

BEFORE THE MISSOURI GAMING COMMISSION

STATE OF MISSOURI

MEETING

February 22, 2012

Missouri Gaming Commission

3417 Knipp Drive

Jefferson City, Missouri

COMMISSIONERS PRESENT:

James L. Mathewson, Chairman

Suzanne Bocell Bradley

Barrett Hatches

Darryl Jones

Jack L. Merritt

REPORTED BY:

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AGENDA

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- I. Call to Order
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VII. Consideration of Disciplinary Actions

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N. Daruma Asset Management, Inc.

1. Resolution No. 12-021

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N. The Bank of New York Mellon Corporation

1. Resolution No. 12-023

IX. Consideration of Rules and Regulations

P. Final Orders of Rulemaking

1. 11 CSR 45-9.108 - Minimum Internal Control Standards (MICS) - Chapter H

X. Motion for Closed Meeting under Sections 313.847, Investigatory, Proprietary and Application Records and 610.021(1) and (14)

XI. Motion to Open Meeting

XII. Adjournment

1 CHAIRMAN MATHEWSON: Okay. Good morning,
2 everyone. Nice to see everyone here. I'm sorry. I'm the
3 one that was late this morning. I think every truck
4 between Sedalia and Jefferson City was on my road coming
5 in, I think.

6 Please note that we sent former
7 superintendent of the Highway Patrol, outstanding veteran,
8 now Executive Director of the Gaming Commission, over to
9 carry Missouri last night, and he blew it. That guy,
10 right up there (indicating).

11 Now, look at my tie and recognize, please,
12 that I laid this out before the game. I'm wearing it with
13 pride.

14 Nice to have everybody here. Why don't we
15 call this place to order with everyone here. I appreciate
16 that.

17 So, Angie, would you the call role then,
18 please?

19 MS. FRANKS: Commissioner Merritt?

20 COMMISSIONER MERRITT: Here.

21 MS. FRANKS: Commissioner Hatches?

22 COMMISSIONER HATCHES: Here.

23 MS. FRANKS: Commissioner Jones?

24 COMMISSIONER JONES: Here.

25 MS. FRANKS: Commissioner Bradley?

1 COMMISSIONER BRADLEY: Here.

2 MS. FRANKS: Chairman Mathewson?

3 CHAIRMAN MATHEWSON: Here.

4 Okay. I think we have to get some minutes

5 from the January 25th meeting before us. Is there any

6 comments, questions, concerns, or otherwise thoughts on the

7 minutes?

8 COMMISSIONER MERRITT: Motion to approve.

9 COMMISSIONER HATCHES: Second.

10 CHAIRMAN MATHEWSON: We have a motion and a

11 second on the minutes from January 25. Any discussion?

12 (No response.)

13 CHAIRMAN MATHEWSON: Call the role, please.

14 MS. FRANKS: Commissioner Merritt?

15 COMMISSIONER MERRITT: Approve.

16 MS. FRANKS: Commissioner Hatches?

17 COMMISSIONER HATCHES: Approve.

18 MS. FRANKS: Commissioner Jones?

19 COMMISSIONER JONES: Approve.

20 MS. FRANKS: Commissioner Bradley?

21 COMMISSIONER BRADLEY: Approve.

22 MS. FRANKS: Chairman Mathewson?

23 CHAIRMAN MATHEWSON: Approve.

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

25 minutes of the January 25, 2012 meeting.

1 CHAIRMAN MATHEWSON: Okay. Mr. Executive
2 Director Roger?

3 MR. STOTTLEMYRE: Mr. Chairman and
4 Commissioners, the next item on the agenda is the
5 consideration of Hearing Officer Recommendations, and
6 Mr. Stephen Stark will present.

7 CHAIRMAN MATHEWSON: Morning, Steve.

8 MR. STARK: Good morning, Commissioners.
9 The first item on your agenda, Item D, is the matter of
10 Cortez Slack. Mr. Slack is a holder of a Level II
11 occupational license, enabling him to be employed upon a
12 gambling boat.

13 Mr. Slack had the opportunity to increase
14 his job responsibilities and made application for a Level I
15 occupational license. During the process of the
16 application for this Level I license, Mr. Slack provided
17 some inconsistent information, and failed to disclose some
18 details as requested by the application.

19 Some of those questions include -- one
20 question asked about being part of a partnership,
21 corporation, or other business in which you have an
22 ownership interest of 5 percent or more. Mr. Slack
23 responded with the letters, NA. However, in response to
24 another question on the application, he said that he was,
25 indeed, partners with another gentleman in a residential

1 rental home.

2 During the process of two different
3 interviews with the Commission investigators, Mr. Slack
4 explained regarding this rental home that he had
5 contributed \$2,500 towards the purchase of that home. He
6 and the other gentleman had a lease agreement with a tenant
7 in which the terms of the lease provided that the tenant
8 was to pay the full rent directly to Mr. Slack.

9 But he later said to the investigators that
10 he and the other gentleman actually split the monthly rent.
11 Mr. Slack's federal income tax returns had no indication
12 that there were any earnings from the rental income.

13 During the second interview, Mr. Slack
14 stated that the other gentleman actually had purchased the
15 house on his own, and merely put Mr. Slack's name on the
16 house in case something would happen to the other
17 gentleman.

18 Then sometime after that second interview,
19 Mr. Slack provided a written statement to the Gaming
20 Commission investigators, signed by the other gentleman,
21 stating that the other gentleman solely owned the property
22 that was the residential rental property, and that
23 Mr. Slack has not received any financial payment from this
24 property.

25 Now, this other gentleman was a childhood

1 friend of Mr. Slack, since the age of 11. However, a
2 background check to the other gentleman revealed that he
3 was a convicted felon, serving nearly five years in prison
4 for criminal charges associated with illegal drugs.

5 Regarding another question relative to good
6 credit history, Mr. Slack responded no to a question about
7 were there any liens or actions on debts. However, the
8 investigation revealed that Mr. Slack had an income tax
9 deficiency with the Internal Revenue Service in which he
10 had actually entered into an installment agreement to pay
11 back the tax debt and interest and penalties charged.

12 He also had negotiated a short sale on his
13 house that he had owned in Mississippi. And then a credit
14 reporting bureau had stated that Mr. Slack had seven
15 different creditors reporting accounts as delinquent, long
16 past due, charged off, even one creditor stating that it
17 was a skip. A skip indicates a loss of contact with the
18 debtor.

19 Another question, Have your wages, earnings,
20 or other income of any type been garnished? Mr. Slack
21 responded, no. The investigation revealed that Mr. Slack's
22 income tax refunds had been garnished due to his wife's
23 student loans. The garnishment occurred in 2009, for \$493,
24 and in 2010, for \$903.

25 Another application question, Has any of

1 your real or personal property been repossessed by a
2 finance company in any jurisdiction? Mr. Slack responded,
3 no. During the investigative interviews, Mr. Slack did
4 reveal that he had a home foreclosed upon by Countrywide
5 Finance Company.

6 The law is that the Commission may revoke or
7 suspend an occupational license of any person who fails to
8 disclose or states falsely the information called for in
9 the application process. Or the Commission may suspend or
10 revoke the license for any person who is financially
11 irresponsible.

12 The Commission may also revoke or suspend
13 any person's license who has associated in either social or
14 business affairs with any person that has a police record
15 and would adversely affect public confidence and trust in
16 gambling.

17 Well, the evidence at the hearing did
18 indicate to me that Mr. Slack did not submit a complete
19 application. He failed to disclose material and
20 substantial facts that go to his suitability to be a holder
21 of an occupational license.

22 Although Mr. Slack did have a period of
23 unemployment and did need to provide for his family, his
24 handling of credit deteriorated and the facts of having
25 been foreclosed upon, having a short sales, several

1 personal loans in default, some creditors reporting a lack
2 of cooperation, all indicated to me that Mr. Slack was not
3 being financially responsible.

4 Additionally, Mr. Slack, even though it was
5 a childhood friend, was associating himself with a person
6 who had a police record. The regulation doesn't really say
7 what type of police record that -- type of police record
8 that might adversely affect public confidence, but I found
9 that the Commission would have concern with an individual
10 who served five years in prison for drug-related crimes,
11 could, indeed, put into question public confidence in
12 regulating the gaming industry.

13 The Commission denied Mr. Slack his
14 occupational Level I license. The case before you is
15 dealing with his occupational license, Level II. The same
16 grounds exist for denying a Level I occupational license as
17 being adequate grounds for disciplining the current
18 Level II license.

19 And my finding, my recommendation is that
20 the decision of the Commission Staff is appropriate, should
21 be affirmed as a proper revocation of Mr. Slack's Level II
22 occupational license.

23 CHAIRMAN MATHEWSON: Any questions of Steve?

24 COMMISSIONER MERRITT: I guess I would have.
25 Really this recommendation for revocation is as much for

1 misrepresentation on the application as it is for the
2 action of what he did; is that correct?

3 MR. STARK: Correct. The lack of disclosure
4 completely.

5 COMMISSIONER MERRITT: I know.

6 MR. STARK: And then the changing of the
7 story, in effect.

8 COMMISSIONER MERRITT: Lying on the
9 application, pretty much --

10 MR. STARK: I didn't state it that way,
11 but --

12 COMMISSIONER MERRITT: Pretty much what it
13 was.

14 MR. STARK: -- that's probably the
15 vernacular. Yeah.

16 COMMISSIONER MERRITT: Okay.

17 CHAIRMAN MATHEWSON: Any questions of Steve?

18 (No response.)

19 CHAIRMAN MATHEWSON: Is Mr. Slack here?

20 (No response.)

21 CHAIRMAN MATHEWSON: Okay. He must have
22 forgot about that too. Okay. The Chair would accept a
23 motion on Resolution No. 12-012, please.

24 COMMISSIONER JONES: Move for the acceptance
25 of Resolution No. 12-012.

1 COMMISSIONER BRADLEY: Second.

2 CHAIRMAN MATHEWSON: Any further discussion?

3 (No response.)

4 CHAIRMAN MATHEWSON: Call the role, Angie,
5 please.

6 MS. FRANKS: Commissioner Merritt?

7 COMMISSIONER MERRITT: Approve.

8 MS. FRANKS: Commissioner Hatches?

9 COMMISSIONER HATCHES: Approve.

10 MS. FRANKS: Commissioner Jones?

11 COMMISSIONER JONES: Approve.

12 MS. FRANKS: Commissioner Bradley?

13 COMMISSIONER BRADLEY: Approve.

14 MS. FRANKS: Chairman Mathewson?

15 CHAIRMAN MATHEWSON: Approve.

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

17 Resolution No. 12-012.

18 MR. STARK: Our second case is Item C,

19 Jeffrey Shores. Mr. Shores made application to the

20 Commission for a Level II occupational license. The

21 application process does ask for some details regarding

22 past criminal history, including being arrested.

23 Mr. Shores did respond yes to the question regarding past

24 criminal history and disclosing two particular items.

25 The Commission conducted an investigation.

1 The investigation revealed a failure to disclose two other
2 items; one being an arrest in St. Charles County for a
3 felony passing bad check, of October 15th, 1997, and then a
4 subsequent court action resulting in a dismissal on
5 February 25th, 1998, for that same charge.

6 At the hearing, Mr. Shores indicated that he
7 forgot about the 1997 arrest, but indicated that he felt
8 there was nothing to disclose in that the case was
9 dismissed. Furthermore, Mr. Shores said he went to the
10 State Highway Patrol to conduct a criminal record check,
11 and the record check came back stating no record of
12 conviction or sex offender information found using personal
13 identifier supplied.

14 Well, my findings would be that Mr. Shores
15 seemed credible, that he probably did truly forget what
16 happened in 1997. But the application process has so much
17 information about proper disclosure, giving the applicant
18 opportunity to reflect and try to remember things from the
19 past, that his testimony did not overcome the authority of
20 the Commission to deny him a Level II occupational license.

21 That would be my recommendation, that it
22 would be appropriate to deny Mr. Shores a license.

23 CHAIRMAN MATHEWSON: Any questions of Steve
24 on this?

25 (No response.)

1 CHAIRMAN MATHEWSON: Mr. Shores here?

2 (No response.)

3 CHAIRMAN MATHEWSON: Okay. Don't believe he
4 is. Okay. Chair would accept a motion as recommended by
5 Staff on 12-013, please.

6 COMMISSIONER HATCHES: Move to approve
7 Resolution No. 12-013.

8 COMMISSIONER MERRITT: Second.

9 CHAIRMAN MATHEWSON: Any discussion?

10 (No response.)

11 CHAIRMAN MATHEWSON: Call the role, Angie,
12 please.

13 MS. FRANKS: Commissioner Merritt?

14 COMMISSIONER MERRITT: Approve.

15 MS. FRANKS: Commissioner Hatches?

16 COMMISSIONER HATCHES: Approve.

17 MS. FRANKS: Commissioner Jones?

18 COMMISSIONER JONES: Approve.

19 MS. FRANKS: Commissioner Bradley?

20 COMMISSIONER BRADLEY: Approve.

21 MS. FRANKS: Chairman Mathewson?

22 CHAIRMAN MATHEWSON: Approve.

23 MS. FRANKS: By your vote you've adopted
24 Resolution No. 12-013.

25 MR. STARK: The next item, Item D, Neena

1 Werkmann, Ms. Werkmann made application for a Level II
2 occupational license. The application process asks about
3 past history, criminal history: Have you ever been
4 arrested? Ms. Werkmann indicated in her response, No, no
5 arrests. The investigation revealed that on July 10, 1988,
6 the Festus Police Department arrested Ms. Werkmann for a
7 burglary, second degree.

8 At the hearing, Ms. Werkmann indicated that
9 she did not remember any arrest. She was 17 years old at
10 the time. She did indicate on cross-examination that she
11 did meet with a judge with her parents in the judge's
12 office, not in a formal court proceeding. She didn't think
13 that there was any formal action being taken against her.
14 Apparently, the judge didn't even put a docket entry, so
15 there was no court record.

16 Somehow it was resolved informally, but
17 nevertheless, the arrest does show up on her record. She
18 also further indicated that she did remember getting fired
19 from her job at that time because of the incident.

20 So my conclusion was that she -- the record
21 clearly showed that she was arrested. That was something
22 that had to be disclosed. The application process provided
23 opportunity for her to understand and remember the need to
24 disclose all information. And her testimony didn't
25 overcome that need, and as such approving the Commission's

1 Staff denial of this application would be appropriate.

2 Now, I believe Ms. Werkmann indicated that
3 she had been licensed before, which, again, poses a little
4 wrinkle in the process. In fact, yes, she did say that she
5 was licensed in 1994, but my conclusion based on a reading
6 of the law is basically that it's difficult to stop the
7 government from taking action later on, even though it may
8 be inconsistent from a previous action.

9 The case law is clear that the gaming
10 industry is to be strictly regulated. Even if the
11 regulator makes a mistake, the public still expects strict
12 regulation and remedial action to assure proper licensees.
13 So, again, the recommendation is to deny Ms. Werkmann a
14 license.

