 How many years you been married, son?

21 MR. GREWACH: 26.

22 CHAIRMAN MATHEWSON: 26 years. That's a
23 bunch.

24 MR. GREWACH: Yes, it is.

25 CHAIRMAN MATHEWSON: I got you beat by 20.

1 Okay. Proceed then, please, sir.

2 MR. GREWACH: Under Tab B, we have a
3 proposed discipline against Ameristar, St. Charles.
4 This results from two separate repeat audit findings.
5 The first one involved the completion of the Section 2
6 of the I-9 form. That's the verification of the
7 identity of the employee. And the audit performed for
8 the period ending March 31st, 2011, saw that nine of
9 the fifty I-9s that were viewed were not completed
10 within the three business days, which is not only our
11 rule, but also an IRS rule that we follow.

12 Now, that had also been the finding of a prior
13 audit that ended on September 30th, 2009, that saw that
14 seven of 67 of the I-9s had not been completed within
15 the required three business days.

16 Now, the second repeat audit finding we have is
17 our minimum internal control standards require that if
18 there's a voided jackpot, for example, a DAP wins a
19 jackpot, or someone who is not entitled to win a
20 jackpot, if that occurred, then we require the amount
21 of the voided jackpot to be written or stated in the
22 security incident report.

23 Again, the audit that ended on March 31st, 2011
24 found that three of the eight security incident reports
25 did not contain that information.

1 That had also been a prior audit finding for the
2 audit that ended September 30th, 2009, where there were
3 only two such incidents in that time frame, but one of
4 the two they had not completed had not stated that
5 amount in the voided jackpot in the security incident
6 report.

7 And the staff is recommending a fine of \$10,000.

8 CHAIRMAN MATHEWSON: Any questions then?

9 COMMISSIONER HATCHES: No questions, other
10 than to say I think we've had this discussion before,
11 Counsel, that these repeat findings at the audit just
12 really concern me. And I never question staff and your
13 recommendation for fines, so that's not what I'm
14 suggesting. It just really concerns me when you have
15 these repeat findings.

16 CHAIRMAN MATHEWSON: Good point.

17 Any other questions, comments? Chair would
18 accept a motion.

19 COMMISSIONER JONES: Move for the
20 acceptance of DC-11-317.

21 COMMISSIONER HATCHES: Second.

22 CHAIRMAN MATHEWSON: Any comments?

23 Call the roll, Angie, please.

24 MS. FRANKS: Commissioner Hatches?

25 COMMISSIONER HATCHES: Approve.

1 MS. FRANKS: Commissioner Jones?

2 COMMISSIONER JONES: Approve.

3 MS. FRANKS: Chairman Mathewson?

4 CHAIRMAN MATHEWSON: Approve.

5 MS. FRANKS: By your vote, you adopted
6 DC-11-317.

7 CHAIRMAN MATHEWSON: Okay.

8 MR. GREWACH: Under Tab C, we have a
9 proposed preliminary order of discipline, involving
10 Lumiere. There was software in one of the EGD machines
11 that was revoked. A letter had been sent out on July
12 2nd, 2009, instructing the property to remove the
13 revoked software by December 29th, 2009.

14 On a weekly floor software audit that's
15 performed by employees, on April the 8th, 2011, three
16 machines were found to still have that revoked software
17 in the machines.

18 So for that violation the staff is recommending
19 a fine of \$5,000.

20 CHAIRMAN MATHEWSON: Questions or
21 comments?

22 The Chair will accept a motion to --

23 COMMISSIONER HATCHES: Move to adopt
24 DC-11-318.

25 COMMISSIONER JONES: Second.

1 CHAIRMAN MATHEWSON: Any further
2 discussion?

3 Call the roll, Angie, please.

4 MS. FRANKS: Commissioner Hatches?

5 COMMISSIONER HATCHES: Approve.

6 MS. FRANKS: Commissioner Jones?

7 COMMISSIONER JONES: Approve.

8 MS. FRANKS: Chairman Mathewson?

9 CHAIRMAN MATHEWSON: Approve.

10 MS. FRANKS: By your vote, you've adopted
11 DC-11-318.

12 MR. GREWACH: Under Tab D, we have a
13 proposed preliminary order of discipline against
14 Lumiere Place. Our statute prohibits the accepting of
15 chips as payment for either goods or services off the
16 gaming floor. In this case, a patron was in their
17 hotel room had placed an order with the Burger Bar and
18 the -- thought he'd pay for it with a chip, but they
19 said that we can, but we can't make any change.

20 So they took the order up to the room and it
21 turned out that the patron only had a \$100 chip and the
22 food bill was \$35. So after some discussion, he went
23 ahead and just put that on his credit card.

24 The patron, who appeared to be a little bit
25 intoxicated at the time, later then made a complaint

1 saying that he never got his chip back. That's what
2 prompted this case.

3 So then we investigated that. Went up to the
4 room and talked to the patron, in fact, and found the
5 chip that wasn't taken. There was no theft at all.
6 But that's how it started.

7 But in the process of interviewing the personnel
8 managers at the Burger Bar, they indicated that it was
9 a regular practice for them to take chips for food off
10 of playing floor, that they just had that rule, of what
11 they understood to be, that they could take them, but
12 they just couldn't give any change back, which is not
13 the law. The law is they can't take them if it's a --
14 they can't take them off the gaming floor at all.

15 They indicated to our investigators that that's
16 something that happened a couple of times a week. So
17 based on that, the staff is recommending a fine of
18 \$5,000.

19 COMMISSIONER JONES: Question: Has the
20 staff gone through retraining, so they would understand
21 this regulation?

22 MR. GREWACH: I'm not sure. Clarence --

23 MR. GREENO: No.

24 MR. GREWACH: Not that we're aware of.

25 COMMISSIONER JONES: So it's possible that

1 this could happen again?

2 MR. GREWACH: I would -- I don't know. I
3 would say obviously, it's possible, but I know there
4 was some discipline, too, against the manager -- from
5 us, to the manager of the Burger Bar. The assistant
6 manager, Mr. Mower [phonetic], received a two-day
7 suspension.

8 CHAIRMAN MATHEWSON: Okay. Any other
9 questions or comments?

10 The Chair would accept a motion.

11 COMMISSIONER HATCHES: Move to adopt
12 DC-11-319.

13 COMMISSIONER JONES: Second.

14 CHAIRMAN MATHEWSON: Call the roll, Angie,
15 please.

16 MS. FRANKS: Commissioner Hatches?

17 COMMISSIONER HATCHES: Approve.

18 MS. FRANKS: Commissioner Jones?

19 COMMISSIONER JONES: Approve.

20 MS. FRANKS: Chairman Mathewson?

21 CHAIRMAN MATHEWSON: Approve.

22 MS. FRANKS: By your vote, you've adopted
23 DC-11-319.

24 MR. GREWACH: Under Tab E, we have a
25 proposed preliminary order of discipline against

1 Lumiere Place. There's a process that is set up after
2 a jackpot is won on how the jackpot and the money are
3 handled. You'll see in paragraph 19, our CSR, states
4 that the licensee should take reasonable actions to
5 safeguard loss of all tokens, funds, other deeming
6 assets.

7 CHAIRMAN MATHEWSON: I'm sorry. And
8 excuse me. We're getting a little dry up here and we
9 was trying to take on some water. Do you remember --

10 MR. GREWACH: I experienced that last
11 month, so --

12 CHAIRMAN MATHEWSON: Yeah, you did. So
13 continue. Go again, please. I apologize.

14 MR. GREWACH: Our minimum internal control
15 standards require each property to set up their own
16 internal control standards for what happens, you know,
17 when a jackpot's won. So this particular property has
18 a 12-paragraph internal control standard. And
19 basically, the concept behind it is the first person
20 that -- the slot floor person who responds follows the
21 process all the way through, just to ensure that proper
22 paperwork gets done, gets a W-2G, and, you know, get
23 all the identifying information, and the money gets
24 paid correctly to the patron, and, you know, all the
25 things that need to be done that are done to the

1 machine.

2 Now, in this particular incident, once the
3 jackpot was won, because the first person that
4 responded was getting ready to go off the shift, it
5 turns out that three different people handled different
6 stages of this 12-step procedure. But the end result
7 was the person that went to the jackpot fill area,
8 which is an area adjacent to the back of the cage
9 there, to actually get the money to redeem the jackpot,
10 the winnings for the cash, was getting ready to go off
11 shift, got called off to do something else, and he just
12 set -- so he took the money and he clipped it to a
13 clipboard, and then he set the clipboard down on a
14 shelf, and then he left.

15 Well, then the -- of course, the patron is still
16 waiting to get their money, so then at that point in
17 time, the supervisor gets involved. She goes up to
18 surveillance. She looks at the surveillance of the
19 jackpot fill area, sees the clipboard with the money.
20 Goes down and gets it, gives it to the patron.
21 Really, in real time, it wasn't a long delay, about two
22 and a half minutes. But there was a two-and-a-half-
23 minute time span when the cash was unattended, clipped
24 to this clipboard on top of that shelf.

25 So based on that violation, the staff is

1 recommending a fine of \$10,000.