15 CHAIRMAN MATHEWSON: Any questions of Steve
16 on this?

17 (No response.)

18 CHAIRMAN MATHEWSON: Ms. Werkmann here?

19 (No response.)

20 CHAIRMAN MATHEWSON: I believe not. Steve,
21 boy, this is about a fine line, in my thought process at
22 least. You know, there wasn't ever any court record filed,
23 you know, as you stated. Wow. I mean, the kid is 17 years
24 old. Probably, in my mind at least, having raised five
25 kids -- and being perfect myself, of course -- but we --

1 you know, often I would think under circumstances like
2 that -- I don't know what was involved.

3 Was she just in the car when this happened
4 or what? You know, you don't know because there wasn't
5 anything filed. Boy, it seems to me like, I mean, we're
6 drawing an awful fine line on this one. You know, it's --

7 MR. STARK: Well, I think it's -- the
8 question is the arrest.

9 CHAIRMAN MATHEWSON: I know.

10 MR. STARK: Not so much the --

11 CHAIRMAN MATHEWSON: You know, I know it is,
12 Steve, and we hear it and hear it. You know, I mean,
13 these -- these suspended imposition of sentences just comes
14 out in every one of our meetings, you know, where -- you
15 know, they really believe -- as a person they believe and
16 often are told by their attorneys that, Okay, we're going
17 to give you a suspended imposition of sentence, which
18 means, you know, there's no record.

19 In fact, I had a call this week from a lady
20 who said, with a great deal of happiness in her voice,
21 They're giving me a suspended imposition of sentence. It
22 didn't have anything to do with the Gaming Commission.
23 Okay? But when -- you know, on your application you better
24 put down there you were arrested.

25 MR. STARK: Right.

1 CHAIRMAN MATHEWSON: You know, the problem
2 is they don't know that, and when they're 17 years old --
3 how old is this lady now? I mean, that was way back there,
4 wasn't it?

5 MR. STARK: It was 1988, so --

6 CHAIRMAN MATHEWSON: Well, yeah.

7 MR. STARK: -- 17 plus --

8 CHAIRMAN MATHEWSON: Yeah. Well, you know,
9 I -- oh, this one gives me heartburns, and I already had
10 it. I'm not -- you know, you guys do a good job, and I
11 appreciate what you do. And I think your motives are right
12 and you're reading the law well. And that's what it comes
13 down to, isn't it?

14 MR. STARK: I think so.

15 CHAIRMAN MATHEWSON: Yeah. It's an
16 unfortunate situation. You know, Roger, I think you and I
17 have talked about this, but I'm not sure as a Commission --
18 maybe this isn't the right place to do it, but just help my
19 memory because I'm old.

20 Have we ever really discussed, as a
21 Commission, the fact that rather than say, Have you ever
22 been arrested, we could add that to that question? Have
23 you ever received -- been arrested and had a suspended
24 imposition of sentence? Has that ever been discussed to
25 put that on an application?

1 MR. STOTTLEMYRE: That is part of the
2 application process.

3 CHAIRMAN MATHEWSON: Does it say that?

4 MR. STOTTLEMYRE: That's explained to them.
5 Yes, sir.

6 CHAIRMAN MATHEWSON: Okay. Okay. Well, I
7 never filled out an application to get a job here, so I
8 didn't know that. Okay. I just -- you know, I just share
9 with you, Steve. I'm not being critical because I
10 appreciate what you do, big guy, but -- okay.

11 Chair would accept a motion.

12 COMMISSIONER MERRITT: I make a motion to
13 approve Resolution No. 12-014.

14 COMMISSIONER JONES: Second.

15 CHAIRMAN MATHEWSON: Any other discussion?

16 (No response.)

17 CHAIRMAN MATHEWSON: Call the role, Angie,
18 please.

19 MS. FRANKS: Commissioner Merritt?

20 COMMISSIONER MERRITT: Approve.

21 MS. FRANKS: Commissioner Hatches?

22 COMMISSIONER HATCHES: Approve.

23 MS. FRANKS: Commissioner Jones?

24 COMMISSIONER JONES: Approve.

25 MS. FRANKS: Commissioner Bradley?

1 COMMISSIONER BRADLEY: Approve.

2 MS. FRANKS: Chairman Mathewson?

3 CHAIRMAN MATHEWSON: Approve.

4 MS. FRANKS: By your vote you've adopted
5 Resolution No. 12-014.

6 MR. STARK: The next item on the agenda,
7 letter E, Angela Allen. Ms. Allen made application for a
8 Level II occupational license. The question on the
9 application asked, Have you been arrested? Ms. Allen
10 responded, No. The agent for the Gaming Commission
11 conducted an investigation, revealed an arrest by the
12 sheriff's office in Vidalia, Louisiana on June 1, 2000,
13 passing lottery tickets with intent to defraud.

14 Ms. Allen presented a letter from the
15 district attorney's office in the state of Louisiana,
16 stating that she had successfully completed the pretrial
17 intervention program administered by the district
18 attorney's office. Any charges against her concerning
19 passing lottery tickets with intent to defraud will not be
20 brought for prosecution.

21 Ms. Allen believed that she did not have a
22 criminal history. That this particular arrest was not part
23 of her record, and it happened over ten years ago. But
24 again, the application process provides adequate warning
25 and examples to applicants of the importance of disclosing

1 even an arrest. So it's, again, the arrest that is the
2 issue here.

3 And the Gaming Commission Staff has
4 appropriately, based on the law and the application
5 process, indicated that the failure to disclose this one
6 arrest would be grounds to deny the license. And that
7 would be my recommendation as well.

8 CHAIRMAN MATHEWSON: Any questions of Steve?

9 (No response.)

10 CHAIRMAN MATHEWSON: Is Ms. Allen here?

11 (No response.)

12 CHAIRMAN MATHEWSON: No. Okay. Chair would
13 accept a motion on 12-015, please.

14 COMMISSIONER JONES: Move for the acceptance
15 of Resolution 12-015.

16 COMMISSIONER BRADLEY: Second.

17 CHAIRMAN MATHEWSON: We've got a motion and
18 a second. Any discussion?

19 (No response.)

20 CHAIRMAN MATHEWSON: Call the role, Angie,
21 please.

22 MS. FRANKS: Commissioner Merritt?

23 COMMISSIONER MERRITT: Approve.

24 MS. FRANKS: Commissioner Hatches?

25 COMMISSIONER HATCHES: Approve.

1 MS. FRANKS: Commissioner Jones?

2 COMMISSIONER JONES: Approve.

3 MS. FRANKS: Commissioner Bradley?

4 COMMISSIONER BRADLEY: Approve.

5 MS. FRANKS: Chairman Mathewson?

6 CHAIRMAN MATHEWSON: Approve.

7 MS. FRANKS: By your vote you've adopted
8 Resolution No. 12-015.

9 MR. STARK: That concludes my cases. Thank
10 you.

11 CHAIRMAN MATHEWSON: Thanks, Steve. Roger?

12 MR. STOTTLEMYRE: Mr. Chairman, the next
13 item on the agenda is Consideration of Relicensure of Class
14 A and B Licensees. And first on that agenda will be Penn
15 National Gaming, Incorporated, Class A, and The Missouri
16 Gaming Company d/b/a Argosy Riverside Casino, as a Class B.

17 CHAIRMAN MATHEWSON: Good morning.

18 MR. DONAGHUE: Good morning, Mr. Chairman.
19 Morning, Commissioners. Frank Donaghue, on behalf of Penn
20 National Gaming; and I am the Vice President for Regulatory
21 Affairs and the Chief Compliance Officer for the company.
22 I have been in that position for about six months now, so
23 I'm new to the company.

24 And, Mr. Chairman, with your indulgence,
25 since this is my first time before the Commission, I'd like

1 to give you some background. I was with the state of
2 Pennsylvania, in state service for about 16 years. Ten of
3 those years was with State Attorney General's Office, where
4 for about six of those years I was the Director of the
5 Bureau of Consumer Protection and was responsible for
6 bringing legal and enforcement actions for companies
7 engaging in unfair or deceptive business practices.

8 And following that service, we had a new law
9 passed in Pennsylvania, the creation of the Pennsylvania
10 Gaming Control Board, where I took a position as the first
11 chief counsel to the Pennsylvania Gaming Control Board. I
12 was in that capacity for about two years.

13 And then was the acting Executive Director
14 of the agency, and in about a year and a half we got a
15 billion dollar industry up and running. Approximately, at
16 that time about eight casinos. I think they're ready to
17 bring their twelfth one online right now.

18 So that's a little bit of background. I
19 then went into private practice for a year with a law firm
20 out of Philadelphia by the name of Ballard Spahr, and now
21 I'm with Penn National. So thank you for your indulgence.

22 CHAIRMAN MATHEWSON: Good thank you. Did --
23 seems like back some time we used to get those reports from
24 some company, you know, that we don't get anymore. What is
25 that called? Fan--

1 COMMISSIONER BRADLEY: Fantini.

2 CHAIRMAN MATHEWSON: Fantini. Fantini. We
3 don't get those anymore, or at least I don't. At any rate,
4 it would tell us about what was going on in the Gaming
5 industry all over the United States. And it seems like
6 back a year or two ago, there was some controversy about
7 Philadelphia having a casino? Did that ever -- did they
8 ever start building one there, or is there one there now?

9 MR. DONAGHUE: There are two licenses that
10 were originally issued in Philadelphia. One of those
11 casinos has been opened. But you are right, Mr. Chairman,
12 the other license was revoked by the Board, and that is
13 currently in litigation before the Pennsylvania Supreme
14 Court.

15 CHAIRMAN MATHEWSON: Interesting.

16 MR. DONAGHUE: So that license still remains
17 to be -- at this point, for there to be a facility.

18 CHAIRMAN MATHEWSON: Okay. All right.

19 MR. DONAGHUE: Thank you again for the
20 opportunity --

21 COMMISSIONER HATCHES: One question.

22 CHAIRMAN MATHEWSON: Yeah.

23 COMMISSIONER HATCHES: Did you say you've
24 been on the board six months?

25 MR. DONAGHUE: Yes, with Penn National.

1 COMMISSIONER HATCHES: Okay. Did they send
2 you here by yourself?

3 MR. DONAGHUE: They did.

4 COMMISSIONER JONES: He must be really good.

5 COMMISSIONER HATCHES: Or they haven't told
6 him everything.

7 MR. DONAGHUE: Commissioner, you may be
8 right.

9 CHAIRMAN MATHEWSON: He may be looking
10 across the river at that one over there all the time. I
11 don't know.

12 MR. DONAGHUE: Again, thank you for the
13 opportunity. Penn is a leading, multijurisdictional owner
14 of gaming and power mutual properties. Penn owns, manages,
15 and has ownership interest in 25 facilities in
16 18 jurisdictions. Penn employs 16,000 employees across our
17 properties; 888 here in Missouri. And Penn has revenues
18 exceeding \$2.5 billion.

19 Penn's now the third largest U.S. gaming
20 company. We're in Colorado, Florida, Illinois, Indiana,
21 Iowa, Louisiana, Maine, Maryland, Mississippi, of course,
22 Missouri, Nevada, New Jersey, New Mexico, Ohio,
23 Pennsylvania, Texas, West Virginia, and Ontario. Penn has
24 demonstrated suitability to obtain all licenses and
25 registrations and approvals to operate in those

1 jurisdictions.

2 In Ohio, we're currently going through the
3 licensing process. We anticipate opening up a facility in
4 the Toledo area sometime in May, and then another facility
5 in the Columbus area sometime in the fourth quarter of this
6 year.

7 Penn, of course, is extremely proud of the
8 Argosy Casino Riverside facility, its executive team, and
9 most importantly its 800 -- more than 800 team members, as
10 well as their commitment to the local community.

11 Finally, Penn understands -- and certainly, you
12 know, in my capacity as the Chief Compliance Officer -- we
13 understand we're in a very highly regulated industry, that
14 it's your job to ensure the integrity of gaming, and to
15 make sure the public has confidence in this industry. And
16 while no one person or organization or company is perfect,
17 we most certainly want to commit to you our full
18 cooperation and compliance with your rules and regulations.

19 So with that, with your indulgence, I'd like
20 to turn it over to John, who's the General Manager of the
21 Riverside property. Thank you.

22 MR. CHASZAR: Good morning, Mr. Chairman,
23 members of the Commission. I'm John Chaszar, General
24 Manager of the Argosy in Riverside. I've been there for
25 six months, but I brought backup. Okay? I have been with

1 Penn National for ten years.

2 But with your indulgence, I'd like to
3 introduce my team that's here with me today. They can
4 answer questions if there needs to be. With me today is
5 Gary DeWitt, our Assistant General Manager; Amy Brennan,
6 our Vice President of Human Resources; Gus Sweis, our Vice
7 President of Finance; Tim Kelley, our Vice President of
8 Operations; Tom Teesdale, Vice President of Marketing;
9 Wendy Malotte, our Compliance Manager; and Ali Hashemy, our
10 Purchasing Manager.

11 With that, I'd like to begin with our
12 development agreement with the city of Riverside. On this
13 slide, on the thresholds of rents on adjusted gaming
14 revenues, as indicated, in 2010 Argosy remitted \$4.9
15 million in rents to the city of Riverside, with a slight
16 improvement in 2011, to almost \$5 million in rents.

17 The Riverside tourism tax on hotel guest
18 rooms was a slight decline from 2010 to 2011. That was due
19 just to the decrease in city-wide conventions in the Kansas
20 City area. Adjusted gross gaming revenues, as compared to
21 our budgets, in 2010 you can see we over-forecasted and we
22 missed our budget by \$8.4 million. In 2011 we exceeded our
23 budget by \$3.3 million in adjusted gaming revenues.

24 When we talk about taxable admissions, we
25 missed our forecast in both years: 2010 being down 206,000

1 admissions, and 2011 being down 90,000 admissions. The
2 good news in this story, if you recall from the previous
3 slide, we were actually up in 2011, which tells us our win
4 per taxable admission is actually on the rise at the
5 property.

6 Penn National remains committed to improving
7 Argosy Casino. In 2010 we spent over \$7 million in capital
8 improvements. Not counting that \$7 million number, is
9 another \$7 million on a two-year project to put a fly over
10 the railroad tracks and the new bridge for a new entrance
11 into the casino that will allow greater ease and access to
12 the property.

13 In 2011 we spent roughly \$5.7 million in
14 capital improvements. A couple of those large projects
15 included the full remodel of the buffet, as well as the
16 recarpeting of the casino floor. And we also spent a
17 little over \$3 million on slot replacements.

18 And that's also -- as you can see on the
19 bottom right-hand corner of the slide, we are currently
20 under construction. That's actually an artist's rendering
21 of a new entry sign for the new parkway and entrance to the
22 casino.

23 Moving on to our employee demographics: As
24 you can see, over 80 percent of our employees reside in the
25 state of Missouri, and over 52 percent of our employees are

1 the female population. Breaking down the demographics a
2 little bit further, as compared to Platte County, these
3 numbers support Penn National's commitment to diversity in
4 the work place.

5 This next slide shows a breakdown of
6 salaries by position. I do want to note that the tip-based
7 position does not include gratuities received by the
8 employees by our patrons. That's just the base pay that we
9 pay them.

10 Moving on to W and MBE enterprises: Argosy
11 remains committed to pursuing women and minority business
12 enterprises. We work with several agencies throughout the
13 greater Kansas City area, to make available every
14 opportunity for minority- and women-owned businesses to bid
15 on the goods and services that we need to service our
16 customers.

17 In fact, we hold our own internal vendor
18 fair, to allow existing and new businesses the opportunity
19 to introduce themselves to us, as well as learn our needs,
20 and what our processes are for purchasing from -- for
21 selling to Argosy. Last year 32 businesses participated in
22 this fair, and we plan on doing this fair again this year
23 and for years to come.

24 This next slide shows improvements in the
25 women-owned business segment, and a slight decline in the

1 minority-owned enterprises by \$16,000. Again, we remain
2 committed to improving these statistics in the years moving
3 forward.

4 COMMISSIONER HATCHES: Can I ask a question?

5 MR. CHASZAR: Sure. Absolutely.

6 COMMISSIONER HATCHES: Can you go back to
7 that slide, please? Thank you. Just a question: What is
8 total eligible spend, that first column?

9 MR. CHASZAR: Total eligible spend?

10 COMMISSIONER HATCHES: Uh-huh.

11 MR. CHASZAR: That's the total amount of --
12 and that's in thousands, so \$22 million in total spend at
13 the property -- in purchases of the property. And \$1.2
14 million of that spend was with women business enterprises,
15 and \$576,000 were qualified minority business enterprises,
16 in 2011.

17 COMMISSIONER HATCHES: Thank you.

18 MR. CHASZAR: Responsible gaming is
19 something that Penn National takes very, very, seriously.
20 We have a committee that meets on a quarterly basis to
21 review our policies, our procedures, and our statistics
22 towards our efforts in monitoring this situation. But
23 also, it's something that we monitor, as senior management,
24 on a daily basis, through incident reports, guest counts,
25 and issues such as that.

1 Responsible gaming is not just about
2 individuals and gaming issues, it's also about responsible
3 alcohol consumption, as well as the prevention for underage
4 gaming. We also, as well as all Penn National properties,
5 offer our employees an Employee Assistance Program to help
6 with their own personal issues, for not only themselves,
7 but also for their family members as well.

8 Argosy remains committed to being a great
9 corporate citizen. In 2011 we donated over \$268,000 to
10 local charities, some of which are listed here on the
11 slide. These charities are ones that are dedicated to
12 helping those in need. In fact, a couple of us in this
13 room sit on the board of directors of a couple of these
14 charities -- little slide of our efforts during the past
15 year.

16 We also have a paid time off program
17 available to our employees. We encourage them to be active
18 in the community, and we offer them up to 16 hours of paid
19 time to encourage and reward them for their efforts. In
20 2011, 277 hours of community service were tracked by our
21 payroll department. But I know for a fact that many other
22 countless hours have been donated by our employees above
23 and beyond this program.

24 So in closing, I stand before you on behalf
25 of more than 800 employees of Argosy Casino to ask that you

1 renew our license. And with that, I'd like to open up for
2 any questions.

3 CHAIRMAN MATHEWSON: Any questions?

4 COMMISSIONER JONES: Yes, sir. I have some
5 questions.

6 MR. CHASZAR: Sure.

7 COMMISSIONER JONES: You had mentioned you
8 had 32 companies participating in your minority fair. How
9 many were awarded or were any of those 32 awarded any type
10 of contracts?

11 MR. CHASZAR: I'm going to defer to Ali.

12 MR. HASHEMY: Commissioner, actually, we
13 had -- out of the 32, we actually have about 60 businesses,
14 both in --

15 CHAIRMAN MATHEWSON: Excuse me just a
16 second, sir. We need for you to state your name again
17 please, so the lady can pick that up.

18 MR. HASHEMY: Oh, I'm sorry.

19 CHAIRMAN MATHEWSON: You can come to that
20 microphone right there, sir.

21 MR. HASHEMY: I'm Ali Hashemy, purchasing
22 Manager at Argosy Riverside.

23 CHAIRMAN MATHEWSON: Would you spell your
24 name, because that lady right there's from Moniteau County.

25 MR. HASHEMY: It's A-l-i H-a-s-h-e-m-y.

1 CHAIRMAN MATHEWSON: Thank you.

2 MR. HASHEMY: You're welcome. We actually
3 have a little over 60 vendors that are both either minority
4 or women based. Not all of them showed up to that event;
5 32 showed up. But we also had some new vendors show up
6 that produced and introduced their commodity.

7 And I would say, since I've only been here
8 in the position -- and that was held in April. I've been
9 in the position since -- for about five months. I think we
10 had about ten vendors out of that whole event that we
11 offered an event to. I don't know if that answers your
12 question.

13 COMMISSIONER JONES: No, not really.

14 MR. HASHEMY: Okay.

15 COMMISSIONER JONES: But here's the
16 underlying question I have: You're looking at suppliers,
17 but you aren't looking at professional services, and I
18 don't understand that. Professional services: Legal,
19 accounting, stuff like that, that you can get this number
20 up. I'm looking at, oh, roughly, about 7.7 percent
21 women/minority participation in a metropolitan area.

22 MR. CHASZAR: Correct.

23 COMMISSIONER JONES: Kansas City. So you
24 mean to be tell me, you cannot find more than 7.7 percent
25 minority and women suppliers, professional services, firms,

1 that can -- that you could do business with?

2 MR. HASHEMY: A lot of our accounting is
3 done in-house.

4 COMMISSIONER JONES: Okay.

5 MR. HASHEMY: We don't extend anything out.
6 Same as legal services. A lot of our legal services, you
7 know, we take care of in-house.

8 COMMISSIONER JONES: Okay. You said "a
9 lot." That's not all. You said "a lot" of it.

10 MR. CHASZAR: Correct.

11 COMMISSIONER JONES: So what about the other
12 part of the all?

13 MR. HASHEMY: Right.

14 MR. CHASZAR: And, Commissioner, we are --
15 there are some professional services that we utilize at the
16 property, that don't qualify under the program, that we're
17 working with Ms. Bonner and with Mr. Wilhoit to get
18 those folks actually registered with the Secretary of
19 State, so they can be classified at this.

20 But don't get me wrong, that's not where we
21 stop there. This is an ongoing process. You're absolutely
22 correct. This number could be better, and it is our job to
23 make this number better, no if, and, or buts about it.

24 But there are professional services that we
25 utilize at the property. One example are female massage

1 therapists that are independent contractors, but are not
2 registered with the Secretary of State -- that do not --
3 that are businesses, but since they're not registered with
4 the Secretary of State, we cannot include in these numbers
5 also. But there are services -- professional services like
6 that where folks do not qualify.

7 But you're -- but even beyond that, you are
8 absolutely correct. We can make this number better.

9 COMMISSIONER JONES: That's what I'm looking
10 at. That's what I'm interesting in seeing: A program that
11 you're going to adhere to. Because every year you guys
12 come in here and try -- you know, want a renewal, and I see
13 this number, you know, hovering around 5 and 6 and 7
14 percent. And it just doesn't make any sense to me when
15 you're operating in a metropolitan area, such as Kansas
16 City.

17 MR. CHASZAR: Absolutely.

18 MR. DONAGHUE: Absolutely.

19 MR. HASHEMY: We definitely will work
20 diligently to put programs in place and hold events at our
21 property to introduce ourselves and what our needs are, and
22 also bring in some minority businesses and women businesses
23 to extend the offer.

24 CHAIRMAN MATHEWSON: When did you say your
25 next -- your next deal is for -- to bring those folks in?

1 MR. CHASZAR: The vendor fair?

2 CHAIRMAN MATHEWSON: You said you do that
3 annually. When is that?

4 MR. HASHEMY: We actually have a meeting with
5 Mid-America Business Council -- that's a minority business
6 development council -- next week to discuss the date to
7 talk about what date we can set that up.

8 CHAIRMAN MATHEWSON: Okay. I tell you what
9 let's do, please: There's a lady sitting right next to you
10 there that's in charge of this for us.

11 MR. HASHEMY: Yes.

12 CHAIRMAN MATHEWSON: You know, nice lady.
13 And I'd like for you to tell her the result of that
14 meeting.

15 MR. HASHEMY: Sure.

16 CHAIRMAN MATHEWSON: Right after it happens.
17 Okay?

18 MR. HASHEMY: Okay.

19 CHAIRMAN MATHEWSON: And then I'd like for
20 her to know what the date of your activity in inviting
21 folks in. And it might very well be that she, through her
22 contacts, can assist you in bringing more of that 60
23 percent -- or 60 firms in than 32.

24 MR. HASHEMY: Right.

25 CHAIRMAN MATHEWSON: So I would encourage

1 you, sir, to work with her to cause that to happen.

2 MR. HASHEMY: Absolutely, we will.

3 CHAIRMAN MATHEWSON: Because I agree with
4 the Commission. I mean, that isn't very far from Kansas
5 City. I go to Kansas City a lot, you know, and it just
6 seems to me like that is an awful low number for the Kansas
7 City metro area. You know, now you got quite a bit of
8 competition up there in the same world you're in too, and I
9 don't know what their percentages are because we haven't
10 seen them yet, you know, for relicensure.

11 MR. HASHEMY: Absolutely.

12 CHAIRMAN MATHEWSON: I encourage you to do
13 that, sir.

14 COMMISSIONER HATCHES: May I just add
15 something --

16 CHAIRMAN MATHEWSON: Sure.

17 COMMISSIONER HATCHES: -- consistent with
18 what the Chairman's saying. Also, keep Cheryl apprised --
19 you know, it's one thing to bring in a high number of
20 people to go through your fair of the meetings that you
21 have; it's something else -- to Commissioner Jones'
22 point -- to identify the number of people who actually now
23 are doing business with you as a result of that.

24 So, yeah. We're interested in having a
25 higher number to participate in the process, but we're more

1 interested in seeing a higher number that actually become
2 vendors to your organization.

3 MR. HASHEMY: Very well.

4 MR. CHASZAR: Absolutely.

5 MR. HASHEMY: Thank you.

6 MR. CHASZAR: Any other questions?

7 CHAIRMAN MATHEWSON: Thank you, sir. Any
8 other questions?

9 MR. CHASZAR: Okay. Well, next I'd like to
10 introduce what I would consider one of the best government
11 business partners anyone could ask for in this business,
12 and that's the mayor of Riverside, Mayor Kathy Rose.

13 CHAIRMAN MATHEWSON: Morning, Mayor.

14 MS. ROSE: Good morning, Mr. Chairman,
15 honorable Commission. Thank you very much for this honor
16 and pleasure. This is my fourth rodeo at this event, so
17 I'm -- even though they've only got six month's worth of
18 credentials, I can bring to you a little bit more. And
19 I've got a lot of great things to talk about this morning.

20 First of all, the relationship with the city
21 of Riverside and Penn National Gaming has developed since
22 the Argosy Casino opened its doors in June of 1994.

23 Through our development agreement and lease agreement, we
24 have enjoyed a very professional and effective partnership.

25 Every general manager that we have worked

1 with at the Riverside facility -- including now, our new
2 General Manager, John Chaszar -- has embraced our
3 community, including -- focused on the strengths and the
4 weaknesses, provided creative and collaborative input on
5 challenges and opportunities, and are ultimately
6 responsible for the current culture that drives governing
7 our small town.

8 Many would say that's easy when you have
9 money. I say it's what we've done with the money. As you
10 will see in the booklet that's been provided to you,
11 Argosy's section on statistical data for revenue,
12 employment, crime, and charities benefitted, is a clear
13 reflection on their positive impact, not only to Riverside,
14 but the entire Kansas City region.

15 This information is important to all of us;
16 however, the real story is reflected in the section
17 provided by the City. Since we met two years ago, we have
18 continued to partner with a number of community
19 organizations to make sure our citizens have access to
20 basic services, such as dental and medical care, transit
21 services, and other youth and senior services.

22 One program that the City supports, along
23 with the Argosy, is the Fire/Police Athletic League. This
24 program reaches out specifically to at-risk youth in the
25 community, to help establish positive connections with

1 police officers and fire fighters. More than 200 kids
2 currently participate in the program.

3 Through private/public partnerships and
4 agreements with the County and other surrounding
5 communities, we are completing a complete trail loop
6 throughout the city that will be a critical link in the
7 Kansas City trail system.

8 We have partnered with the YMCA to provide
9 free swimming lessons at the community pool. The City's
10 Healthy Citizens Initiative subsidizes 75 percent of
11 resident's membership fees to other area community centers,
12 including the YMCA, for fitness programs.

13 Economic development is alive and blossoming
14 in Riverside. In May 2010, we partnered with North Point
15 Development for a 260-acre site, near the Argosy. This
16 site will be home to a mix of industrial innovation,
17 office, and commercial development, and is projected to
18 produce 6,000 jobs.

19 The City focuses on strategic investments
20 and infrastructure, including a street maintenance program
21 for curbs, gutters, sidewalks, waterline improvements, and
22 major road and bridge projects to improve access.

23 One of Riverside's goals is to stand out
24 among other cities in the metro as a community that is
25 professional and progressive. We do that through our

1 support and leadership in area chambers and metro-wide
2 organizations, such as the Mayors Metropolitan Caucus. We
3 also continue to provide surplus equipment to neighboring
4 communities at no charge, and take the lead on regional
5 initiatives, such as the new public safety radio system
6 being installed across the metro.

7 What matters most? Engaging our citizens to
8 be involved in our planning, implementing, and developing
9 processes are vital to our success. Providing quality
10 services, being creative, innovative, progressive, and
11 solution oriented are our top priorities.

12 There's a sheet in the booklet that shows
13 some of the results of our statistically significant survey
14 of our residents and businesses that evaluate our service
15 delivery, and identify areas for improving. As you can
16 read, when compared to other communities across the country
17 and around the Kansas City metro, Riverside rated
18 significantly above average for quality of life and major
19 city service areas.

20 And there's one little comment by Karen
21 Falk, who is the senior project manager for ETC Institute.
22 She said, The extremely positive results of the Riverside
23 surveys are unprecedented in my experience, especially in
24 today's climate, where most cities are seeing resident and
25 business satisfaction decrease significantly.

1 In this unsettling economic time, our
2 citizens will tell you, enhancing their quality of life by
3 having a beautiful trail to walk on, or providing free or
4 reduced programs for them to participate in, and having
5 responsive city employees to address their concerns,
6 matter. We celebrate governing with a can-do attitude, and
7 every day we strive to make a difference.

8 And I would invite each and every one of
9 you, if you are ever in the Kansas City area, and
10 specifically, would like to take time to come and visit
11 Riverside, I would love to give you the 15-minute tour.
12 It'll take longer than that, but I'll try. And I'm open
13 for questions as well.