2 COMMISSIONER JONES: Ed, am I correct that
3 you said it wasn't a long time, just two and a half
4 minutes?

5 MR. GREWACH: Two and a half minutes.

6 COMMISSIONER HATCHES: So the issue is
7 that they did not follow their policy --

8 MR. GREWACH: Correct.

9 COMMISSIONER JONES: -- the chain of
10 command of this ticket, if you will, in cash?

11 MR. GREWACH: Correct. From our stance,
12 from our regulations, they didn't -- you could say they
13 didn't properly safeguard that deeming asset. But,
14 more specifically, you know, they set up this 12 --
15 it's not a 12-step program, but a 12-paragraph internal
16 control that if you follow it, you know, it's going to
17 work. And if you don't follow it, then things like
18 this obviously can happen.

19 CHAIRMAN MATHEWSON: Boy, that's an
20 awfully expensive jackpot, isn't it? I mean, it starts
21 out \$1,532 and it ends up to be -- well -- what was
22 that, almost \$12,000.

23 Okay. The Chair will accept the motion.

24 COMMISSIONER JONES: Move for the
25 acceptance of DC-11-320.

1 COMMISSIONER HATCHES: Second.

2 CHAIRMAN MATHEWSON: Any comments?

3 Call the roll, Angie, please.

4 MS. FRANKS: Commissioner Hatches?

5 COMMISSIONER HATCHES: Approve.

6 MS. FRANKS: Commissioner Jones?

7 COMMISSIONER JONES: Approve.

8 MS. FRANKS: Chairman Mathewson?

9 CHAIRMAN MATHEWSON: Approve.

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

11 DC-11-320.

12 CHAIRMAN MATHEWSON: Ed.

13 MR. GREWACH: Under Tab F, we have a
14 proposed preliminary order of disciplinary action against
15 Harrah's North Kansas City. And then this, again, is
16 another repeat audit finding situation. And this
17 involves a poker dealer's opening decks and the process
18 that they're supposed to go through in inspecting the
19 cards, spreading them out, doing a careful inspection
20 of the backs of the cards for any marks, defects,
21 anything that could be any advantage to the players.

22 And it was first noted in 2009 that two of the
23 five poker table openings, the dealer did not inspect
24 the back of the card. And, of course, that was put
25 into that audit finding.

1 And another audit was completed then on August
2 12th, 2010. In that, they looked at an incident on
3 June 8th and 9th, where they looked at six card
4 inspections and two of those inspections were not
5 performed properly, and one of the dealers failed to
6 inspect the entire back of each card.

7 So given those two circumstances, then a
8 compliance directive was issued to the property on July
9 22nd, 2010.

10 So then we did a follow-up to that compliance
11 directive. And on August 11th, 2010, again, we viewed
12 some surveillance coverage and saw that three of the
13 four dealers did not properly inspect the backs of the
14 cards.

15 So having already been a compliance directive,
16 then we went ahead and did a gaming report, went
17 through the DRB and the fine process, and a fine of
18 \$10,000 was assessed against the property, which they
19 paid.

20 Then a compliance audit was then done again in
21 2011 and observed poker dealers on August 8th, 9th and
22 10th, and three -- of all three of the poker table
23 openings reviewed, the dealers did not inspect the
24 entire backs of the cards to look for the defects that
25 we have told them about.

1 So given that history, the staff is recommending
2 a fine of \$30,000.

3 CHAIRMAN MATHEWSON: Let's see. Ed, how
4 long after -- well, the original fine was October 4 of
5 2010. And then that was the \$10,000. And then on
6 April 8th, 9th and 10th of 2011, which was some --
7 what, six, seven months later, we find that they did
8 not inspect or recognize the backs of those cards.
9 They probably opened a jillion decks in between, in
10 that six, seven months, hadn't they?

11 MR. GREWACH: They did. As a matter of
12 fact, that was part of their response, that they opened
13 75 per day, you know, decks. And so that was part of
14 their response when we sent the 14-day letter
15 concerning this particular fine. And -- but given
16 that, the staff's position is still a requirement that
17 it be done.

18 I'm going to give you just a little more
19 reference to the time period. It was August 10th,
20 2010, the surveillance coverage we reviewed to see the
21 violation. Now, this is after the compliance
22 directive. And then on October 4th, 2010 the DRB
23 assessed the fine -- or recommended the fine of 10,000.
24 And then on February 8th, 2011, the check was received.
25 And then in April of 2011, we went back and looked and

1 of DC-11-321.

2 COMMISSIONER JONES: Second.

3 CHAIRMAN MATHEWSON: Call the roll, Angie,
4 please.

5 MS. FRANKS: Commissioner Hatches?

6 COMMISSIONER HATCHES: Approve.

7 MS. FRANKS: Commissioner Jones?

8 COMMISSIONER JONES: Approve.

9 MS. FRANKS: Chairman Mathewson?

10 CHAIRMAN MATHEWSON: Approve.

11 MS. FRANKS: By your vote, you've adopted
12 DC-11-321.

13 MR. GREWACH: And under Tab G, we have a
14 proposed preliminary order of discipline against Isle
15 of Capri, Caruthersville. If you'll look on the
16 preliminary order, in paragraph 17, there's one
17 regulation, a CSR, that deals with the casino's closed-
18 circuit television system. You'll see it requires the
19 system must be supplemented with a backup generator's
20 power source, which is automatically engaged in the
21 case of a power outage.

22 You'll see in paragraph 18 that the -- that
23 system also must have an uninterrupted power supply
24 capable of sustaining the entire surveillance system
25 operating at full capacity until the backup generator

1 achieves full power.

2 Now, on May 27th, 2011, all 16 of the monitors
3 in the surveillance room lost their picture, lost their
4 video feed. That happened at 7:26 p.m. It was
5 restored at 8:27 p.m. An investigation discovered that
6 it was a -- they had some new digital system they'd
7 installed and the power supply -- had the same power
8 supply for the old analog system and for the new
9 digital system, and that caused the system to overload.

10 The backup was only a year or two -- it would
11 come on if there's a system -- a property-wide power
12 outage. So kind of the combination of those two
13 factors caused that loss of security video coverage.
14 But they were able to fix that problem. And now, I
15 believe -- I believe the problem is resolved.

16 But because of the fact that it didn't comply
17 with those regulations and they lost that surveillance
18 coverage for that approximate however period, the staff
19 is recommending a fine of \$2,500.

20 CHAIRMAN MATHEWSON: Any questions to add
21 on to this subject?

22 The Chair would accept a motion.

23 COMMISSIONER JONES: Move for the
24 acceptance of DC-11-322.

25 COMMISSIONER HATCHES: Second.

1 CHAIRMAN MATHEWSON: Call the roll, Angie,
2 please.

3 MS. FRANKS: Commissioner Hatches?

4 COMMISSIONER HATCHES: Approve.

5 MS. FRANKS: Commissioner Jones?

6 COMMISSIONER JONES: Approve.

7 MS. FRANKS: Chairman Mathewson?

8 CHAIRMAN MATHEWSON: Approve.

9 MS. FRANKS: By your vote, you've adopted
10 DC-11-322.

11 CHAIRMAN MATHEWSON: Ed.

12 MR. GREWACH: Under paragraph H, we have a
13 proposed preliminary order of discipline against
14 Harrah's of North Kansas City. Our internal control
15 standards require that any defective poker cards to be
16 cancelled or destroyed. This incident started when
17 there were 12 decks in play at the particular table and
18 someone noticed the red marks on some of the cards.

19 And so the dealers and the personnel there
20 couldn't be sure if it was just fingernail polish or
21 blood, so erring on the side of caution, they called in
22 the EMT and treated it as a biohazard. And then those
23 -- according to the records -- 12 decks were taken out
24 of play, and should have been destroyed. But then on
25 June 13th, 2011, 10 of those 12 decks were found in a

1 desk drawer in the security interview room.

2 So you had a case where, you know, two of the
3 decks are missing or unaccounted for and the other 10
4 weren't properly destroyed as internal control
5 standards would have required. And based on that, the
6 staff is recommending a fine of \$10,000.

7 CHAIRMAN MATHEWSON: What happened to the
8 decks after that?

9 MR. GREWACH: They should --

10 CHAIRMAN MATHEWSON: Do you know?

11 MR. GREWACH: -- have been shredded. I
12 mean, that's typically --

13 CHAIRMAN MATHEWSON: But they should have
14 been shredded before, correct?

15 MR. GREWACH: Correct. Right.

16 CHAIRMAN MATHEWSON: So I mean, do we know
17 -- does the records show, Ed, did they do anything with
18 them that we know of, or are they still laying in a
19 desk drawer? We don't know?

20 MR. GREWACH: I don't know. I don't know
21 if --

22 CHAIRMAN MATHEWSON: Okay.

23 MR. GREENO: Actually, at that -- they
24 were appropriately disposed of after they were located.

25 MR. GREWACH: Mr. Greeno said they were

1 appropriately destroyed -- disposed of after they were
2 located.

3 CHAIRMAN MATHEWSON: Okay. The Chair
4 would accept a motion on DC-11-323.

5 COMMISSIONER JONES: Move for approval of
6 DC-11-323.

7 COMMISSIONER HATCHES: Second.

8 CHAIRMAN MATHEWSON: Call the roll,
9 please.

10 MS. FRANKS: Commissioner Hatches?

11 COMMISSIONER HATCHES: Approve.

12 MS. FRANKS: Commissioner Jones?

13 COMMISSIONER JONES: Approve.

14 MS. FRANKS: Chairman Mathewson?

15 CHAIRMAN MATHEWSON: Approve.

16 MS. FRANKS: By your vote, you've adopted
17 DC-11-323.

18 MR. GREWACH: Under Tab I, there's a case
19 involving Isle of Capri at Boonville. And this goes
20 back again to some audit findings. And the first
21 problem was that non-supervisory personnel had the
22 ability to void a point redemption. And that was on a
23 2010 audit finding. And the follow up on May the 4th,
24 2011 found that some non-supervisory personnel,
25 specifically, casino hosts, had the ability to void

1 point redemptions.