14 CHAIRMAN MATHEWSON: What's the population
15 of Riverside now?

16 MS. ROSE: 2,984.

17 CHAIRMAN MATHEWSON: About 3,000.

18 MS. ROSE: Yes.

19 CHAIRMAN MATHEWSON: What's your minority
20 population, do you know?

21 MS. ROSE: I would say it's --

22 CHAIRMAN MATHEWSON: What percentage?

23 MS. ROSE: Yeah. I would say it's probably
24 15 percent.

25 CHAIRMAN MATHEWSON: About 15 percent?

1 MS. ROSE: Yes.

2 CHAIRMAN MATHEWSON: Okay. You know, Mayor,
3 I would agree with you. A long time before I was on this
4 Commission, I watched you -- that community just change.
5 You know, it was amazing, and I remember, with a great deal
6 of interest and satisfaction for your community, when the
7 Kansas City Star did a whole weekend edition on what's
8 happened to Riverside.

9 MS. ROSE: Riverside. Absolutely.

10 CHAIRMAN MATHEWSON: You know, it was a
11 wonderful, wonderful story of what can happen in a
12 community when you have a good partner, and other partners
13 too.

14 MS. ROSE: Absolutely.

15 CHAIRMAN MATHEWSON: But certainly, that was
16 the one that was highlighted, I think.

17 MS. ROSE: Based upon the Argosy's
18 relationship, we have leveraged that to do public private
19 partnerships with just so many, and they are so valuable to
20 your community. You get some much bigger bang out of your
21 buck when you do that process, and we have absolutely
22 embraced it.

23 CHAIRMAN MATHEWSON: Are you still
24 generally -- I was glancing through here. This is a nice
25 presentation that you put together here. Are you -- do you

1 still have -- you're not using a lot of your -- what was
2 it -- 4.9 million, whatever that number was that's coming
3 in from Argosy. You're not using that for your general
4 budget?

5 MS. ROSE: That's correct.

6 CHAIRMAN MATHEWSON: And you've done that
7 sort of a role since day one, as I remember, haven't you?

8 MS. ROSE: That's correct. You know, my
9 mother was the mayor for 16 years before I've been the
10 mayor for the last six.

11 CHAIRMAN MATHEWSON: Yeah. She passed it
12 on.

13 MS. ROSE: Yes.

14 CHAIRMAN MATHEWSON: Yeah. She was a nice,
15 nice lady. I remember meeting her too.

16 But so you're still keeping that same sort
17 of an attitude toward it, that, you know, you have that,
18 and then you have all these other things that you use
19 generally the money --

20 MS. ROSE: It's significantly used for
21 capital improvement projects.

22 CHAIRMAN MATHEWSON: Sure. And you've done
23 it well --

24 MS. ROSE: Thank you.

25 CHAIRMAN MATHEWSON: -- from everything I

1 can see up there.

2 Okay. Any questions of the mayor?

3 (No response.)

4 CHAIRMAN MATHEWSON: Thank you, ma'am, very
5 much for coming down today.

6 MS. ROSE: Thank you.

7 CHAIRMAN MATHEWSON: Do you have another
8 presentation?

9 MR. DONAGHUE: Not from the Class A or
10 Class B.

11 CHAIRMAN MATHEWSON: Is that a police chief
12 sitting back there? Is that -- are you Riverside, sir?

13 MR. MILLS: Yes, sir.

14 CHAIRMAN MATHEWSON: Well, I thought maybe
15 you might be. Do you have any comment, sir? Why don't you
16 step to the microphone and identify yourself.

17 MR. MILLS: My name is Gregory Mills. I'm
18 the Chief of Police and the Director of Public Safety for
19 the city of Riverside, and have been for going on seven
20 years now.

21 The relationship that our department has,
22 specifically, with the Argosy is by far the best one I've
23 ever encountered in my 36-plus years in law enforcement.
24 They are great partners. We have zero issues at the
25 Argosy. We wish that every place in our town was as safe

1 and as well-managed as what the Argosy Casino is. The
2 partnership is great.

3 And I also need to tell you about what they
4 do in support of our Fire and Police Athletic League. Our
5 Police Athletic League started about six years ago. We've
6 added the fire component in there. We are the only Fire
7 and Police Athletic League in the United States, that
8 combined both police and fire.

9 And we could not do the work that we do
10 without the support that we receive for our partners, such
11 as the Argosy. So we appreciate the opportunity to come
12 tell you our story.

13 CHAIRMAN MATHEWSON: Good. Thank you, sir.
14 Thank you, Chief, very much. Appreciate it. Okay. Anyone
15 else? Is that it?

16 MR. STOTTLEMYRE: I don't know if we have
17 any public comment or not.

18 CHAIRMAN MATHEWSON: Any public -- anyone
19 here that wants to get by the mayor and police chief and
20 come say something negative about this community? I guess
21 not. All right.

22 MR. STOTTLEMYRE: Next item would be the
23 investigative summary, and Sergeant Gary Davidson will
24 present.

25 CHAIRMAN MATHEWSON: Okay. Thank you.

1 SERGEANT DAVIDSON: Good morning, Chairman,
2 Commissioners.

3 CHAIRMAN MATHEWSON: Morning.

4 SERGEANT DAVIDSON: The Missouri Gaming
5 Company, doing business as Argosy Riverside Casino -- and
6 referred to later as Argosy -- submitted a relicensing
7 application to the Missouri Gaming Commission on
8 November 25, 2011, for renewal of their Class B riverboat
9 license. Argosy's parent company, Penn National Gaming,
10 Incorporated -- referred to as Penn -- is also being
11 considered for renewal of their Class A riverboat gaming
12 license. You will find resolutions for both of these
13 licensees under Tabs F and G in your book.

14 Argosy was initially granted a license by
15 the Commission on June 22, 1994. On December 21, 2004,
16 Penn submitted an application to the Commission for
17 licensure in the state of Missouri, for the purpose of
18 purchasing Argosy Gaming Company. On July 29, 2005, Penn
19 was licensed by the Commission as a Key Business Entity,
20 and the company completed the acquisition of Argosy Gaming
21 Company on October 3, 2005.

22 The Commission has found Argosy and Penn
23 suitable for licensure during each of the
24 subsequent relicensing investigations. The current Class A
25 and B licensees were approved by the Commission on

1 February 24th, 2010, and are scheduled to expire on
2 February 29th, 2012.

3 Missouri State Highway Patrol background
4 investigators, working in conjunction with Missouri Gaming
5 Commission financial investigators, conducted an
6 investigation into the suitability of Argosy and Penn to
7 continue to operate as a Class B and A licensee,
8 respectfully [sic].

9 The investigations included, but were not
10 limited to, criminal, financial, and general character
11 inquiries of associated Key and Level I personnel, to
12 include where they lived, worked, and frequented. The city
13 of Riverside in Platte County, as well as the state and
14 federal agencies having regulatory authority over Argosy
15 and Penn, were contacted, and there were no issues or
16 concerns or negative information disclosed.

17 The findings of these investigations were
18 provided to the Missouri Gaming Commission Staff for their
19 review, and you possess a detailed summary report before
20 you. The investigating officers are present at the hearing
21 and would be happy to entertain any questions you might
22 have.

23 CHAIRMAN MATHEWSON: Thank you, sir.

24 SERGEANT DAVIDSON: Thank you.

25 CHAIRMAN MATHEWSON: Any questions?

1 (No response.)

2 CHAIRMAN MATHEWSON: Thank you very much.

3 MR. STOTTLEMYRE: Okay. The MBE/WBE
4 compliance review, Cheryl Bonner will present.

5 CHAIRMAN MATHEWSON: Ms. Bonner.

6 MS. BONNER: Good morning, Mr. Chairman,
7 Commissioners.

8 CHAIRMAN MATHEWSON: Good morning.

9 MS. BONNER: I provided you with a packet of
10 the presentation that -- for Argosy. As of December 31,
11 2011, Argosy employed 42.2 percent minorities and 52.7
12 percent female. Argosy's employed 16.3 percent minorities
13 and 41.3 percent females in management.

14 According to the 2010 U.S. Census, the city
15 of Riverside population is 21.9 percent minorities and
16 48.9 percent female. So Argosy's employment of minorities
17 and females exceed the population of the city; however,
18 they have room for improvement in employment of females in
19 management.

20 As to the 2011 MBE expenditures, this is a
21 comparison as reported by Argosy and as audited by the MGC.
22 There are no variances in the first and third quarters.
23 The variance for the second quarter is due to additional
24 expenditures by an MBE that was not reported.

25 The variance for the fourth quarter is due

1 to Argosy's reporting spend for independent contractors
2 that are not registered with the Secretary of State as a
3 sole proprietor, therefore they would not be eligible for
4 certification. Argosy's total actual MBE spend for 2011
5 was 576,000, and the total spend was 23.1 million.

6 As to the 2011 WBE expenditures, this is a
7 comparison as reported by Argosy and as audited by the MGC.
8 The variances for each quarters include spend for
9 independent contractors that were not registered with the
10 Secretary of State as a sole proprietors, therefore would
11 not be eligible for certification.

12 Each quarter includes spend for a vendor
13 that no longer has WBE status, and additional expenditures
14 for WBEs that were not reported. Argosy's actual WBE spend
15 for 2011 was 1.2 million, and total spend was 23.1 million.

16 This is a comparison of the MBE spend for
17 2010 and 2011. The figures -- the 2010 figures have not
18 been audited, and the 2011 figures were 100 percent
19 audited. In comparing the quarters for 2010 and 2011,
20 Argosy's percentage of MBE spend has decreased in each
21 quarter.

22 COMMISSIONER HATCHES: May I ask a question,
23 Cheryl?

24 MS. BONNER: Yes.

25 COMMISSIONER HATCHES: Is that, again,

1 because of the way it was reported, the difference in
2 reporting in '10 versus '11, or is there --

3 MS. BONNER: The criteria for reporting
4 hasn't changed, so by me not auditing the 2010, to be fair,
5 I can't really tell you what was included and what wasn't.
6 But for 2011, 100 percent, I know those are accurate. But,
7 just to be fair, for 2010, I couldn't tell you.

8 COMMISSIONER HATCHES: You know, we had this
9 discussion last year. We had this discussion last year
10 about the reporting processes with the different
11 properties, and I know we worked internally and with the
12 properties to sort of make sure that we clean that up and
13 smooth that out so everyone's reporting the same, and the
14 numbers are accurate. And what's in the number now, we
15 have a very high level of confidence in the accuracy of
16 them. Right?

17 MS. BONNER: That's correct.

18 COMMISSIONER HATCHES: So my question is
19 whether these 2010 numbers reflect prior to the change
20 versus 2011.

21 MS. BONNER: That is correct. The 2010 did
22 not include -- they were not allowed to take exclusions for
23 categories in which there was no representation. But in
24 2011 they have been allowed exclusions for certain
25 categories, and that's across the board for all properties.

1 COMMISSIONER HATCHES: So in your report,
2 somewhere, today, are you talking to us about what they --
3 the plans that you're working on with them to increase
4 those numbers?

5 MS. BONNER: We have -- Rick and I have
6 talked this -- had a discussion with Argosy prior to this
7 meeting, and we have indicated that they would need to
8 provide us with a plan of action in order to increase their
9 numbers.

10 COMMISSIONER HATCHES: And you expect to
11 report that when?

12 COMMISSIONER MERRITT: Just say I don't
13 know.

14 MS. BONNER: I don't know.

15 MR. STOTTLEMYRE: Did you give them a date,
16 Cheryl?

17 MS. BONNER: I haven't given them a date.

18 COMMISSIONER HATCHES: Okay.

19 MS. BONNER: Actually, I thought they would
20 provide the plan today because we had a discussion of this
21 meeting and what would be expected of them. So I was
22 looking for them to provide their plan today.

23 COMMISSIONER HATCHES: Yeah. And I'm not
24 trying to put anybody on the spot.

25 MS. BONNER: Right.

1 COMMISSIONER HATCHES: I just want to know
2 when can we expect to see that information?

3 MS. BONNER: I'll work with them and get the
4 plan.

5 COMMISSIONER HATCHES: Thank you.

6 COMMISSIONER MERRITT: I would have a
7 question.

8 CHAIRMAN MATHEWSON: Sure, Jack.

9 COMMISSIONER MERRITT: Of these numbers, do
10 we have any idea how many minority -- maybe I need to
11 address this to the staff from the Argosy. How many
12 minorities applied or bid on jobs, vendors, and how many
13 were denied?

14 MS. BONNER: That is not something that I
15 require, but based on the meeting -- last month's meeting,
16 we had a discussion about that and I did put out an e-mail
17 to all properties. And I'm working with Mike. There were
18 some concerns about the tracking of the data. Some don't
19 currently track that data, but they're willing to track it
20 going forward. But there are some concerns and I'm working
21 with Mike Winter to get those concerns, and get some of
22 those addressed.

23 COMMISSIONER MERRITT: For today, maybe
24 someone from the Argosy staff could tell us: Is there a
25 lot of minorities that you get bids from that you don't

1 accept their bids?

2 MR. HASHEMY: Based on the commodities that
3 they offer -- excuse me. Ali Hashemy again, Purchasing
4 Manager. Based on the commodity they offer, we do offer a
5 bid to at least three different bidders, and we always
6 include minority- or women-based. So based on the bid that
7 they give us and the market value, we definitely include
8 every minority- and women-based that is available for that
9 commodity in every bid.

10 COMMISSIONER MERRITT: So you do -- you give
11 them the opportunity, and they just have to be
12 competitive --

13 MR. HASHEMY: Yes.

14 COMMISSIONER MERRITT: -- if they're going
15 to get the bid.

16 MR. HASHEMY: Yes.

17 COMMISSIONER MERRITT: Okay. That's all.

18 CHAIRMAN MATHEWSON: Thank you.

19 MS. BONNER: This is a comparison of the WBE
20 spend for 2010 and 2011. The figures for 2010 were not
21 audited, and the 2011 figures were 100 percent audited. In
22 comparing the quarters for 2010 and 2011 -- and as we
23 discussed earlier, keep in mind the 2010 figures do not --
24 did not allow exclusions in certain categories, but the
25 2011 figures do allow those exclusions -- Argosy's

1 percentage of WBE spend has increased in each quarter,
2 except for the first quarter.

3 We have asked Argosy to provide us with a
4 plan to improve their MBE/WBE spend, and will be working
5 with them to provide additional vendors, which some of the
6 ones they are aware of, that we've already put out on the
7 MGC website that they can utilize.

8 And for those vendors, they don't have to
9 verify MBE or WBE status; that has already been done by the
10 MGC. So those are approved vendors that they can utilize
11 at any time, and have the certificates on -- they're out on
12 the website as well, and they can utilize those at any
13 time.

14 I've also provided in your packet a copy of
15 the Class B licensee comparisons for 2011. The highlighted
16 figures have been 100 percent audited, and the remaining
17 will be reviewed in the future.

18 COMMISSIONER MERRITT: I'm a little bit slow
19 in understanding all this. What plan can they initiate to
20 encourage vendors, other than making the bids available for
21 them and getting them to bid on it? What can they do
22 beyond that?

23 Maybe somebody on the Board can answer that
24 for me. But, I mean, if they're putting it out there and
25 saying, Here, you can bid on this, and make it available to

1 everybody, nonminorities and minorities, and then they have
2 the opportunity to bid on it, what more can they do to --

3 MS. BONNER: I feel that they can -- they
4 can -- they should seek out additional vendors, minority-
5 and women-owned business vendors, to increase the
6 competition. I think he indicated that they put out at
7 least three bids, and they include minority-and women-owned
8 businesses, but I think that they should include more -- as
9 many as they can that can provide that commodity or
10 service. Don't just limit themselves to one or two.
11 However many vendors provide that commodity or service,
12 give them all an opportunity.

13 COMMISSIONER MERRITT: And should they do
14 the same for the nonminority vendors?

15 MS. BONNER: Correct.

16 COMMISSIONER MERRITT: I mean, the --

17 COMMISSIONER JONES: You know, another --
18 excuse me. Another option they have, they can create --
19 they can encourage joint ventures. That way the minority
20 firms can build capacity along the way.

21 Because, in a sense, when you're just
22 sending out a blanket bid, you're going to have very few
23 minority companies and firms that can participate with a
24 majority firm, because they just do not have the capacity
25 or the bonding that's required or anything like that. But

1 if they bid as a joint venture -- or encourage joint
2 ventures, I think you would increase those numbers.

3 And again, they ought to encourage joint
4 ventures for nonminority firms --

5 MS. BONNER: Correct.

6 COMMISSIONER JONES: -- especially in cities
7 like Riverside, because I'm pretty sure Riverside has women
8 firms that need to build capacity as well. So if you could
9 encourage that joint-venture scenario, you can increase the
10 percentages.

11 COMMISSIONER MERRITT: To me, it appears
12 that that should be the responsibility of the vendors,
13 minority and nonminority, to create those coalitions,
14 rather than the casino jobs. Their job is to run the
15 casino, not to go out and put together private
16 industries -- or other private industry. I don't know. I
17 just don't fully understand it.

18 CHAIRMAN MATHEWSON: Well, you're going to
19 continue to work with them, and we hear them saying that
20 they're going to continue to work with you and try to come
21 up with a resolve of this, to try to get those numbers up.
22 So we would encourage you to do that, and encourage them to
23 do that. Okay?

24 MS. BONNER: Will do.

25 CHAIRMAN MATHEWSON: Thank you.

1 MS. BONNER: Thank you.

2 CHAIRMAN MATHEWSON: Roger?

3 MR. STOTTLEMYRE: At this time Staff
4 recommends approval of Resolution No. 12-016.

5 CHAIRMAN MATHEWSON: Okay. Chair would
6 accept a motion for 12-016 approval, please.

7 COMMISSIONER MERRITT: I would move to
8 approve Resolution No. 12-016.

9 COMMISSIONER BRADLEY: Second.

10 CHAIRMAN MATHEWSON: Any discussion?

11 (No response.)

12 CHAIRMAN MATHEWSON: Call the role, please.

13 MS. FRANKS: Commissioner Merritt?

14 COMMISSIONER MERRITT: Approve.

15 MS. FRANKS: Commissioner Hatches?

16 COMMISSIONER HATCHES: Approve.

17 MS. FRANKS: Commissioner Jones?

18 COMMISSIONER JONES: Approve.

19 MS. FRANKS: Commissioner Bradley?

20 COMMISSIONER BRADLEY: Approve.

21 MS. FRANKS: Chairman Mathewson?

22 CHAIRMAN MATHEWSON: Approve.

23 MS. FRANKS: By your vote you've adopted
24 Resolution No. 12-016.

25 MR. STOTTLEMYRE: Staff also recommends

1 approval of Resolution No. 12-017.

2 COMMISSIONER HATCHES: Move for approval of
3 Resolution No. 12-017.

4 COMMISSIONER JONES: Second.

5 CHAIRMAN MATHEWSON: Any discussion?
6 (No response.)

7 CHAIRMAN MATHEWSON: Call the role, Angie,
8 please.

9 MS. FRANKS: Commissioner Merritt?

10 COMMISSIONER MERRITT: Approve.

11 MS. FRANKS: Commissioner Hatches?

12 COMMISSIONER HATCHES: Approve.

13 MS. FRANKS: Commissioner Jones?

14 COMMISSIONER JONES: Approve.

15 MS. FRANKS: Commissioner Bradley?

16 COMMISSIONER BRADLEY: Approve.

17 MS. FRANKS: Chairman Mathewson?

18 Chairman MATHEWSON: Approve.

19 MS. FRANKS: By your vote you've adopted
20 Resolution No. 12-017.

21 MR. STOTTLEMYRE: The next item on the
22 agenda would be River City. I'm not sure who's in charge
23 here. Probably Jack, maybe?

24 CHAIRMAN MATHEWSON: Good morning, sir.

25 MR. GODFREY: Good morning, Mr. Chairman,

1 members of the Commission, Mr. Stottlemire, and Staff. I'm
2 Jack Godfrey, Executive Vice President, Secretary, and
3 general counsel of Pinnacle Entertainment. For the record,
4 I've been with the company nine and a half years, and I'm
5 still learning, so it's a challenging position.

6 CHAIRMAN MATHEWSON: Well, you've taught us
7 a lot too, Jack.

8 MR. GODFREY: Well, thank you. Well, we're
9 very pleased to be here. We were in front of you with
10 Lumiere Place, I believe, in October, and enjoyed that
11 rehearsing. And I'm here today with Neil Walkoff, who's our
12 Senior Vice President and General Manager of Pinnacle
13 St. Louis.

14 And in addition to Mr. Walkoff and myself,
15 we have several team members that I'd like to introduce and
16 have them stand when I call their names: Jeff Babinski,
17 who's Vice President and General Manager of Lumiere Place;
18 Chris Plant, Vice President of Accounting and Finance for
19 Pinnacle St. Louis; Michael Meager, Director of Planning
20 and Analysis; Walt Stowe, who works with me in Las Vegas as
21 Vice President of Pinnacle Entertainment Compliance; and
22 Jeff Danis, also from Las Vegas, who's Vice President of
23 Strategic Sourcing; and working with Jeff on Strategic
24 Sourcing and in particular oversight of our MBE/WBE efforts
25 is Josh McLeod, who's a buyer in Strategic Sourcing in

1 St. Louis.

2 So with that, I'd also like to introduce two
3 other people, very important people, our partners in St.
4 Louis County, represented by Denny Coleman, who's president
5 and CEO of the St. Louis County Economic Council and his
6 attorney, Mark Brady, Assistant General Counsel of the
7 St. Louis Economic Council.

8 And I've had the pleasure of working with
9 Denny and Mark, really, from the beginning of the time that
10 we first entered Missouri and started our process with the
11 RFP for the city and the county. And they've been
12 wonderful partners, and we're very happy that they're here
13 today to support us.

14 So with that, let me turn to the beginning
15 of our presentation, and then I'll turn it over to Neil to
16 pick it up where I leave off.

17 Phase I of River City was an investment of
18 \$375 million, which includes the amenities that you see on
19 the screen: A 90,000 square foot casino; nine food and
20 beverage outlets; one retail outlet; and a very complicated
21 roadway project, and insulation of the related lighting,
22 fencing and signage.

23 As you may recall, River City was a very
24 challenging project, and was one that had been discussed,
25 really, by various companies over the years. We're very

1 proud that we were able to bring it over the goal line. In
2 addition, Great Rivers Greenway was paid \$500,000 for an
3 easement, and the Port Authority eventually was paid \$5.1
4 million in satisfaction of River City's obligations for the
5 community facilities that we had originally planned to
6 construct.

7 This has been a very lucrative lease
8 agreement for the St. Louis County Port Authority. In 2010
9 we paid \$3.5 million, which was the greater of \$3 million
10 or 2.5 percent of 2010 adjusted gross receipts, which was
11 our obligation then. And for 2011 and thereafter, our
12 annual rent is \$4 million or 2.5 percent of adjusted gross
13 receipts for that year. And in 2011 we paid rent of
14 \$4.8 million. So as you can see, this is a very lucrative
15 deal for St. Louis County.

16 Also, pursuant to our agreements, with the
17 River City Casino opening, Lumiere Place paid \$1 million to
18 the city of St. Louis in January 2011 and 2012, which is an
19 annual commitment.

20 You may have read our press release about
21 our Phase II commitment. Under our agreement with the
22 County, we're committed to spend at least \$75 million in
23 Phase II, and we currently intend to spend \$82 million.
24 This very impressive project will include a hotel, parking
25 garage, and entertainment multipurpose facility.

1 Right now our schedule is to begin
2 construction on the parking garage in mid-March, and we
3 hope to have that finished by the end of 2012. We also
4 plan to start our hotel in late 2012, together with the
5 event center, and that will be finished in 2013.

6 This is a very important addition to River
7 City. And, again, we appreciate the County's cooperation
8 in working with us on an amendment to our redevelopment
9 agreement, extending the time and allowing us to build this
10 very impressive addition.

11 Did I skip one here?

12 Our capital investment, as I said, \$375
13 million in the initial phase for the amenities that I
14 discussed. In the second phase, which will be \$82 million,
15 as currently budgeted, which is -- includes a 200-guestroom
16 hotel; a 1,600-plus-space parking garage, which is 1,000
17 spaces; and a 10,000-square-foot entertainment multipurpose
18 facility. So our projected total capital investment for
19 River City is \$457 million.

20 I'm going to bring Neil up now. As you can
21 see, this is the project footprint for Phase II. And,
22 Neil, you might want to talk about that a little bit.

23 MR. WALKOFF: Yes. Our expansion is going
24 to consist of 200 hotel rooms, a 1,600-space garage, and an
25 event multipurpose room that's going to have about

1 1,000 seats, and hold about 700 for -- seating for
2 banquets. So we're very excited about this addition, and
3 think it will do much for the community, and help us
4 generate more revenue.

5 MR. GODFREY: Here you see our AGR and
6 admissions: 2011 AGR is slightly higher than projection,
7 with taxes flat to projection. Admissions were lower than
8 projection, due to higher win per admission. And the 2011
9 projected win per admission is set at a level consistent
10 with 2010, but actual win per admission is \$4 higher than
11 2010. So we're trending very nicely.

12 Now, let me have Neil go through our
13 employee demographic breakdown and the remainder of the
14 presentation.

15 CHAIRMAN MATHEWSON: Let me ask -- Jack, let
16 me ask one quick question about this. Was this -- that was
17 during the period -- wasn't it in '11 when the guy hit you
18 for a pretty good hit, a million dollars or --

19 MR. WALKOFF: Yes.

20 CHAIRMAN MATHEWSON: Yeah. So that -- that
21 would show up there, wouldn't it? I mean, that's a
22 pretty -- that was a pretty big hit for one day, wasn't it?

23 MR. GODFREY: Well, yes, but we are in the
24 gambling business, so --

25 CHAIRMAN MATHEWSON: Evidently so was --

1 MR. GODFREY: -- some days you win and some
2 days you lose.

3 CHAIRMAN MATHEWSON: Evidently, so --
4 evidently, Jack, so was he. I just -- I'm not making a
5 joke about it --

6 MR. GODFREY: Right. I understand.

7 CHAIRMAN MATHEWSON: -- but, you know, he
8 knew what he was doing too, evidently.

9 MR. GODFREY: That does happen. That does
10 happen.

11 CHAIRMAN MATHEWSON: Well, sure. Sure.

12 MR. GODFREY: Sometimes we have big winners
13 and sometimes we have big losers, so -- but that's correct.

14 CHAIRMAN MATHEWSON: Okay. Thank you.

15 MR. WALKOFF: Okay. I'd now like to go over
16 our employee demographic breakdown. River City has
17 37 percent minority employment, versus our best-effort goal
18 of 15 percent, and 39 percent female employment, versus our
19 best-effort goal of 5 percent. These goals were per our
20 affirmative action policy. And as you'll see, our overall
21 employee base at River City is much more diverse than the
22 surrounding Lemay area.

23 In regards to our management, our team is
24 comprised of 19.5 percent minority team members and 34.1
25 percent female team members. However, our focus is to put

1 even more minority and female candidates in a position for
2 future leadership roles, and we have a plan to do that.

3 On the next page, you'll see a leadership
4 chart that we started, and that is a corporate sponsorship
5 leadership program designed to develop high potential
6 leaders. We focus on personal leadership, leadership
7 essentials, performance excellence, and organizational
8 development.

9 Both Lumiere and River City were the first
10 to roll out this program in our company, which began on
11 January 23rd. We had 32 participants; 16 came from Lumiere
12 and 16 from River City. Of those 32, 25 percent of the
13 participants were minority and 44 percent of the
14 participants were female. So we think this will help us
15 generate a leadership pipeline for future roles either in
16 our property or other properties in our company.

17 As far as our hiring practices for
18 candidates who work at River City, we partner with multiple
19 organizations in regards to minority recruitment, and this
20 slide shows who they are. We also partner with local
21 higher learning institutions for hiring and recruitment.
22 This slide highlights those institutions that we've been
23 involved with.

24 In regards to the utilization of minority-
25 and women-owned businesses, our operation's compliance plan

1 identifies a 19 percent best-effort goal for purchases from
2 minority- and women-owned businesses. Through a focused
3 effort, River City has achieved consistent improvement from
4 the second quarter of 2011, through the fourth quarter of
5 2011, highlighted by our spend with minority-owned
6 businesses, which went from 2.75 percent in the second
7 quarter to 10.88 percent in the fourth quarter.

8 The fourth quarter MBE and WBE total spend
9 of 22.88 exceeds our best-effort goal of 19 percent.
10 Although there is some volatility to our results, we
11 believe we have set up a sustainable MBE and WBE process
12 that will enable us to keep our focus on diversity
13 procurement.

14 In order to achieve these improved results,
15 we execute multiple initiatives, such as including at least
16 one MBE/WBE business in bids over \$1,000, and amending our
17 payment terms to a shorter window to help vendors from a
18 cash flow perspective.

19 Another way for us to gain exposure to
20 minority- and women-owned businesses was through the two
21 vendor fairs that we hosted in August and November. Both
22 fairs had good participation, which generated new contacts.
23 The contracts have been awarded to new vendors via these
24 fairs. Of the 70 participants, we identified 35 businesses
25 that we have potential of doing business with, and I

1 believe we do business with about 30 of those businesses
2 now.

3 The good news is that we've been able to
4 identify businesses that will help us sustain purchases
5 from MBEs, such as buying goods and services regarding even
6 poultry, promotional items, chemicals, or paper goods.

7 We've also implemented several new
8 initiatives as well. For example, we have a new mentoring
9 program. And I'd like to introduce -- we have two examples
10 of that today. I'd like to stand up Glen Franklin, of
11 Franklin Graphics; he's -- we buy promotional items from
12 Glen. And Anthony McFarlin from Absolute Industrial
13 Supplies, for which we purchase water softener and calcium
14 chloride. They're here today.