2 And then the second audit finding that was a
3 repeat from the first audit indicated that the seven
4 employees had the ability to generate source
5 information and also access gambling assets.

6 And so the follow up then on May 4th, 2011 found
7 that there were still four cage personnel who had
8 access to the -- ability to generate the source
9 information and the ability to access the gaming
10 assets, as well.

11 And based on those two repeat violations, the
12 staff's recommending 5 to \$10,000.

13 CHAIRMAN MATHEWSON: Any questions,
14 comments?

15 The Chair will accept a motion on DC-11-324.

16 COMMISSIONER JONES: Move for the
17 acceptance of DC-11-324.

18 COMMISSIONER HATCHES: Second.

19 CHAIRMAN MATHEWSON: Call the roll, Angie,
20 please.

21 MS. FRANKS: Commissioner Hatches?

22 COMMISSIONER HATCHES: Approve.

23 MS. FRANKS: Commissioner Jones?

24 COMMISSIONER JONES: Approve.

25 MS. FRANKS: Chairman Mathewson?

1 CHAIRMAN MATHEWSON: Approve.

2 MS. FRANKS: By your vote, you've adopted
3 DC-11-324.

4 CHAIRMAN MATHEWSON: Thank you --

5 COMMISSIONER HATCHES: Thank you.

6 CHAIRMAN MATHEWSON: Mr. Director.

7 DIRECTOR STOTTLEMYRE: Mr. Chairman, the
8 next item on the agenda is consideration of relicensure
9 of Class A and B licensees and Pinnacle Entertainment
10 will present. I believe Mr. Jack Godfrey will lead
11 that discussion.

12 MR. GODFREY: Mr. Chairman, we're just
13 getting our technical equipment set up here.

14 Good morning, Mr. Chairman --

15 CHAIRMAN MATHEWSON: Good morning.

16 MR. GODFREY: -- members of the
17 Commission, Mr. Stottlemyre --

18 COMMISSIONER JONES: Good morning.

19 MR. GODFREY: -- the staff. I'm Jack
20 Godfrey, executive vice president, general counsel and
21 secretary of Pinnacle Entertainment in Las Vegas.
22 Appearing with me today is Jeff Babinski, who is the
23 vice president, general manager of Lumiere Place.
24 We're very happy to be here. We appreciate the
25 professional efforts of the staff, Mr. Stottlemyre's

1 staff, and the Highway Patrol in working through this
2 renewal with us in preparing the information that you
3 have in front of you.

4 Jeff and I will be giving the bulk of the
5 presentation this morning, but we have a number of
6 other team members who are very important to the
7 success of Lumiere Place and who assisted in preparing
8 the materials for this presentation, some of whom will
9 be involved in the presentation and all of whom are
10 available to answer questions.

11 So with your permission, Mr. Chairman, I'd like
12 to introduce those team members, as well, and ask that
13 they stand as I call their name.

14 CHAIRMAN MATHEWSON: Please. Proceed.

15 MR. GODFREY: First of all, Neil Walkoff,
16 who is senior vice president, general manager at River
17 City and Lumiere Place. Neil is in charge of the
18 St. Louis region, and Mr. Babinski reports to and works
19 closely with Neil.

20 I'm going to introduce the rest of the people
21 not in order of importance, because they're all
22 important. Dustin Zeibold, compliance officer for
23 Lumiere Place.

24 Christine Lomas, compliance officer for River
25 City.

1 Chris Plant, vice president of finance and
2 accounting, who I worked with very closely in Las Vegas
3 for many years and is now in St. Louis. We're glad to
4 have him here.

5 Dan Brinkman, director of finance.

6 Michelle Smith, vice president of human
7 resources, who has been in St. Louis since March and
8 joins us from the Belterra Casino Resort in Indiana.

9 Robbie Butler, human resources director.

10 Robert Oldani, director of security.

11 Brian Maloney, director of surveillance.

12 Josh McLeod, who is a buyer from Pinnacle
13 Entertainment here in St. Louis.

14 Ericka Washington, who is the senior recruiter.

15 And joining me from the corporate headquarters
16 in Las Vegas are Jeff Danis, who is vice president of
17 strategic sourcing; and Walt Stowe, who is our new
18 corporate vice president of Pinnacle Entertainment
19 compliance.

20 And finally, Michael Leven, director of planning
21 and analysis; and Joe Branchik, who's vice president
22 of marketing here in St. Louis.

23 So all very important team members, and we thank
24 them for their contributions.

25 We've got a slide show for you, Mr. Chairman,

1 and we'd like to start with our development agreement
2 with the City of St. Louis. And I'm going to bring
3 Rodney Crim up later to speak for the City of St. Louis
4 -- and Mayor Slay. Rodney is here. He's the executive
5 director of the St. Louis Development Corporation, and
6 has worked very closely with us ever since we began
7 working through the RFP process in 2004.

8 Rodney, in particular, is our contact with the
9 City and has been a wonderful partner, and will give
10 you his views on our performance under the development
11 agreement as the corporate citizens in St. Louis.

12 So this slide talks about our development
13 agreement with the City of St. Louis. And we've got a
14 \$325 million minimum investment -- before I proceed to
15 that.

16 We have completed our casino requirements with
17 2,000 slot machines and 40 tables.

18 CHAIRMAN MATHEWSON: No, I think -- excuse
19 me, Jack. Just a minute. I think when I turned my
20 microphone off, I turned yours off, too.

21 MR. GODFREY: Okay.

22 CHAIRMAN MATHEWSON: So I'll turn it back
23 on. Sorry. Just a minute. It'll take off her in a
24 minute. There is it.

25 MR. GODFREY: Can you hear me now?

1 CHAIRMAN MATHEWSON: Yeah.

2 MR. GODFREY: Oh, that's good. Okay.

3 Good.

4 CHAIRMAN MATHEWSON: Yeah. I can mute
5 mine. Thank you. I'm sorry.

6 MR. GODFREY: Well, I'm sure what I said
7 wasn't all that important, anyway, so --

8 CHAIRMAN MATHEWSON: No, I heard you, and
9 it was, Jack.

10 MR. GODFREY: But when going through the
11 requirements of the development agreement, all of which
12 we've met, I will say that with respect to the slot
13 machines, we have a capital project dealing with our
14 turnstile, our ingress and egress into the casino. And
15 the number of slot machines will go down from 2,000 for
16 a brief period of time, temporarily. And we have
17 requested and received approval from the City to go
18 below the 2,000 slot minimum in connection with that
19 capital project. And we look for that to improve our
20 performance at Lumiere Place.

21 Mr. Chairman, I wanted to put this in context
22 for you because at the River City renewal several
23 months ago, you had asked a question about the total
24 tax contribution that, I think, River City made. And
25 we got you that information after the meeting. Well,

1 for Lumiere Place, we have that information today. And
2 I think it's helpful for the Commission to put in
3 perspective what the economic impact of Lumiere Place
4 is to the State of Missouri. And I think it's very
5 enlightening.

6 In 2010, Lumiere Place generated a total of
7 \$57.5 million in taxes between gross revenue tax,
8 admissions tax and property tax. In 2011, through
9 September, we have generated \$43.1 million in tax. So
10 we're trying to think positively this year, as well.

11 But you can see how important Lumiere Place has
12 been, not only to the City of St. Louis, but the State
13 of Missouri in terms of an economic engine and
14 corporate citizen that's driving a lot of value for the
15 state, due to the payment of taxes.

16 Our next slide details the capital investment.
17 The numbers are all there. Let me note that the
18 capital investment represents the gross assets as of
19 August 2011, adjusted for accumulated depreciation and
20 assets impairments.

21 As you can see, we've spent a lot of money
22 developing Lumiere Place. And it's a little hard for
23 me to believe that it was just four years ago that we
24 opened Lumiere Place, in December of 2007. At that
25 time, the Gaming Commission had made it a priority to

1 have a first-class casino hotel facility in the City of
2 St. Louis, and we were fortunate enough to be selected
3 to develop that project. We delivered on our promise
4 and now we have a first-class facility in the city of
5 St. Louis, which we're very proud of, in which we
6 believe the City is very proud of, and which is
7 successful, in which we continue to improve in
8 respective operations.

9 I might add, as well, you'll see the Four
10 Seasons Hotel there that we spent \$162 million on. The
11 Four Seasons is one of the finest hotels in the
12 country. It's a five-diamond resort, which is the
13 highest hotel award that can be given. And anyone who
14 has stayed at the Four Seasons knows that the level of
15 amenities and the quality of service is unparalleled in
16 this region. So we're very proud of that.

17 The next slide talks about our adjusted gross
18 revenue and admissions. And what's notable about this
19 slide is for 2011, we're trending positively against
20 projections. And we're happy with that. So financial
21 figures are improving. Missouri is a relatively flat
22 gaming market and there hasn't been a lot of growth,
23 but there's been some growth, largely driven by River
24 City.

25 But Lumiere has held its own and is doing very

1 well. We're proud of that. And part of that has to do
2 with our shared services initiative, and Mr. Walkoff's
3 leadership, working with Jeff to drive value between
4 those two properties.

5 So with those preparatory comments, I'm going to
6 turn it over to Jeff to go through the rest of the
7 slides. And we'll also bring up Jeff Danis at some
8 point, and then maybe finish with Mr. Crim to talk on
9 behalf of the City of St. Louis.

10 MR. BABINSKI: Thank you, Jack.

11 Good morning, Chairman Mathewson.

12 CHAIRMAN MATHEWSON: Good morning.

13 MR. BABINSKI: Commissioners,
14 Mr. Stottlemire, staff. It's an honor to be presenting
15 to you today.

16 This slide shows our employee demographic
17 breakdown. And according to this slide, our employee
18 breakdown has a diverse mixture of employees, with
19 almost 64 percent of our employees residing in the
20 state of Missouri.

21 Out of 1,300 employees at Lumiere Place, 47
22 percent are female and 41 percent are African-
23 American. We have 54 managers, of which 48 percent are
24 female and 11 percent are African-American. I might
25 like to add that we're well above our affirmative

1 action program that we have in place and exceeding
2 those numbers in all categories.

3 This slide is how we're going to approach and
4 develop our employees within. The green identifies new
5 employees with high potential in becoming new leaders
6 at the property, and begins the path of development in
7 beginning and being future leaders.

8 The gray area, to your right, develops those
9 employees currently in a supervisory role and helps
10 enhance their skills to become managers with their
11 respective departments.

12 The red begins to develop -- the development
13 phase with transitioning our managers that have high
14 potential in taking the next step in their career path,
15 thus allowing them to build on their strengths for
16 taking on a director-type role.

17 The blue, the far -- or the bottom, left-hand
18 corner, builds on their executive skills and prepares
19 them for a larger executive role within our
20 organization.

21 These four tracks will help equip us with the
22 ability to develop and promote employees, thus giving
23 them the tools and knowledge to grow their careers
24 within Lumiere Place and River City. This is a new
25 program that we're actually instituting corporate wide,

1 and it's beginning to be rolled out. It hasn't been
2 rolled out yet, but we are in the process.

3 The next slide just highlights some of our
4 hiring practices, and who we've worked with to help
5 identify candidates for open positions.

6 This slide is just some of our hiring practices,
7 and these are some of the colleges and universities
8 that we partner with to identify candidates, as well.

9 Slide 9, with regards to our minority and women
10 contractors, highlights our MBE and WBE spend, which is
11 a very important subject. And during this process,
12 we've been able to identify areas that we need to
13 improve on and build on in the upcoming quarters and
14 years.

15 The chart shows our audited first and second
16 quarter numbers, as well as our third quarter -- as
17 well as what our third quarter is targeting. This
18 third quarter is unaudited.

19 I would now like to introduce our VP of
20 strategic sourcing, Jeff Danis, who can fill you in on
21 some of the efforts and changes we've made in
22 collaboration with Bill Seibert, Rick Wilhoit, and
23 Cheryl Bonner.

24 Jeff?

25 MR. DANIS: Good morning, and thank you

1 for having us today.

2 When we were reflecting on our performance in
3 this category, we decided what do we need to do that's
4 different. And one of the things that we did recently
5 was hold a vendor fair at Lumiere Place. And that --
6 the attendance at that event was something in the
7 neighborhood of 60 companies that showed up for it. We
8 were able to register nine new MBEs, two new WBEs, and
9 generated 13 new supplier contacts.

10 Those contacts, just for your reference, are
11 included as an appendix, final page of this stack in
12 your package there. I won't go through them right now.

13 Another thing that we did is we found four
14 companies, and this is just in a matter of the past few
15 weeks, who we could -- either we reconnected or found
16 new companies and generated another \$170,000 worth of
17 business with these minority companies.

18 We also participated in the MBE agency contact
19 at Kansas City and have created a number of new
20 contacts out of that that we're generating for another
21 vendor fair that we'll have on November 10th. We
22 currently have 40 registrants for that event, but we've
23 got increased participation from our operations teams
24 that will be actively involved in it, and plans for
25 follow-up and active initiative that once the event

1 takes place, something happens after the event. So
2 it's not just there, but there's action that follows
3 the event afterwards.

4 We've also taken action to -- more aggressive
5 action on including qualified companies in our bid
6 practice. This is on page 11 there. And we're going
7 to be including all -- well, we have been including --
8 any action over \$1,000, we'll make sure that there's an
9 MBE or a WBE qualified to participate in that bid
10 activity.

11 We're offering to amend the payment terms with
12 minority and women-owned companies to get them to
13 improve payment terms, maybe give them a little bit of
14 relief on that, so that it keeps their cash flow
15 moving. Aggressive advertising. Taking some active
16 initiatives in advertisements, and then working with
17 building the certification groups in the city of
18 St. Louis.

19 One other action we've taken that I think is
20 very interesting and something different for us is that
21 we're actively engaging some of our non-minority in
22 women-owned companies, such as Grainger, US Foods,
23 these types of companies to participate with us and to
24 be partners with us as we work through this process.
25 So while that may not influence directly in our

1 numbers, we've engaged them in the process.

2 Several of them have agreed to attend our vendor
3 fair on November 10th and be active participants in
4 that, as well. So we're extending our outreach, not
5 only to the direct participation with Lumiere Place,
6 but with our supplier partners in non-minority and
7 women-owned, as well.

8 We've had some meetings with the City of St.
9 Louis with Howard and his staff and Rodney, terrific
10 meetings, and hoping to generate some contacts there
11 and some terrific discussions with that.

12 And then, finally, we're bringing in the efforts
13 of our corporate team. I represent the corporate team
14 and now I'm kind of stationed between Las Vegas and
15 St. Louis in the interim while we find a replacement
16 director for Lumiere Place. And really to utilize, not
17 just my personal experience, with over 25 years in this
18 business, but also the experience of our other
19 properties in the states of Louisiana and Indiana,
20 where they have similar types of requirements, and have
21 done some effort that I think we want to capitalize,
22 both on companies and in knowledge transfer, to make us
23 better at this process, ourselves.

24 CHAIRMAN MATHEWSON: Okay.

25 MR. DANIS: Okay. Jeff.

1 MR. BABINSKI: So slide 12 basically
2 identifies some of the safety and security enhancements
3 we've put in place since I took over as general manager
4 in December. We've been focused on eliminating any and
5 all criminal activity, thus, we've hired off-duty
6 police officers on the weekends. We've added security
7 booths to our lots, which are operated 24 hours a day,
8 seven days a week, to deter criminals from actually
9 entering our lots to begin with.

10 We've added more than 20 officers to our roster,
11 and continue to add. Plus, we built a police
12 substation, which is just located inside the south
13 corridor of Lumiere Place.

14 These are just some of the crime rates that
15 we've seen as a reduction in the city, and we've seen a
16 significant reduction down on Laclede's Landing and at
17 Lumiere Place.

18 To help us with our efforts and to control our
19 ingress and egress into the casino, we currently have
20 three turnstiles. We are currently in the middle of a
21 project of reducing those three turnstiles to one
22 turnstile. As you can see on the picture, this is what
23 the drawing of the new turnstile is going to look like.
24 This will be located on the west side of the casino,
25 basically in between the buffet and the Stadium Sports

1 Bar, and will be a great addition and a great change
2 for our casino.

3 This next slide just shows you the location.
4 The three areas that are highlighted in yellow are the
5 current entrances. They will remain as emergency
6 rests. And then the new turnstile will become our only
7 entrance, thus, allowing us to control who goes in and
8 out, and reduce the number of underage and intoxicated
9 guests from trying to go from turnstile to turnstile.

10 Slide 16 just shows what we've done from a
11 compliance standpoint in the last 10 months. Our
12 directive to our team is to have a compliance program
13 that we can be proud of, and that has minimal findings.
14 We have significantly reduced the number and continue
15 to improve in this area.

16 MR. GODFREY: And let me just interject,
17 Mr. Chairman. Walt Stowe, who is in the audience
18 today, our vice president of Pinnacle Entertainment
19 compliance, who joined us in August and is now legal
20 department at Las Vegas -- in fact, his office is right
21 next to me. We've consolidated our corporate
22 compliance efforts in Las Vegas. And so Walt and I and
23 our new compliance specialist have worked very closely
24 on this.

25 I'm also Chairman of Pinnacle Entertainment's

1 Compliance Committee, so we'll be talking with
2 Mr. Stottlemire and Mr. Greeno. We're going to focus
3 more on operational issues from the corporate level and
4 work with our compliance people here in St. Louis, and
5 see if we can even improve on this statistic, because,
6 obviously, our goal is to eliminate disciplinary
7 actions. But to the extent that's not realistic, to
8 significantly reduce them.

9 So that's an ongoing initiative that we'll be
10 rolling out. We'll be working very closely with
11 Mr. Stottlemire and his staff in trying to improve our
12 performance in this area.

13 CHAIRMAN MATHEWSON: Thank you.

14 MR. BABINSKI: Again, as I mentioned
15 earlier with the single turnstile, underage gambling
16 continues to be a hot topic. And by reducing the
17 number of turnstiles, this should only aid us in
18 identifying those that are under the age of 21. Again,
19 we're going to one turnstile. We also utilize the
20 Veridocs scanners to check for IDs, and we've utilized
21 Les Hahn to help train our team.

22 We continue to ensure our program in the
23 problem gambler area meets or exceeds standards and
24 disassociated persons are not permitted in the casino.
25 These are just some of the things we do.