15 By working with these businesses and helping
16 them understand our needs and requirements, we've been able
17 to purchase items from them, which has helped us grow their
18 business, and we're very proud of that. Thank you, Glen,
19 and thank you, Anthony.

20 We've also had some other initiatives as
21 well. We have awarded some contracts to MBE and WBE
22 businesses who actually did have higher bids than competing
23 businesses. Absolute Industrial Supplies, in regards to
24 some of their supplies, is an example of this. We also
25 hold weekly meetings with our property leaders to discuss

1 opportunities for procurement with -- regarding WBEs and
2 MBEs.

3 We also started a quarterly luncheon where
4 we have been able to host a lunch that allows our MBEs and
5 WBEs to showcase their goods and services that they offer,
6 and any casinos who want to come are welcome to attend and
7 bring other minority- or women-owned businesses that they
8 use, and we discuss what their goods and services are to
9 become aware of other businesses that offer goods and
10 services. Members of MGC are invited to attend this
11 luncheon as well. We already had one, and we're going to
12 have one every quarter, and we host them.

13 We also provide weekly updates on our
14 progress in regards in MBE and WBE procurement, and we send
15 it to the MGC compliance team. Since October, PNK
16 St. Louis has talked to 140 MBE and WBE companies,
17 regarding what they offer and regarding competitive bids.
18 Some of these companies we will be doing business even
19 beyond our properties in Missouri, and looking at them --
20 at some of our other properties in southern Indiana as
21 well.

22 As Jack alluded to, we have our upcoming
23 \$82 million expansion construction, and MBE and WBE
24 spending will be a big priority. We have already begun to
25 communicate with these contractors, regarding our

1 requirements to use goods and services from minority- and
2 women-owned businesses.

3 In regards to underage gambling, we execute
4 many processes to deter underage access. Over the
5 12 months, ended November, River City had only three
6 instances of underage access, compared to the three million
7 patrons who entered the casino. Of those three million,
8 our security team stopped and checked over 280,000 IDs
9 through our Veridocs systems.

10 We also have many procedures in place to
11 comply with our state DAP program. Some examples include
12 restricting marketing and reviewing the DAP list prior to
13 paying jackpots or cashing checks.

14 Both Lumiere and River City are very
15 involved in the community as well. This slide highlights
16 many financial contributions and donations we have made, as
17 well as affiliations we have in the St. Louis and
18 surrounding communities.

19 Many of our team members also donate their
20 time to be involved in the community and charitable
21 organizations. This slide highlights the 17 organizations
22 that our team members have been involved with.

23 Page 20 shows a letter from county executive
24 Charlie Dooley, demonstrating his support of our
25 relicensure. And Page 21 highlights our support from the

1 St. Louis County Police Department, by Colonel Timothy
2 Fitch, the Chief of Police.

3 We now would like to bring up Denny Coleman,
4 the President and CEO of the St. Louis County Economic
5 Council to speak to our compliance with our redevelopment
6 agreement.

7 CHAIRMAN MATHEWSON: Good morning. Good to
8 see you again, sir.

9 MR. COLEMAN: Good to see you, Mr. Chairman
10 and Commissioners. I have a very fun job this morning,
11 telling you all the great things that we have seen
12 accomplished at River City.

13 CHAIRMAN MATHEWSON: Identify yourself, so
14 that lady right there --

15 MR. COLEMAN: I'm sorry. I'm sorry.

16 CHAIRMAN MATHEWSON: That's okay.

17 MR. COLEMAN: I'm Denny Coleman, President
18 and CEO of the St. Louis County Economic Council, and
19 Executive Director of the St. Louis County Port Authority.

20 So this is, indeed, a fun job. We have had
21 an exemplary partner in River City Pinnacle, and it has
22 really showed in terms of the progress we think we've made
23 in the Lemay community and the broader community, in terms
24 of what we've been able to accomplish with some of the
25 resources that River City has provided to us.

1 Let me see if I can get this right here.

2 The circle advances? Okay.

3 First of all, in terms of its compliance
4 with the lease and development agreement, Pinnacle has
5 complied with the lease and development agreement in all
6 respects: Completing Phase I, providing funding for the
7 community facilities, and submitted all rent payments,
8 including that in excess of their minimum payments which
9 are required, and undertaking Phase II. And Phase II was
10 announced last summer, and exactly on schedule, they are
11 ready to break ground within the next several weeks on
12 that, and that's very exciting for us.

13 In general, the project benefits have been
14 what they promised: Over 1,000 permanent jobs, and
15 Phase II to create more; the environmental cleanup, which
16 you may recall as part of the -- one of the hurdles to
17 overcome on this site was very substantial.

18 And the partnership of Pinnacle, the
19 St. Louis County Port Authority, and our environmental
20 contractor won the highest award presented by the
21 Environmental Protectional Agency, their Phoenix award, for
22 our region. So not only was it done successfully, but it
23 was recognized as one of the most significant cleanup
24 projects in America.

25 The new road which was developed is

1 Pinnacle has reported to you earlier here this morning.
2 They did give us the benefit of letting us know what they
3 were going to present prior, so we had an opportunity to
4 look at all that.

5 And, by the way, I want to mention that they
6 have done this consistently. The communication between the
7 company, the management, and St. Louis County has been
8 extraordinary. We pay -- we have regular visits with them,
9 talking about the progress of the casino, talking about the
10 progress of their future investments. And they've just
11 been excellent communicators and keeping us all informed as
12 to what their plans are.

13 So we concur that the relationship with the
14 County Police Department has been excellent. Crime rates
15 have declined, over all, in South County during their
16 presence.

17 Pinnacle has made a lot of progress in
18 Affirmative Action efforts. St. Louis County is a county
19 broad -- county-wide of one million people. About
20 19 percent of St. Louis County residents are minorities.
21 The Lemay community, the Census tracked the -- of
22 unincorporated St. Louis County, in which the casino's
23 located, is about 17,000 people, and about 4 percent
24 minority. So they have far exceeded the local environment
25 and met exactly the goal for the county-wide minority

1 participation.

2 And they're an excellent corporate citizen.
3 You saw all of the contributions that they make. And I
4 might add that my two 20-something-year-old children are
5 especially happy with the fact that they sponsor the Mardis
6 Gras parade this last weekend in Souldard.

7 We have established with the -- a Port
8 reinvestment fund with the lease payments that River City
9 pays to the County Port Authority. And twice a year we
10 accept applications from community groups throughout Lemay
11 and, to some extent, the rest of the county.

12 And to date we have committed over \$10
13 million to those organizations, not-for-profits and
14 veterans groups and others in the Lemay community. We
15 funded some 31 organizations, and we've also helped set up
16 a new website for the Lemay community, which really
17 highlights the assets of the community.

18 We have also used some of these funds to
19 hire a top-notch branding and marketing firm to present a
20 new brand and logo type for the community. And soon, you
21 will see new markers, streetscape improvements, and branded
22 signage throughout the community, which we think will be a
23 significant benefit.

24 On the acquisition, demolition, and further
25 remediation in the community, we feel this is something

1 that our own staff should participate in. We have acquired
2 several buildings, fully remediated those, and demolished
3 those. One of those was at the intersection of Broadway
4 and Ripa, which is the entranceway to Notre Dame High
5 School and immediately next to the Lemay Child and Family
6 Center.

7 And I know there was an old bank building
8 that had been flooded in 1993, and almost consistently
9 vacant since that time. We purchased that building, tore
10 it down, and eventually that will be an add-on to Lemay
11 Park. So we're going to continue that program in the
12 community as well.

13 This is just a sample of some of the
14 representative projects of what we have funded. The Lemay
15 Child and Family Center is a major social service agency in
16 the community. We provided a couple of rounds of funding
17 for them to make physical improvements to that site. The
18 Lemay Housing Partnership has provided low-interest loans
19 to homeowners in the community. We've constructed new
20 playground equipment in Lemay Park.

21 We're not forgetting the elderly in the
22 community as we have financed a portion of a brand-new
23 facility for the Mid-East Area Agency on Aging, where they
24 will provide social programs and meals to the senior
25 citizens of the community. And from a veteran's

1 standpoint, we have improved some of the buildings in the
2 VFW halls in the area, plus made substantial improvements
3 to some of the historic properties at the military complex
4 at Jefferson Barracks.

5 In addition, some county-wide community
6 reinvestment funds have gone to the establishment of
7 something called the Helix Fund. This is a million and a
8 half dollars that we have set aside, of the non-Lemay
9 portion of the funding, to invest in entrepreneurs looking
10 to expand this very important part of the St. Louis
11 economy, the plant and life sciences, which is so
12 important, not only to St. Louis, but to the entire state
13 of Missouri.

14 And in doing so we're working hand in hand
15 with the Bio STL, the Plant Life Sciences Coalition, the
16 Danforth Plant Science Center, and many of the other great
17 institutions in St. Louis.

18 In addition, St. Louis County has set aside
19 money through its portion of the new revenues from Pinnacle
20 to bond some of that to help develop the Helix Center.
21 This is a very early stage small business incubator, which
22 will work hand in glove with the Bio-Research and
23 Development Growth Park at the Danforth Center.

24 And we have also set aside some \$450,000 of
25 the Pinnacle funds to match a federal grant to expand the

1 space at the Metropolitan Education and Training Center.
2 This is 95-plus percent minority participant training
3 center in the city of Wellston, that provides high-tech
4 types of training, with a wonderful placement rate, putting
5 people on a pathway to future and -- not just initial jobs,
6 but in careers that provide upward mobility in the future.
7 So we're very pleased that we've been able to leverage some
8 of these dollars with other federal, state, and local
9 private monies.

10 Also, 1.9 million of that bond has been set
11 aside to upgrade and improve our stable of four existing
12 small business incubators. We have significant geographic
13 diversity throughout the community, north, west, south, and
14 actually midtown St. Louis City.

15 The companies in these incubators have had
16 80 percent success rate. They've created over 1,000 jobs
17 and \$200 million of annual revenue. And we're very proud
18 of the fact that our incubator tenants have 60 percent
19 women-, minority-, immigrant-owned ownership in those
20 companies.

21 In local economic development plans, we feel
22 it's very important to enhance the capabilities of the
23 local community. We are the municipal government, in
24 essence, for the Lemay community, but we think it's
25 important to have -- the local community have skills in

1 redevelopment, and so we funded the Lemay Development
2 Corporation to increase their capacity to purchase and
3 redevelop properties.

4 We've developed a Lemay Market Study to
5 guide that investment. And we have also developed a master
6 plan for Jefferson Barracks because of the historic
7 significance of that national cemetery and military
8 installation.

9 We heard a little bit before in Riverside
10 about the parkways, and we have also participated, as
11 Pinnacle has, with the development of the Great Rivers
12 Greenway process throughout the entire metropolitan area.

13 By giving us ground along the Mississippi
14 River frontage in front of the River City development, GRG
15 has been able to extend its bike and hiking and pathway
16 trail, eventually, to go all the way up and down the River
17 Des Peres, and up and down the Mississippi River all the
18 way to the Meramec River down south.

19 We have leveraged the commitment of ground
20 from Pinnacle to also have GRG get some federal funding, to
21 now incorporate that walkway across the railroad tracks and
22 into Jefferson Barracks Park popular. This is going to be
23 a very, very popular open space amenity for the community.

24 So, again, to the compliance issues, we feel
25 the revenue sharing and the public/private funds leveraged

1 have been very substantial. 75 percent of all rental
2 revenue we receive from the Port lease goes into the Lemay
3 community for at least five years.

4 We have 90 units of local municipal
5 government that also benefit by the resources provided to
6 St. Louis County directly. As Jack said before, St. Louis
7 City receives a million dollars annually from Pinnacle
8 since River City opened. The roadway into the casino,
9 obviously, enhances both sides of the river and the city
10 and county for future economic development potential.

11 And we've been able to not only see these
12 bio science entrepreneurial efforts, but to leverage over
13 \$6 million in other investment that has joined with the
14 investments that we have made from the Helix Fund. And
15 over \$18 million in additional public/private investment in
16 other kinds of activities. So we've not only benefitted
17 from the direct dollars provided by Pinnacle, but leveraged
18 those up substantially.

19 And in closing, we think this has been an
20 excellent partnership with Pinnacle and River City, and on
21 behalf of County Executive Charlie Dooley, I want to thank
22 you for the opportunity to present here today, and strongly
23 encourage your relicensure of River City. Thank you very
24 much.

25 CHAIRMAN MATHEWSON: Thank you, sir. Great

1 story from where we started.

2 MR. COLEMAN: Yes.

3 CHAIRMAN MATHEWSON: It really is. I mean,
4 I understand why you -- all of you together got that
5 national award. I mean, we started a long time ago working
6 on that with one of my economic development bills, you
7 know, back a long time ago.

8 MR. COLEMAN: Yes, sir.

9 CHAIRMAN MATHEWSON: And I didn't have the
10 vision to see that something like this could happen, and it
11 wouldn't have had there not been an interest in the
12 Pinnacle people to come down there and work with you in
13 that regard.

14 MR. COLEMAN: There were a lot of people
15 betting that this would never happen.

16 CHAIRMAN MATHEWSON: Oh, yeah. When I was
17 trying to explain that bill, I remember saying all these
18 wonderful things that I thought, You know what, I'll be
19 dead and gone a long time before we ever see that, but it
20 was a good idea and --

21 MR. COLEMAN: I'm glad we were able beat
22 that time frame, sir.

23 CHAIRMAN MATHEWSON: -- it worked out.
24 Thank you very much. So am I. Thank you.

25 Any questions?

1 (No response.)

2 CHAIRMAN MATHEWSON: Thank you, sir. Good
3 to see you again.

4 MR. COLEMAN: Thank you, sir.

5 CHAIRMAN MATHEWSON: Jack?

6 MR. GODFREY: Yeah. Mr. Chairman, that
7 concludes our formal presentation. I'd just like to close
8 by saying we thank the Commission and its Staff very much
9 for the professional job that you always do in
10 investigating us for our renewals, and the day-to-day
11 cooperation that we get and communication that we share
12 with the Gaming Commission. It's a wonderful partnership,
13 and we appreciate it very much. You do a great job.

14 We're very proud of our team members and
15 River City. And as you can see from our presentation, and
16 that of Mr. Coleman, River City is a powerful economic
17 engine in this region, and paired with Lumiere Place, for
18 the entire St. Louis region. We're very proud of the
19 contributions that we make to this region, and we look
20 forward -- with your approval, hopefully -- to continuing
21 our efforts in that area.

22 CHAIRMAN MATHEWSON: Good. Thank you, Jack.
23 Good presentation. Is there any -- oh, excuse me.

24 COMMISSIONER JONES: Yeah. I have a
25 question.

1 CHAIRMAN MATHEWSON: Okay. Jack, hold on
2 just a second.

3 COMMISSIONER JONES: First of all, I'd like
4 to thank you and your staff and, Neil, your staff for doing
5 a great job on the MBE/WBE participation, and engaging
6 minority firms to help build capacity. Thank you guys for
7 showing up. So you've done a great job over at River City.