1 These are some of the organizations that we
2 sponsor or are involved in. We recently donated
3 \$10,000 worth of supplies and equipment to AmeriCorps
4 to help in the recovery efforts for Joplin, Missouri.

5 And these are some of the boards and councils
6 that we sit on and are involved in.

7 MR. GODFREY: So with that, that concludes
8 our presentation.

9 I'd like to bring up Rodney Crim, who I
10 introduced earlier, to speak on behalf of the City of
11 St. Louis.

12 MR. CRIM: All right. Thank you, Jack.
13 Thank you, Jeff. Good morning, Commissioners.

14 COMMISSIONER JONES: Good morning.

15 MR. CRIM: It's been a little bit of time
16 since I've been in front of you. We're here today to
17 be able to indicate our support for the relicensing of
18 Lumiere Place. You see in your package, a letter from
19 Mayor Slay.

20 I just want to add that Lumiere and Pinnacle
21 have been great corporate citizens. You just saw in
22 the previous slides the number of activities and
23 organizations that they're involved in, getting
24 involved with a number of the initiatives that are
25 happening in the city, not only downtown, but

1 throughout the city. And so we really appreciate that.

2 I also want to take a moment to introduce some
3 members from my team that are here. We have Howard
4 Hayes, if you could stand up. And we have to kind of
5 move over a little bit. I know you can't see behind
6 the screen. But Howard Hayes. And then Harry Moppins
7 and Leslie Mitchell Yancey. And, again, our team --
8 Howard is our new minority business development
9 director. We just hired Howard this year. So he's
10 focused on that.

11 Harry Moppins is the City's certification and
12 compliance. He heads up that function. And then
13 Leslie Mitchell Yancey is our general counsel.

14 So, again, as mentioned earlier in the
15 presentation, there have been a number of meetings with
16 Pinnacle and Lumiere on MWB. Those meetings are going
17 well. And so we anticipate with a joint team that
18 continuous improvement will continue to be made. So
19 we're looking forward to that, as well.

20 So I just want to say that, again, having been
21 involved with the company since 2007, that the company
22 is, again, a great corporate citizen. Whenever there
23 are any issues, we work together to address those
24 issues and continually improve the process and the
25 benefits of Pinnacle and Lumiere.

1 The Four Seasons Hotel is a wonderful treasure
2 for the city now. Whenever we bring in delegations
3 from anywhere, that's where they want to stay, at the
4 Four Seasons at Lumiere Place. So, again, we're very
5 privileged to have this wonderful asset in the city of
6 St. Louis.

7 So thank you, again, and thank you to the staff.
8 Roger is always wonderful to work with, as well. Thank
9 you.

10 CHAIRMAN MATHEWSON: Thank you, Rodney.

11 MR. GODFREY: Thank you, Rodney.

12 We also provided you a letter from law
13 enforcement that follows up on our relationship with
14 the law enforcement community and the City of St.
15 Louis.

16 So with that, Mr. Chairman, that concludes our
17 formal presentation. We're happy to answer questions.
18 We have a full slate of team members here that we can
19 bring out to address any particular issues that you
20 might have.

21 CHAIRMAN MATHEWSON: I'm just wondering,
22 how do you recognize criminals when they pull into your
23 parking lot? Is there a little flag or something? How
24 do you know? Because I've always wondered?

25 MR. GODFREY: Well, we didn't have

1 security officers and booths before this year, so we --

2 CHAIRMAN MATHEWSON: Oh.

3 MR. GODFREY: -- added them to the parking
4 lots. And one of the things that that does is it
5 deters them from entering the parking lots because now
6 somebody has seen their face. Typically, the gate
7 is -- the gate is down. The security officer who is in
8 the booth is going to ask the person who's driving the
9 car, "Welcome to the --" they're going to say, "Welcome
10 to Lumiere. Are you here to go to the casino?"

11 You know, kind of open up some dialogue with
12 them to, you know, say "Hey," you know, "We see your
13 face. We know who you are. We've talked to you.
14 You're driving in," you know, "Be careful what you're
15 doing." And that has helped in our efforts.

16 CHAIRMAN MATHEWSON: Good. Okay.

17 COMMISSIONER JONES: A question for
18 Mr. Crim. When I look at your utilization in minority
19 or women contractors, are those acceptable numbers to
20 you, you know, in terms of the agreement that Pinnacle
21 has signed with the 25 and 5?

22 MR. CRIM: Yes. As I mentioned earlier,
23 now with Howard Hayes on our team, as well as Harry
24 Moppins looking out, and also working together with the
25 group, we like what they're presenting in terms of how

1 we're going to get those numbers up. And so they have
2 a process that we've talked about. We feel very
3 comfortable with the manner in which those numbers are
4 going to move up.

5 So we anticipate as the third quarter -- an
6 audit indicated that the numbers have already started
7 to move up.

8 COMMISSIONER JONES: Okay. So you didn't
9 like them, but you're working with them to move
10 forward?

11 MR. CRIM: We're working with them to move
12 forward. And as you know, it's a challenge throughout
13 the city to try to get to the 25 and 5. But we want to
14 work and put all of our resources together with the
15 various companies to try to accomplish that.

16 COMMISSIONER JONES: Okay. And I have
17 another question. I thought you had a water company
18 that was -- this is for probably Jack or Jeff. There
19 was a water company at the vendor that you guys had
20 signed up. I didn't see him on the back of this list.

21 MR. BABINSKI: Those are just 13
22 additional contacts that we made. The four companies
23 -- the four new companies are not identified on this
24 page.

25 COMMISSIONER JONES: Okay. Okay.

1 CHAIRMAN MATHEWSON: Any questions,
2 comments?

3 Do you have anything else, Jack or Jeff?

4 MR. GODFREY: No. We very much appreciate
5 your attention today. And, again, we want to thank
6 Mr. Stottlemire and his staff and the Highway Patrol
7 for a very professional and thorough job that they did
8 on this renewal investigation.

9 CHAIRMAN MATHEWSON: Okay. Thank you guys
10 very much. We appreciate you bringing all your staff.
11 It's a good looking group of people.

12 MR. GODFREY: Thank you. Thank you.

13 DIRECTOR STOTTLEMIRE: At this time, we
14 would ask that Sergeant Sammy Seaton come forward and
15 make his presentation on the investigative summary.

16 SGT. SEATON: Mr. Chairman,
17 Mr. Stottlemire.

18 The Missouri State Highway Patrol background
19 team conducted an investigation of Pinnacle
20 Entertainment, Inc. and Casino One Corporation, doing
21 business as Lumiere Place Casino, regarding the renewal
22 of their Class A and Class B Riverboat Gaming Licenses.

23 Lumiere is a Missouri Limited Liability Company,
24 and is a wholly-owned subsidiary of Pinnacle. Pinnacle
25 is a publicly-traded company whose stock is traded on

1 the New York Stock Exchange under the ticker symbol
2 PNK.

3 On December 3rd of 2008, presented with the
4 Resolution Number 08-0118, the Missouri Gaming
5 Commission found Lumiere suitable to hold a Class B
6 Riverboat Gaming License. Lumiere is located in the
7 city of St. Louis, and the gaming facility offers 68
8 table games and approximately 2,041 electronic gaming
9 devices.

10 The property also includes over 22,000 square
11 feet of meeting and convention space, two hotels, a
12 10,000-square-foot spa, 15 food and beverage service
13 facilities, a pool, and numerous retail shops.

14 A number of financial background checks were
15 conducted on Pinnacle and Lumiere, as well as their key
16 and level one personnel. No discrepancies or concerns
17 have been noted.

18 St. Louis City officials were contacted
19 regarding any concerns they may have with the operation
20 of Lumiere. No issues, concerns or negative
21 information was revealed.

22 City, county, state and federal agencies having
23 regulatory authority over the Lumiere facility were
24 contacted. A minor issue was noted with respect to the
25 ABS annual survey. However, the issue has been

1 addressed by Lumiere staff and has since been resolved.

2 The results of this investigation were provided
3 to Missouri Gaming Commission staff for their review,
4 and we present -- you possess a detailed summary of the
5 report before you.

6 CHAIRMAN MATHEWSON: Any questions?

7 Thank you very much.

8 DIRECTOR STOTTLEMYRE: Mr. Chairman, next
9 we'd ask Cheryl Bonner to come forward and make a
10 presentation on the MBE/WBE compliance review.

11 MS. BONNER: Good morning, Mr. Chairman,
12 Commissioners. I will be doing the MBE/WBE report for
13 Lumiere Place.

14 In the area of employment demographics, as of
15 September 30th, 2011, the minority employment is 54
16 percent and female employment is 47 percent. These
17 amounts exceed the goals of 25 percent minority and 5
18 percent women, as outlined in executive -- the Mayor's
19 Executive Order, No. 28, for the City of St. Louis as
20 outlined in the redevelopment agreement between the
21 City and Pinnacle Entertainment.

22 Lumiere's employment in management is 19 percent
23 minority and 40 percent female -- 48 percent female.
24 According to the 2010 US Census, the City of St. Louis'
25 population is 56 percent minority and 52 percent

1 female. So Lumiere Place's a workforce is -- closely
2 mirrors the population of the city. However, they have
3 room for improvement in the employment of minorities in
4 management.

5 The MBE/WBE expenditures, as reported by the
6 Lumiere Place for 2010, are on this screen. I won't
7 read those, but I just wanted you to see those, kind
8 of, so you can recall what was reported. And I want to
9 note that those numbers were not -- they were accepted
10 by MGC, however, they were not audited.