8 I just have one question. This million
9 dollar kickback -- I mean, not kickback -- but this million
10 dollar payment to the City, is there a sunset on that? I
11 thought --

12 MR. GODFREY: No.

13 COMMISSIONER JONES: Is there a sunset -- so
14 it continues --

15 MR. GODFREY: Yes, Mr. Jones. That was
16 something that was negotiated. And, really, it was based
17 upon, at least, the perceived economic --

18 CHAIRMAN MATHEWSON: Economic --

19 COMMISSIONER JONES: Yeah.

20 MR. GODFREY: -- disparity between the
21 markets.

22 CHAIRMAN MATHEWSON: Yeah.

23 COMMISSIONER JONES: Okay. Okay.

24 MR. GODFREY: And so, yeah, that goes on
25 forever.

1 COMMISSIONER JONES: Okay. I couldn't
2 remember, because I thought there was a sunset clause on
3 there.

4 MR. GODFREY: We would be happy if you
5 ordered one.

6 CHAIRMAN MATHEWSON: Excuse me. Is that a
7 motion? Whoa. The mayor would come --

8 MR. GODFREY: Just kidding. For Mr. Crim
9 and Mayor Slay, I was just kidding.

10 CHAIRMAN MATHEWSON: Yeah. The mayor would
11 come down here on that one, wouldn't he?

12 COMMISSIONER JONES: Yeah.

13 CHAIRMAN MATHEWSON: Any other questions?

14 (No response.)

15 CHAIRMAN MATHEWSON: Thanks, Jack.

16 Appreciate it.

17 MR. GODFREY: Thank you.

18 CHAIRMAN MATHEWSON: Any public comment?
19 Anyone from the general public that would like to comment
20 on this license?

21 (No response.)

22 CHAIRMAN MATHEWSON: Seeing no one come
23 forward, who's doing the investigative summary there,
24 Mr. Stottlemyre?

25 MR. STOTTLEMYRE: The investigative summary

1 will be done by Corporal Jeff Meyer.

2 CHAIRMAN MATHEWSON: He's certainly capable.

3 Morning, sir.

4 CORPORAL MEYER: Good morning. Good
5 morning, Mr. Chairman, Commissioners. An investigation was
6 conducted by the Missouri State Highway Patrol, St. Louis
7 background team of PNK River City Casino, regarding renewal
8 of their Class B riverboat gaming license.

9 PNK River City is a Missouri Limited
10 Liability Company, and is a wholly owned subsidiary of
11 Pinnacle Entertainment, Incorporated. Pinnacle
12 Entertainment is a publicly traded company, whose stock is
13 traded on the New York Stock Exchange.

14 In November -- or excuse me -- on
15 February 23, 2011, pursuant to Resolution No. 11-006, the
16 MGC found River City suitable to hold a Class B riverboat
17 gaming license. River City Casino is located on the
18 Mississippi River, in South St. Louis County, in Lemay,
19 Missouri.

20 The gaming facility offers 58 table games
21 and approximately 2,010 electronic gaming devices. The
22 facility also offers a fine dining restaurant, a buffet, a
23 tavern/restaurant combination, a cafe, and hamburger bar.

24 Criminal and financial background checks
25 were conducted on River City, as well as their Key and

1 Level I personnel; no discrepancies or concerns have been
2 noted. St. Louis County officials were contacted regarding
3 any concerns they may have with the operation of River City
4 Casino; no issues, concerns, or negative information was
5 revealed.

6 The United States Army Corp of Engineers and
7 Missouri Department of Natural Resources, ABS Consulting,
8 Incorporated, and the Lemay Fire Protection District were
9 also contacted regarding any concerns with the River City
10 Casino facility; no issues or concerns or negative
11 information was revealed by these agencies as well.

12 The results of the investigations were
13 provided to the Gaming Commission Staff for their review,
14 and you possess a detailed summary report before you.
15 Questions?

16 CHAIRMAN MATHEWSON: Any questions?

17 (No response.)

18 CHAIRMAN MATHEWSON: Thank you, sir.

19 CORPORAL MEYER: Thank you.

20 MR. STOTTLEMYRE: Cheryl Bonner will present
21 on the MBE/WBE compliance review.

22 MS. BONNER: Good morning, again.

23 CHAIRMAN MATHEWSON: Good morning, again.

24 MS. BONNER: As of November 30, 2011, River
25 City employed 36 percent minorities and 40 percent female.

1 River City employed 20 percent minorities and 33 percent
2 females in management.

3 According to the 2010 U.S. Census, the city
4 of Lemay population is 6.4 percent minority and
5 51.9 percent female. So River City employment of
6 minorities exceeds the population; however, they have room
7 for improvement in the overall employment of females and
8 females in management.

9 As to the 2011 MBE expenditures, this is a
10 comparison as reported by River City and as audited by the
11 MGC. The first quarters variance is due to an accounting
12 error that included MBE expenses in Lumiere Place totals
13 that should have been included in River City total spend.
14 The second quarter variance is a minor difference in
15 reported and actual spend.

16 The third quarter variance included spend
17 for a vendor that, according to a Secretary of State
18 business search, is not eligible for MBE certification.
19 The fourth quarter variance is due to additional spend for
20 an MBE vendor that was not reported. River City's total
21 actual MBE spend for 2011 was 1.1 million, and the total
22 spend was 19.7 million.

23 As to the 2011 WBE expenditures, this is a
24 comparison as reported by River City and as audited by the
25 MGC. The first, second, and third quarter variances were

1 due to spend by a WBE vendor that was not reported. The
2 fourth quarter variance was due to a minor difference in
3 reported and actual spend. River City's total WBE spend
4 for 2011 was \$2 million, and total spend was 19.7 million.

5 River City has held event -- has held a
6 vendor fair in October and had -- as has -- and I have
7 noticed expenditures from a few of the vendors that
8 attended the -- few of MBE and WBE vendors that were in
9 attendance. River City has implemented a plan, and is
10 making positive strides in increasing their MBE and WBE
11 expenditures.

12 This is a comparison of the MBE spend for
13 2010 and 2011. The figures for 20-- the 2010 figures were
14 not audited, and the 2011 figures were audited at
15 100 percent. In comparing the quarters for 2010 and 2011,
16 River City's percentages of MBE spend has decreased in each
17 quarter.

18 And as we discussed earlier, made some
19 changes to the exclusion, but there were also some
20 anomalies that River City had, but they have since
21 corrected those -- management has corrected those.

22 This is a comparison of the WBE spend for
23 2010 and 2011. The 2010 figures, again, were not audited,
24 and the 2011 figures were 100 percent audited. In
25 comparing the quarters for 2010 and 2011, River City's

1 percentages of WBE spend has decreased in each quarter.
2 Again, with the same explanation of the changes in the
3 exclusion and the anomalies that have been corrected by
4 management.

5 In addition, according to the lease and
6 development agreement between the St. Louis County Port
7 Authority and Pinnacle Entertainment, the upcoming
8 expansion project must reach an overall goal of 19 percent
9 participation for minority- and women-owned suppliers and
10 vendors. I will be monitoring the expenditures for the
11 project to ensure that that goal is met.

12 CHAIRMAN MATHEWSON: Any questions?

13 (No response.)

14 CHAIRMAN MATHEWSON: Thank you, dear.

15 COMMISSIONER JONES: It was a great plan
16 that they put together. You know, moving that needle
17 forward, so it's a good plan. So, yeah. Just stay on top
18 of it.

19 You want that. Right, Jack?

20 MR. GODFREY: Yes, sir.

21 COMMISSIONER HATCHES: I think I'd just like
22 to offer a supporting comment, consistent with Commissioner
23 Jones' comments. Based on our last conversation, to see
24 this level of growth is certainly appreciated.

25 COMMISSIONER JONES: Yeah.

1 COMMISSIONER HATCHES: And from our
2 perspective it just sets the -- you know, the foundation to
3 continue in that direction. That's certainly what we
4 expect to see. So good job to all of you.

5 CHAIRMAN MATHEWSON: Good comments. Thank
6 you.

7 Mr. Stottlemire?

8 MR. STOTTLEMYRE: Mr. Chairman, Staff
9 recommends approval of Resolution No. 12-018.

10 CHAIRMAN MATHEWSON: Well, so there you are.
11 The Chair would accept a motion, please, on 12-018.

12 COMMISSIONER HATCHES: Move for acceptance
13 of Resolution No. 12-018.

14 COMMISSIONER BRADLEY: Second.

15 CHAIRMAN MATHEWSON: Any discussion?

16 (No response.)

17 CHAIRMAN MATHEWSON: Call the role, Angie,
18 please.

19 MS. FRANKS: Commissioner Merritt?

20 COMMISSIONER MERRITT: Approve.

21 MS. FRANKS: Commissioner Hatches?

22 COMMISSIONER HATCHES: Approve.

23 MS. FRANKS: Commissioner Jones?

24 COMMISSIONER JONES: Approve.

25 MS. FRANKS: Commissioner Bradley?

1 COMMISSIONER BRADLEY: Approve.

2 MS. FRANKS: Chairman Mathewson?

3 CHAIRMAN MATHEWSON: Approve.

4 MS. FRANKS: By your vote you've adopted
5 Resolution No. 12-018.

6 CHAIRMAN MATHEWSON: We're going to take a
7 short break, because I have to do that.

8 Jack, let me just make a passing comment
9 again. You know, you all do a good job.

10 MR. GODFREY: Thank you very much.

11 CHAIRMAN MATHEWSON: Okay? We're proud of
12 you. Let me add a question. I asked Commissioner Jones
13 about -- I noticed that Lumiere's going down some,
14 percentage-wise; you're going up on the River City side.
15 Is that -- are you drawing from them, or is those folks
16 that used to go up there go on north or downtown and now
17 they're staying in their area? Which is kind of what
18 you-all planned in the first place, wasn't it?

19 MR. GODFREY: Right. I mean, it's a
20 volatile situation. The numbers rise and fall, but I think
21 the trend is sort of what we expected when we built both
22 properties. So, you know, both properties continue to do
23 the very best that they can, but I think that market
24 adjustment and maybe the disparity in the customer base, it
25 was not something that we didn't expect.

1 CHAIRMAN MATHEWSON: Yeah. I don't
2 notice -- we get those reports every month and, you know,
3 it's not bad, bad. It's just there is a little change
4 there from Lumiere. And I suspect maybe some of that's
5 what activities are going on in downtown St. Louis too.

6 COMMISSIONER JONES: I was just getting
7 ready to say --

8 MR. GODFREY: Could be, Mr. Chairman. And
9 as you know, we run St. Louis as a region now. Neil
10 oversees the St. Louis region, so Neil and Jeff work very
11 closely together on making sure the integrated results are
12 as positive as possible.

13 CHAIRMAN MATHEWSON: I think I asked
14 somebody this before, but was the World Series really good
15 for Lumiere? I mean, I would've thought that'd been a
16 bonanza, but I understand it really wasn't that great. I
17 mean, people came to watch baseball more than --

18 MR. GODFREY: Let me just say this: When
19 people are at the stadium and they're not Lumiere, then
20 it's not such a good thing. But, obviously --

21 CHAIRMAN MATHEWSON: You know, I kind of
22 thought you'd feel that way.

23 MR. GODFREY: This is why I'm not in the
24 finance department.

25 CHAIRMAN MATHEWSON: Yeah.

1 MR. GODFREY: But, no. The World Series was
2 a wonderful event overall for the city of St. Louis, and we
3 were very happy to see it there. And it was just a
4 wonderful event for the city of St. Louis. But in terms of
5 gambling, you want people in your casino, not at the
6 stadium.

7 CHAIRMAN MATHEWSON: Sure.

8 MR. GODFREY: But that's -- again, we work
9 over long economic cycles, and events come and go, and
10 overall that's how we look at the market.

11 CHAIRMAN MATHEWSON: Thank you very much. I
12 appreciate it. We're going to take a little break, very
13 short. I know we don't have very many items left there,
14 Mr. Stottlemire; however, we're going to take a break.

15 (Off the record.)

16 CHAIRMAN MATHEWSON: Okay. Mr. Stottlemire.

17 MR. STOTTLEMIRE: Next item on the agenda is
18 the Consideration of Relicensure of Suppliers, and Sergeant
19 Mike Finnegan will present.

20 CHAIRMAN MATHEWSON: Hello, Mike.

21 SERGEANT FINNEGAN: Good morning,
22 Mr. Chairman, Commissioners. Missouri State Highway Patrol
23 investigators conducted the relicensing investigation of
24 one supplier company currently licensed in Missouri. This
25 investigation consisted of jurisdictional inquiries,

1 feedback from affected gaming company clients, a review of
2 disciplinary actions, litigation, and business credit
3 profiles, as well as review of Key persons associated with
4 the company.

5 The results of this investigation were
6 provided to the Missouri Gaming Commission Staff for their
7 review, and you possess a comprehensive summary report
8 before you, which outline our investigative findings.

9 The following supplier company is being
10 presented for your consideration: GEMACO, Incorporated,
11 Blue Springs, Missouri.

12 MR. STOTTLEMYRE: Mr. Chairman, Staff
13 recommends approval of Resolution No. 12-019.

14 CHAIRMAN MATHEWSON: Any questions?

15 (No response.)

16 CHAIRMAN MATHEWSON: Chair would accept a
17 motion for the Resolution 12-019, please.

18 COMMISSIONER HATCHES: Move for acceptance
19 of Resolution No. 12-019.

20 COMMISSIONER BRADLEY: Second.

21 CHAIRMAN MATHEWSON: Call the role, Angie,
22 please.

23 MS. FRANKS: Commissioner Merritt?

24 COMMISSIONER MERRITT: Approve.

25 MS. FRANKS: Commissioner Hatches?

1 COMMISSIONER HATCHES: Approve.

2 MS. FRANKS: Commissioner Jones?

3 COMMISSIONER JONES: Approve.

4 MS. FRANKS: Commissioner Bradley?

5 COMMISSIONER BRADLEY: Approve.

6 MS. FRANKS: Chairman Mathewson?

7 CHAIRMAN MATHEWSON: Approve.

8 MS. FRANKS: By your vote you've adopted
9 Resolution No. 12-019.

10 MR. STOTTLEMYRE: Mr. Chairman, Sergeant
11 Finnegan will also present on the Licensure of Level I and
12 Key Applicants.

13 SERGEANT FINNEGAN: Missouri State Highway
14 Patrol investigators, along with Gaming Commission
15 financial investigators, conducted comprehensive background
16 investigation on multiple Key and Level I applicants. The
17 investigations included, but were not limited to criminal,
18 financial, and general character inquiries, which were made
19 in jurisdictions where the applicants lived, worked, and
20 frequented.

21 The following individuals are being
22 presented for your consideration: Paul Leonard H.
23 Ainsworth, substantial shareholder, Aristocrat Leisure
24 Limited; Ramesh Srinivasan, Executive Vice President and
25 COO, Bally Gaming, Incorporated; Greg Creed, Independent

1 Director, International Game Technology; Chester W. Koch,
2 III, General Manager, Vice President, Isle of Capri - Cape
3 Girardeau; Takuya Kozuki, Representative Director, Konami
4 Corporation; Tara Gregory, Information Technology Manager,
5 Lumiere Place Casino; Robert Allen, Vice President of
6 Casino Operations, Pinnacle Entertainment, Incorporated; A.
7 Randall Thoman, Outside Director, Shuffle Master,
8 Incorporated.