11 The 2011 MBE/WBE expenditures, as audited on the
12 screen, we have the first quarter, MBE, 4.51, WBE,
13 4.46. For the second quarter, MBE, 4.43 and WBE, 6.03.

14 I would like to note that Lumiere Place hosted a
15 vendor fair on August the 30th, 2011, with 52 vendors
16 in attendance. I've received feedback from one of the
17 MBE vendors that attended the fair. The vendor
18 indicated that since the fair, they have received two
19 orders from Lumiere Place, as well as have received
20 several bidding opportunities. They have -- Lumiere
21 Place has an additional vendor fair scheduled for
22 November 10th, 2011.

23 I believe Lumiere Place is moving in a positive
24 direction and I suspect some substantial improvements
25 in the future.

1 This final slide is just a MBE/WBE spend
2 comparison for all 12 properties. Please note that
3 Isle of Capri-Boonville, Lady Luck and Lumiere Place
4 have been 100 percent audited; however, the other
5 properties have not. Therefore, they may be subject to
6 change after the audit.

7 CHAIRMAN MATHEWSON: Any questions?

8 COMMISSIONER JONES: Yeah. Thank you,
9 Ms. Bonner. I just have one question or just one
10 observation. Isle of Capri-Boonville has the highest
11 spend in the Lumiere Place in the metropolitan area.

12 MS. BONNER: That's correct.

13 COMMISSIONER JONES: Just an observation.
14 We have a lot of work to do. I'm hoping Mr. Crim and
15 his staff can assist them in trying to reach the
16 numbers that were outlined in the redevelopment
17 agreement. And I trust they'll be able to do that.

18 MR. CRIM: Yes, Commissioner.

19 CHAIRMAN MATHEWSON: All right. Any other
20 questions? Thanks.

21 Roger.

22 DIRECTOR STOTTLEMYRE: Okay, Mr. Chairman,
23 the staff recommends approval of Resolution No. 11-070,
24 regarding license renewal for Pinnacle Entertainment,
25 Inc.

1 CHAIRMAN MATHEWSON: Okay. You've heard
2 the recommendation from our executive director. Any
3 comments, thoughts, concerns?

4 COMMISSIONER JONES: Yes. Mr. Chairman,
5 do I understand this, at any time, can we call Pinnacle
6 back to -- if they aren't in compliance with any of the
7 things that they have outlined today or if we have a
8 concern about that, we can call them back and revoke
9 their license or call them back and ask them to cure
10 the problems that they have, or --

11 DIRECTOR STOTTLEMYRE: They can be called
12 back in at any time that the Commission deems
13 necessary.

14 CHAIRMAN MATHEWSON: Any day, any hour.

15 COMMISSIONER JONES: Okay. So we don't
16 have to wait the two-year period?

17 DIRECTOR STOTTLEMYRE: No, sir, you do
18 not.

19 COMMISSIONER JONES: All right.

20 DIRECTOR STOTTLEMYRE: You will be getting
21 regular reports to know the progress that's been made.
22 And if you -- if there's a concern, after seeing those
23 reports as they go by, then we can call them in and you
24 can do as you deem necessary at that time.

25 CHAIRMAN MATHEWSON: Any other comments or

1 questions? Okay.

2 The Chair would accept a motion to adopt the
3 recommendation of the executive director. It looks
4 like 11-070.

5 COMMISSIONER HATCHES: Move for adopting
6 Resolution No. 11-070.

7 COMMISSIONER JONES: Second.

8 CHAIRMAN MATHEWSON: Call the roll, Angie,
9 please.

10 MS. FRANKS: Commissioner Hatches?

11 COMMISSIONER HATCHES: Approve.

12 MS. FRANKS: Commissioner Jones?

13 COMMISSIONER JONES: Approve.

14 MS. FRANKS: Chairman Mathewson?

15 CHAIRMAN MATHEWSON: Approve.

16 MS. FRANKS: By your vote, you've adopted
17 Resolution No. 11-070.

18 DIRECTOR STOTTLEMYRE: Okay, Mr. Chairman,
19 staff recommends approval of Commission Resolution
20 No. 11-071, regarding license renewal for Casino One
21 Corporation, doing business as Lumiere Place Casino.

22 CHAIRMAN MATHEWSON: Any comments,
23 questions, concerns?

24 Seeing none, the Chair would accept a motion on
25 adoption of 071.

1 today, so --

2 CHAIRMAN MATHEWSON: Yeah. You've got
3 permission to leave then. I wish you'd go do your
4 work.

5 MR. GODFREY: All right. Thank you very
6 much.

7 CHAIRMAN MATHEWSON: Have a good day.
8 Have a safe trip back. Good seeing all of you.

9 LT. SCISM: Good morning,
10 Mr. Chairman, Commissioners.

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

19 The results of these investigations were
20 provided to the MGC staff for their review, and you
21 possess summary reports before you which outline our
22 investigative findings.

23 The following supplier companies are being
24 presented for your consideration this morning. We have
25 two. The first is Bally Technologies, Inc., Las Vegas,

1 Nevada.

2 CHAIRMAN MATHEWSON: Any questions on
3 that?

4 COMMISSIONER JONES: Bally is -- I mean,
5 we've done our due diligence in -- you know, this is --
6 they came up several months ago, correct?

7 LT. SCISM: Yes, sir. There was an
8 investigation. There is a disciplinary action in process at
9 this point, but the licensing will go forward. And --

10 COMMISSIONER JONES: Okay.

11 LT. SCISM: -- they still have that
12 investigation, moving forward.

13 CHAIRMAN MATHEWSON: Based on Commissioner
14 Jones' question a while ago, which I've done a little
15 research on the licensure. But on our licensure, on,
16 like, Bally's and IGT, does the power of commission
17 hold there, too, that we can bring them in at any time?

18 LT. SCISM: That's correct. It would be
19 the same.

20 CHAIRMAN MATHEWSON: It would be the same
21 situation within our powers on these sort of folks, as
22 it is on the casinos themselves?

23 LT. SCISM: Yes, sir. That is correct.

24 CHAIRMAN MATHEWSON: Okay. Okay. Any
25 other questions, comments, concerns?

1 Do you recommend, Roger?

2 DIRECTOR STOTTLEMYRE: The staff
3 recommends approval of Resolution No. 11-072.

4 CHAIRMAN MATHEWSON: With ongoing --

5 DIRECTOR STOTTLEMYRE: Yes, sir.

6 CHAIRMAN MATHEWSON: -- investigation.

7 Okay. Thank you.

8 The Chair would accept the motion to adopt.

9 COMMISSIONER JONES: Move for the adoption
10 of Resolution No. 11-072.

11 COMMISSIONER HATCHES: Second.

12 CHAIRMAN MATHEWSON: Any more questions
13 concerning?

14 Okay. Call the roll, Angie, please.

15 MS. FRANKS: Commissioner Hatches?

16 COMMISSIONER HATCHES: Approve.

17 MS. FRANKS: Commissioner Jones?

18 COMMISSIONER JONES: Approve.

19 MS. FRANKS: Chairman Mathewson?

20 CHAIRMAN MATHEWSON: Approve.

21 MS. FRANKS: By your vote, you've adopted
22 Resolution No. 11-072.

23 LT. SCISM: And the second supplier for
24 relicensure this morning is International Game
25 Technology, IGT, Inc., Reno, Nevada.

1 DIRECTOR STOTTELMYRE: And staff
2 recommends approval of Resolution No. 11-073.

3 CHAIRMAN MATHEWSON: Okay. Any questions?
4 Anyone else?

5 The Chair would accept a motion on the adoption
6 of 11-073.

7 COMMISSIONER JONES: Move for the adoption
8 of Resolution No. 11-073.

9 COMMISSIONER HATCHES: Second.

10 CHAIRMAN MATHEWSON: Call the roll, Angie,
11 please.

12 MS. FRANKS: Commissioner Hatches?

13 COMMISSIONER HATCHES: Approve.

14 MS. FRANKS: Commissioner Jones?

15 COMMISSIONER JONES: Approve.

16 MS. FRANKS: Chairman Mathewson?

17 CHAIRMAN MATHEWSON: Approve.

18 MS. FRANKS: By your vote, you've adopted
19 Resolution No. 11-073.

20 DIRECTOR STOTTLEMYRE: Mr. Chairman, the
21 next item is consideration of Level I and key
22 applicants and Lieutenant Rex Scism will again present.

23 CHAIRMAN MATHEWSON: Rex, please.

24 LT. SCISM: The Missouri State Highway
25 Patrol investigators, along with Gaming Commission

1 financial investigators, conducted a comprehensive
2 background investigation on one Level I applicant. The
3 investigation included, but was not limited to,
4 criminal, financial and general character inquiries,
5 which remain in the jurisdictions where the applicant
6 lived, worked and frequented.

7 The following individual is being presented here
8 for consideration this morning, we just have one. It's
9 Trevor J. Zeigler, information technology manager for
10 Ameristar Casino in Kansas City.

11 The results of this investigation are before the
12 Gaming Commission staff for the review. And you have
13 Mr. Ziegler's summary report before you.

14 CHAIRMAN MATHEWSON: Any questions for Rex
15 on this one?

16 DIRECTOR STOTTLEMYRE: The staff
17 recommends approval of Resolution No. 11-074.

18 CHAIRMAN MATHEWSON: The Chair would
19 accept a motion, please.

20 COMMISSIONER JONES: Move for the
21 acceptance of Resolution No. 11-074.

22 COMMISSIONER HATCHES: Second.

23 CHAIRMAN MATHEWSON: Call the roll, Angie,
24 please.

25 MS. FRANKS: Commissioner Hatches?

1 COMMISSIONER HATCHES: Approve.

2 MS. FRANKS: Commissioner Jones?

3 COMMISSIONER JONES: Approve.

4 MS. FRANKS: Chairman Mathewson?

5 CHAIRMAN MATHEWSON: Approve.

6 MS. FRANKS: By your vote, you've adopted
7 Resolution No. 11-074.

8 DIRECTOR STOTTLEMYRE: Mr. Chairman, the
9 next item on the agenda, consideration of waiver of
10 licensure for institutional investors. And Mr.
11 Clarence Greeno will present.

12 CHAIRMAN MATHEWSON: Clarence.

13 MR. GREENO: Mr. Chairman, Commissioners,
14 behind Tab O is one resolution regarding waiver of
15 licensure for an institutional investor holding and/or
16 requesting to hold publicly-traded interests of up to
17 20 percent in gaming licensees.

18 This investor has submitted a request for waiver
19 to hold interest in these licensees, in compliance with
20 11CSR 45-4.020. The submitted waiver certifies all
21 holdings are for institutional investment purposes
22 only, with no intent to be involved in the management
23 or operation of the licensees.

24 Because the holdings made exceed the 10 percent
25 threshold for which the executive director may grant

1 wavier, this resolution is before the Commission today.
2 The Resolution, No. 11-075, is for Sumitomo Mitsui
3 Trust Holdings, Inc., which presently has holdings at
4 Aristocrat Leisure Limited, and wishes to make
5 investments in multiple licensees.

6 I'd be happy to answer any questions.

7 CHAIRMAN MATHEWSON: Thank you, Clarence.
8 Commissioner Hatches and I were discussing our need to go to
9 the bathroom with each other, if anybody cares. Just
10 so you know.

11 DIRECTOR STOTTLEMYRE: Mr. Chairman, the
12 staff recommends approval of Resolution No. 11-075.

13 CHAIRMAN MATHEWSON: Thank you.

14 The Chair would accept a motion on the adoption
15 of 11-075, please.

16 COMMISSIONER HATCHES: Move for adoption
17 of Resolution No. 11-075.

18 COMMISSIONER JONES: Second.

19 CHAIRMAN MATHEWSON: Call the roll, Angie,
20 please.

21 MS. FRANKS: Commissioner Hatches?

22 COMMISSIONER HATCHES: Approve.

23 MS. FRANKS: Commissioner Jones?

24 COMMISSIONER JONES: Approve.

25 MS. FRANKS: Chairman Mathewson?

1 CHAIRMAN MATHEWSON: Approve.

2 MS. FRANKS: By your vote, you've adopted
3 Resolution No. 11-075.

4 DIRECTOR STOTTLEMYRE: Mr. Chairman, do
5 you want to do IX, or do you want to take a five-minute
6 break?

7 CHAIRMAN MATHEWSON: Now, here was my
8 concern. I made a joke out of that. But this
9 commissioner needs to be on a plane, and that's the
10 reason why I'm trying to get on through this before we
11 take a break. So as much as I am in pain right now, as
12 well as is Commissioner Hatches, would we -- that's not
13 going to take very long, is it?

14 DIRECTOR STOTTLEMYRE: No, sir.

15 CHAIRMAN MATHEWSON: Well, let's do it,
16 please.

17 DIRECTOR STOTTLEMYRE: Okay. The next
18 item is consideration of rules and regulations that
19 Mr. Ed Grewach will present. And you're on the clock.

20 MR. GREWACH: Yes.

21 Basically it is concerning casino cashiering,
22 it's basically a rewrite of the entire Chapter H. The
23 purpose was to update and clarify some issues, keep up
24 with some technology, such as wire transfers, you know,
25 make, you know, it's been so long since the original

1 drafting of this.

2 We drafted it. We met with the industry. They
3 made some questions, expressed some concerns. They
4 suggested some changes, some of which were and some of
5 which were not incorporated. But it's staff's request
6 that the proposed rule be presented and adopted.

7 From there, the timeline, there'll be a comment
8 period that'll run from December 1st to December 30th,
9 a public hearing on January 11th, 2012. And if we
10 anticipate all that moves as it's scheduled to, we
11 would have a rule of it become effective on June 30th,
12 2011.

13 CHAIRMAN MATHEWSON: Any questions?

14 Then I guess we need to move forward.

15 DIRECTOR STOTTLEMYRE: Yes, sir.

16 CHAIRMAN MATHEWSON: All right. The Chair
17 would accept a motion to -- well -- will somebody make
18 it, please?

19 COMMISSIONER JONES: Move for the
20 acceptance of proposed rule change 11 CSR 45-9.108.

21 COMMISSIONER HATCHES: Second.

22 CHAIRMAN MATHEWSON: Call the roll,
23 please.

24 MS. FRANKS: Commissioner Hatches?

25 COMMISSIONER HATCHES: Approve.

1 MS. FRANKS: Commissioner Jones?

2 COMMISSIONER JONES: Approve.

3 MS. FRANKS: Chairman Mathewson?

4 CHAIRMAN MATHEWSON: Approve.

5 MS. FRANKS: By your vote, you've adopted
6 proposed rule 11 CSR 45-9.108.

7 CHAIRMAN MATHEWSON: Now, we're going to
8 have a presentation by Cape. But to move through the
9 rest of the agenda -- well, that is just for
10 information purposes, right?

11 DIRECTOR STOTTLEMYRE: Yes, sir.

12 CHAIRMAN MATHEWSON: I want to do that.
13 I'm not --

14 DIRECTOR STOTTLEMYRE: Yes, sir.

15 CHAIRMAN MATHEWSON: I want to do that.
16 But are we going to need a vote on anything on new
17 business?

18 DIRECTOR STOTTLEMYRE: We have no new
19 business or old business for today.

20 CHAIRMAN MATHEWSON: Okay. So why don't
21 we then take a break now. And then if we don't expect
22 we're going to have any more votes, then Commissioner
23 can go ahead and roll out of here.

24 DIRECTOR STOTTLEMYRE: We do have a closed
25 meeting vote.

1 CHAIRMAN MATHEWSON: Well, that will be a
2 problem, won't it?

3 Well, let's take a quick five-minute break. I'm
4 in pain. I know everybody cares whether I'm in pain or
5 not.

6 (Thereupon, a brief recess was taken.)

7 DIRECTOR STOTTLEMYRE: Mr. Chairman, I
8 think we're ready to go again.

9 CHAIRMAN MATHEWSON: Okay, good.

10 We'll come back to order, please. I did note
11 that we weren't the only ones in the men's room. There
12 was a line out there, so we weren't the only ones that
13 had to go. We're the only ones, you know, that were
14 not embarrassed about it, or whatever.

15 Okay. What are we doing now there, Boss? Quit
16 drinking and tell us.

17 DIRECTOR STOTTLEMYRE: Okay. The next
18 item we have is a presentation by Isle of Capri of the
19 Cape Girardeau property, and Mr. Campbell and Mr.
20 Meister are going to present here.

21 CHAIRMAN MATHEWSON: Go ahead, guys,
22 please. We appreciate you. Thank you.

23 MR. CAMPBELL: Good morning, Mr. Chairman,
24 Commissioners, Director Stottlemyre.

25 My name is Tom Campbell with the law firm of

1 Gallop, Johnson & Neuman, who serves as regulatory
2 counsel for the Class A licensee and the Class B
3 Missouri licensees. We're here today to give you a
4 status update on the project in Cape Girardeau, which
5 you prioritized for suitability investigation last
6 December.

7 Making the presentation is Dick Meister, who is
8 vice president of design and construction for the Isle
9 of Capri Casino, Inc. I understand the time
10 constraints, and this can be the fastest 14 slides
11 you've ever seen. Certainly, we --

12 COMMISSIONER HATCHES: Don't make me
13 dizzy.

14 MR. CAMPBELL: We'll slow down as you --

15 CHAIRMAN MATHEWSON: Seriously, don't make
16 him dizzy. Okay.

17 MR. CAMPBELL: With that, we'll get to
18 Dick's presentation.

19 MR. MEISTER: Thank you very much, Tom.

20 Mr. Chairman, Commissioners, we'll go through
21 this pretty quickly. We passed out some of the slides,
22 so if something comes up, you can take a look and come
23 back and we'll be happy to answer any questions for
24 you.

25 CHAIRMAN MATHEWSON: Thank you.

1 MR. MEISTER: Initially, the rendering --
2 this rendering has been changed a bit. It is now
3 accurate to the materials that have been purchased for
4 the property, and are being installed as its being
5 built. So what you're seeing there is what the
6 building will look like when it opens in December of
7 next year.

8 Just to bring everybody up to date, back in the
9 summer of 2010, right before we applied for the
10 license, this is what the site looked like. It was
11 roughly 58 separate properties, with Main Street
12 running through it. As of last Thursday, the site has
13 changed quite a bit. You can see that Main Street's
14 been relocated and that the basin and the parking
15 facilities are well underway.

16 Just a quick walk-through of the site, Main
17 Street, which you see in this slide in green, that was
18 one of our main issues, to get that opened as quickly
19 as possible, so that we could reconnect the northern
20 and southern sections of Cape Girardeau. I'm pleased
21 to announce that on the 20th of October, we reopened
22 Main Street. That was about 30 days ahead of where we
23 had anticipated. So that is moving forward nicely.

24 Also, today, the parking areas and roadways are
25 coming together nicely. Today, this is the main

1 entrance, looking as of about four or five days ago. I
2 have a couple of pictures in here of the site as it's
3 developing, so I used those for your view.

4 The most important section, from our
5 perspective, is the basin and getting the facility
6 built. As of last week, the basin is totally
7 completed. The rebar for the keel slab is in place,
8 and the walls of the floating platform are being
9 installed as we speak. This picture was taken
10 yesterday. That's about doubled. So we're well on
11 schedule to be where we anticipated.

12 And we are now putting in the foundations for
13 the area C, which is our event center, which is the
14 first section to be constructed. Based on our current
15 schedule, we're looking at erecting steel sometime
16 around Thanksgiving, and are hopeful to have steel
17 erected and the barge floating by the end of February.

18 And with that, I'm open to any questions. Thank
19 you.

20 CHAIRMAN MATHEWSON: Very good. Boy, you
21 guys have been moving.

22 COMMISSIONER HATCHES: Any concerns, any
23 major concerns where you are now, based on your
24 progress, any concerns on the schedule?

25 MR. MEISTER: Not at the moment. Weather

1 is always a challenge until we get it enclosed, so we
2 have to take that into consideration. But where we are
3 on our schedule, we're a little bit ahead. I don't
4 want to say that and get jinxed on it, but we're
5 pushing a little bit better than we thought we would.
6 And we're well within our progress to be open in
7 December of 2012. So everything is looking good at the
8 moment.

9 CHAIRMAN MATHEWSON: Any other questions?

10 COMMISSIONER JONES: Yes. Could you go
11 back and just briefly -- and help me to understand how
12 this floating platform is going to work, because, you
13 know, I'm looking at this and the last time I saw one,
14 I think it was already complete and I can understand
15 how it was going. But this, this is fascinating. I'd
16 just love to see how, you know --

17 MR. MEISTER: If you've got the time, I'll
18 be happy to talk to you about it, or we could do it
19 afterwards. But basically, what happens, we build a
20 big bathtub, which is what is represented in this
21 slide, that will hold the water. The floating
22 platform, itself, is concrete, so what you see on the
23 base of the basin, if you will, is the keel of the
24 floating bar. That's a rebar slab.

25 Once all of these precast concrete sections,

1 which remain, they have the water tight compartments
2 and the compartments within the vessel are set in
3 place, the concrete will be poured. And at that point
4 in time, the entire keel will be in place. We'll cure
5 that for about 14 days. It's a water-curing process.
6 After which, we'll put the deck on and it's a metal
7 deck that the power runs through. That'll be
8 installed. It'll have concrete poured on top of it.
9 That'll cure for roughly another 14 days, after which
10 we will fill the basin with water.

11 And as we fill it with water, everything goes
12 right, this was done with the other two casinos, the
13 barge, after about a day or so, will start floating.
14 And this is a retained barge like the one that Lumiere
15 uses. So when you see those little white cones, or
16 cylinders, so to speak, there's rods that attach to
17 them. And what that does is it holds the barge from
18 going above the floor level, and then we overpressure
19 by a few inches, the -- to fill on the basin, and that
20 holds the barge perfectly flat with the grading next to
21 it. So when you walk from the entry onto the barge,
22 you will not know that you've stepped from the building
23 into a floating platform.

24 COMMISSIONER JONES: Okay. So these
25 small, white kind of pods are going to be water-sealed,

1 right?

2 MR. MEISTER: Yeah. They're actually the
3 bulkheads of the barge, and then the exterior is the
4 water seal. And then the barge itself, there's --
5 you'll notice on some of them, they have holes so that
6 you can crawl through them. There's a whole ABS
7 requirement for us to inspect the barges.

8 COMMISSIONER JONES: Let me ask this: How
9 do you inspect it if these things are sealed?

10 MR. MEISTER: Yeah, you walk through --
11 the exterior is sealed -- I'm sorry. But the entire
12 facility is designed -- ABS has been through the design
13 with us. Jeff Boyle was down on the site last
14 Thursday. And we see him about once a week and goes
15 through the entire process.

16 COMMISSIONER HATCHES: And the fact that
17 it's sitting -- sort of sitting on this water qualifies
18 as floating?

19 MR. MEISTER: Yes, sir. That's --

20 COMMISSIONER JONES: That's what we think,
21 right?

22 MR. MEISTER: Exactly.

23 COMMISSIONER JONES: I know that sounded
24 like a question. I meant for that to be in the form of
25 a statement. And you would agree, too?

1 MR. MEISTER: Yes. It's floating. And --

2 COMMISSIONER JONES: And for the record,
3 that was a statement, not a question.

4 MR. MEISTER: We have to maintain two feet
5 of water on it, so we can put a diver under there to
6 swim under the barge. And I will tell you right up
7 front that I'm not the type of person that's going to
8 swim under a barge in two feet of water, but there's
9 lots of folks out there that do it for us.

10 COMMISSIONER HATCHES: Thank you.

11 CHAIRMAN MATHEWSON: Yeah, I find that
12 interesting. And I don't know whether up in St. Joe,
13 there's some -- it's the same construction design or
14 not. I have no idea.

15 MR. MEISTER: I honestly can't answer
16 that, sir.

17 CHAIRMAN MATHEWSON: But at any rate --

18 DIRECTOR STOTTLEMYRE: It's not.

19 CHAIRMAN MATHEWSON: It isn't, is it?

20 CHAIRMAN MATHEWSON: But any rate, I found
21 that interesting with all the flooding they had up
22 there and they were closed 93 days. The water never
23 did get in the casino because it floated up. Okay.
24 The casino floor raised up as the water came under it.

25 Now, they got a lot of mold, so they still had

1 to go in and do a lot of work on it. But the actual
2 casino floor never did have water on it. You know,
3 it's just kind of amazing how that just floated right
4 up there.

5 MR. MEISTER: Well, hopefully, we never
6 reach that point. First of all, retain, and second of
7 all, it's inside the levee system. So if there's water
8 where we are, we're in trouble.

9 CHAIRMAN MATHEWSON: I shouldn't have a
10 lot of trouble with -- yeah.

11 MR. MEISTER: Yeah. It shouldn't --

12 COMMISSIONER HATCHES: That's why we
13 created the floating rule.

14 CHAIRMAN MATHEWSON: Yes, we certainly
15 did. And a long time before you got here.

16 COMMISSIONER HATCHES: In anticipation of my
17 arrival.

18 CHAIRMAN MATHEWSON: Your arrival.

19 Any questions on the presentation?

20 Thank you.

21 MR. MEISTER: Thank you.

22 COMMISSIONER JONES: Nice meeting you
23 guys. This is really looking good. It's shaping up.

24 MR. MEISTER: I appreciate it very much,
25 sir. Thank you.

1 CHAIRMAN MATHEWSON: Thanks.

2 Where are you going now, Roger?

3 DIRECTOR STOTTLEMYRE: It's time to go
4 into closed.

5 CHAIRMAN MATHEWSON: Okay. I guess we're
6 ready to do that.

7 DIRECTOR STOTTLEMYRE: Yes, sir.

8 CHAIRMAN MATHEWSON: Okay. The Chair
9 would accept a motion to go into closed session,
10 please.

11 COMMISSIONER JONES: Under the same
12 section?

13 DIRECTOR STOTTLEMYRE: Yes.

14 COMMISSIONER JONES: I move then to go
15 into a closed meeting under Section 313.847,
16 Investigatory, Proprietary and Application records, and
17 610.021, Section 14.

18 COMMISSIONER HATCHES: Second.

19 CHAIRMAN MATHEWSON: Call the roll.

20 MS. FRANKS: Commissioner Hatches?

21 COMMISSIONER HATCHES: Approve.

22 MS. FRANKS: Commissioner Jones?

23 COMMISSIONER JONES: Approve.

24 MS. FRANKS: Chairman Mathewson?

25 CHAIRMAN MATHEWSON: Approve.

1 STATE OF MISSOURI)

2 COUNTY OF PIKE)

3 I, Elizabeth R. Blackburn, a Certified Court
4 Reporter within and for the State of Missouri, do
5 certify that I was present at St. Charles City Hall,
6 Council Chambers, 200 North Second Street, in the City
7 of St. Charles, State of Missouri, on the 26th day of
8 October, A.D., 2011; that thereafter, a hearing was
9 held, commencing at 9:00 in the morning of that day,
10 that all proceedings which then transpired were
11 contemporaneously reduced to voice writing by me, and
12 later transcribed into typewriting, and that the
13 foregoing 79 pages are a true and accurate transcript
14 of the record of proceedings made by me at that time.

15 IN WITNESS WHEREOF, I have hereunto set my hand
16 this 9th day of November, A.D., 2011.

17

18

19 _____
Elizabeth R. Blackburn #1092
20 Certified Court Reporter within
21 and for the State of Missouri

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MISSOURI GAMING COMMISSION
Third Open Session Minutes
October 26, 2011

The Missouri Gaming Commission (the "Commission") went into open session at approximately 11:49 a.m. on October 26, 2011, at the St. Charles City Hall.

Commissioner Hatches moved to adjourn the open session meeting. Commissioner Jones seconded the motion. After a roll call vote was taken, the motion passed unanimously.

The open session ended at 11:50.m.