9 The results of these investigations were
10 provided to the Missouri Gaming Commission Staff for their
11 review, and you have all related summary reports before
12 you. Thank you.

13 CHAIRMAN MATHEWSON: Thank you, sir.

14 MR. STOTTLEMYRE: Mr. Chairman, Staff
15 recommends approval of Resolution No. 12-020.

16 CHAIRMAN MATHEWSON: Chair would accept a
17 motion, please.

18 COMMISSIONER JONES: Move for the acceptance
19 of Resolution No. 12-020.

20 COMMISSIONER MERRITT: Second.

21 CHAIRMAN MATHEWSON: Call the role, Angie,
22 please.

23 MS. FRANKS: Commissioner Merritt?

24 COMMISSIONER MERRITT: Approve.

25 MS. FRANKS: Commissioner Hatches?

1 COMMISSIONER HATCHES: Approve.

2 MS. FRANKS: Commissioner Jones?

3 COMMISSIONER JONES: Approve.

4 MS. FRANKS: Commissioner Bradley?

5 COMMISSIONER BRADLEY: Approve.

6 MS. FRANKS: Chairman Mathewson?

7 CHAIRMAN MATHEWSON: Approve.

8 MS. FRANKS: By your vote you've adopted
9 Resolution No. 12-020.

10 MR. STOTTLEMYRE: Next item on the agenda is
11 Consideration of Disciplinary Actions. Mr. Ed Grewach will
12 present.

13 MR. GREWACH: Thank you. Under Tab K we
14 have a preliminary order of discipline against Lumiere
15 Casino. Our rules require that for any poker tournament,
16 that the property maintain written, dated rules that
17 immediately available to the public and to the Gaming
18 Commission.

19 Our tax section, in investigating a
20 discrepancy in a poker tournament payout, discovered on
21 May 10, 2011, that they had never received any written
22 rules for the currently ongoing tournament there at
23 Lumiere. The trooper, she was instructed to follow-up,
24 went down to the poker area, and found that there were, in
25 fact, no current dated rules in the binder where they're

1 normally kept.

2 The casino personnel were able to go on to
3 the computer and make a few changes in the set of rules
4 they had in there, to change the date, and correct the
5 other information, and were able to then print off a set of
6 rules.

7 But it is Staff's position that they failed
8 to -- from the entire time that this tournament was going
9 on, which I believe it was a time period that began in
10 March until the computer printout was made on August 26,
11 2011, that they were in violation of this rule, because
12 during that time frame, there was not either a written set
13 of rules that had been sent to us or a written set of rules
14 that were immediately available to the patrons.

15 The importance of that is -- to have the
16 rules there is to be able to resolve any dispute that may
17 take place during the course of the playing of the
18 tournament. And it's the Staff recommendation that the
19 fine be assessed in the sum of \$15,000.

20 CHAIRMAN MATHEWSON: Any questions?

21 (No response.)

22 CHAIRMAN MATHEWSON: Chair would accept a
23 motion on DG-12-075. Is that it?

24 COMMISSIONER BRADLEY: Motion to approve
25 DC-12-075.

1 COMMISSIONER HATCHES: Second.

2 CHAIRMAN MATHEWSON: That's a C, isn't it?

3 COMMISSIONER HATCHES: Uh-huh.

4 COMMISSIONER JONES: That's a C.

5 CHAIRMAN MATHEWSON: Well, the C -- it was a
6 little thingy on top of there. I didn't know what that
7 was.

8 COMMISSIONER JONES: That's a dash.

9 CHAIRMAN MATHEWSON: Thank you. I got your
10 dash, son.

11 Okay. We have a motion and a second, did we
12 not, after all my mouthing around?

13 Call the role, Angie, please.

14 MS. FRANKS: Commissioner Merritt?

15 COMMISSIONER MERRITT: Approve.

16 MS. FRANKS: Commissioner Hatches?

17 COMMISSIONER HATCHES: Approve.

18 MS. FRANKS: Commissioner Jones?

19 COMMISSIONER JONES: Approve.

20 MS. FRANKS: Commissioner Bradley?

21 COMMISSIONER BRADLEY: Approve.

22 MS. FRANKS: Chairman Mathewson?

23 CHAIRMAN MATHEWSON: Approve.

24 MS. FRANKS: By your vote you've adopted
25 DC-12-075.

1 MR. GREWACH: Under Tab L we have a
2 preliminary order of discipline addressed to Lumiere. On
3 October 1, 2011, Trooper Benzie -- that's spelled
4 B-e-n-z-i-e -- was on duty, and he noticed two
5 young-looking patrons enter through the exit turnstiles.
6 He encountered those two, and eventually arrested those two
7 for minors on the floor.

8 He also later that evening saw three other
9 people enter on to the gaming floor through the exit
10 turnstile. The one he was able to catch up to, he
11 redirected back through the entrance turnstile.

12 He then went and reviewed security footage
13 and found that there were a total of nine persons over a
14 four-day time span who had entered through the exit
15 turnstile instead of the entrance turnstile. Through all
16 those events, the property only had one security officer,
17 and he was stationed at the entrance turnstile, and no
18 security officer was stationed at the exit turnstile.

19 Obvious problem there with them entering
20 through the exit turnstile is -- probably least of which
21 is, they don't get counted as an admission, but also
22 there's no ability for anyone to check their age, ID,
23 presence on the DAP list, presence on the exclusion list,
24 none of the things we would expect a security officer to
25 check as they entered the property. So we are -- the Staff

1 is recommending a fine of \$10,000.

2 CHAIRMAN MATHEWSON: Any questions?

3 COMMISSIONER JONES: Has the problem been
4 corrected?

5 MR. GREWACH: Yes. From my understanding,
6 it has been corrected.

7 COMMISSIONER JONES: Okay.

8 CHAIRMAN MATHEWSON: You know, since I can't
9 go in a casino in the state of Missouri, going way back in
10 my memory when I could, how do you get in that -- I mean,
11 that -- it's locked on that side, isn't it? I mean, just
12 out of curiosity because -- was they jumping over it or --
13 I don't know. It doesn't matter. I just -- you know, the
14 ones that I remember in all the casinos were -- you can
15 only go one way, you know, through that turnstile, but
16 somehow --

17 MR. GREWACH: I could probably find somebody
18 with that answer, but I don't know it.

19 CHAIRMAN MATHEWSON: No, that's all right.
20 Let it go.

21 Chair would accept a motion on DC-12-076,
22 please.

23 COMMISSIONER MERRITT: I'd make a motion to
24 approve DC-12-076.

25 COMMISSIONER JONES: Second.

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

3 MS. FRANKS: Commissioner Merritt?

4 COMMISSIONER MERRITT: Approve.

5 MS. FRANKS: Commissioner Hatches?

6 COMMISSIONER HATCHES: Approve.

7 MS. FRANKS: Commissioner Jones?

8 COMMISSIONER JONES: Approve.

9 MS. FRANKS: Commissioner Bradley?

10 COMMISSIONER BRADLEY: Approve.

11 MS. FRANKS: Chairman Mathewson?

12 CHAIRMAN MATHEWSON: Approve.

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

14 DC-12-076.

15 CHAIRMAN MATHEWSON: Thank you.

16 MR. GREWACH: Under Tab N we have a
17 preliminary order of discipline that involves the property
18 having software in an electronic gaming device which was
19 incompatible. It rose out of a patron complaint. This
20 particular machine had a virtual wheel, which at some point
21 in the game play you could spin, and it should just spin,
22 but, in fact, as I understand it, this was malfunctioning
23 to an extent that you could control it with your finger as
24 to where it stopped on the wheel.

25 CHAIRMAN MATHEWSON: Oh, that's my kind of

1 machine. Where was that? I want to go there. I've always
2 wanted to try to stop one of those things where I wanted
3 it. Okay. Moving right along.

4 MR. GREWACH: The problem was investigated,
5 fixed, but because of having that incompatible software, we
6 are recommending a \$5,000 fine to the casino in this case.

7 CHAIRMAN MATHEWSON: Well, I would think.
8 Okay. Chair would accept a motion on DC-12-077, please.

9 COMMISSIONER HATCHES: Move for approval of
10 DC-12-077.

11 COMMISSIONER BRADLEY: Second.

12 CHAIRMAN MATHEWSON: Call the role, Angie,
13 please.

14 MS. FRANKS: Commissioner Merritt?

15 COMMISSIONER MERRITT: Approve.

16 MS. FRANKS: Commissioner Hatches?

17 COMMISSIONER HATCHES: Approve.

18 MS. FRANKS: Commissioner Jones?

19 COMMISSIONER JONES: Approve.

20 MS. FRANKS: Commissioner Bradley?

21 COMMISSIONER BRADLEY: Approve.

22 MS. FRANKS: Chairman Mathewson?

23 CHAIRMAN MATHEWSON: Approve.

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

25 DC-12-077.

1 MR. GREWACH: Thank you.

2 MR. STOTTLEMYRE: The next item on the
3 agenda is Consideration of Waiver of Licensure for
4 Institutional Investors; Ms. Martha LeMond will present.

5 CHAIRMAN MATHEWSON: Ms. Martha.

6 MS. LEMON: Good morning, Mr. Chairman.
7 How are you today?

8 CHAIRMAN MATHEWSON: Good, hon. You doing
9 okay?

10 MS. LEMON: Commissioners, behind tabs N,
11 O, and P are resolutions regarding waivers of licensure for
12 institutional investors holding and/or requesting to hold
13 publicly-traded interests of up to 20 percent in gaming
14 licensees.

15 These investors have submitted requests for
16 waivers to hold interests in these licensees, in compliance
17 with 11 CSR 45-4.020. The submitted waivers certify all
18 holdings are for institutional investment purposes only,
19 with no intent to be involved in the management or
20 operation of the licensees.

21 Because the holdings made exceed the
22 10 percent threshold for which the Executive Director may
23 grant a waiver, these resolutions are before the Commission
24 today: Resolution No. 12-021 is for Daruma Asset
25 Management, Inc.; Resolution No. 12-022 is for the Private

1 Capital Management, LP; and Resolution No. 12-023 is for
2 the Bank of New York Mellon Corporation.

3 Any questions?

4 MR. STOTTLEMYRE: Staff recommends approval
5 of all three of these resolutions.

6 CHAIRMAN MATHEWSON: Okay. I assume you
7 want those in separate votes.

8 MR. STOTTLEMYRE: That would be best.

9 CHAIRMAN MATHEWSON: Chair would accept a
10 motion, please, on 12-021.

11 MR. STOTTLEMYRE: Thanks, Martha.

12 COMMISSIONER BRADLEY: Motion to approve
13 Resolution 12-021.

14 COMMISSIONER MERRITT: Second.

15 COMMISSIONER HATCHES: Second.

16 CHAIRMAN MATHEWSON: Call the role, Angie,
17 please.

18 MS. FRANKS: Commissioner Merritt?

19 COMMISSIONER MERRITT: Approve.

20 MS. FRANKS: Commissioner Hatches?

21 COMMISSIONER HATCHES: Approve.

22 MS. FRANKS: Commissioner Jones?

23 COMMISSIONER JONES: Approve.

24 MS. FRANKS: Commissioner Bradley?

25 COMMISSIONER BRADLEY: Approve.

1 MS. FRANKS: Chairman Mathewson?

2 CHAIRMAN MATHEWSON: Approve.

3 MS. FRANKS: By your vote you've adopted
4 Resolution No. 12-021.

5 CHAIRMAN MATHEWSON: Chair would now accept
6 a motion, on 12-022.

7 COMMISSIONER HATCHES: Move for approval of
8 Resolution No. 12-022.

9 COMMISSIONER MERRITT: Second.

10 COMMISSIONER BRADLEY: Second.

11 CHAIRMAN MATHEWSON: Call the role, Angie,
12 please.

13 MS. FRANKS: Commissioner Merritt?

14 COMMISSIONER MERRITT: Approve.

15 MS. FRANKS: Commissioner Hatches?

16 COMMISSIONER HATCHES: Approve.

17 MS. FRANKS: Commissioner Jones?

18 COMMISSIONER JONES: Approved.

19 MS. FRANKS: Commissioner Bradley?

20 COMMISSIONER BRADLEY: Approve.

21 MS. FRANKS: Chairman Mathewson?

22 CHAIRMAN MATHEWSON: Approve.

23 MS. FRANKS: By your vote you've adopted
24 Resolution No. 12-022.

25 CHAIRMAN MATHEWSON: Chair would now accept

1 a motion on Resolution 12-023, please.

2 COMMISSIONER JONES: Move for acceptance of
3 Resolution No. 12-023.

4 COMMISSIONER BRADLEY: Second.

5 CHAIRMAN MATHEWSON: We have a motion and a
6 second. Call the role, please.

7 MS. FRANKS: Commissioner Merritt?

8 COMMISSIONER MERRITT: Approve.

9 MS. FRANKS: Commissioner Hatches?

10 COMMISSIONER HATCHES: Approve.

11 MS. FRANKS: Commissioner Jones?

12 COMMISSIONER JONES: Approve.

13 MS. FRANKS: Commissioner Bradley?

14 COMMISSIONER BRADLEY: Approve.

15 MS. FRANKS: Chairman Mathewson?

16 CHAIRMAN MATHEWSON: Approve.

17 MS. FRANKS: By your vote you've adopted
18 Resolution No. 12-023.

19 MR. STOTTLEMYRE: Mr. Chairman, next item on
20 the agenda is Consideration of Rules and Regulations;
21 Mr. Ed Grewach will present.

22 MR. GREWACH: Thank you. These are the
23 final order of rulemaking for this section, 45-9.108. It's
24 a rewrite and revision of Chapter H, which is casino
25 cashiering. It is a relatively long and detailed section,

1 27 pages of regulation.

2 We did get comment from the industry, and
3 some rather important comment, and really covering almost
4 all the rules that were affected in here. There were one
5 or two instances when we looked at the input from the
6 industry and made some changes. But for the most part, I
7 think if you look at this, you'll see the rule and the
8 comments are set forth in the order of rulemaking itself.

9 So at the risk of taking up too much time
10 and covering areas that nobody's interested in, I just
11 would, at this point, welcome any questions. I probably
12 would point out that this is the Commission's last role in
13 the rulemaking process. You've already adopted the
14 preliminary rule, and it's gone through a public hearing,
15 and it's gone through the public comment period. And so
16 this is your final act.

17 From here it goes on to the joint committee
18 on administrative rules with the legislature. They have a
19 certain time period to review it as well. And if
20 everything goes without any problems, the effective date of
21 this rule will be June 30, 2012.

22 CHAIRMAN MATHEWSON: What's the general
23 genesis of all of this? Help me out. You know, I didn't
24 read 27 pages. I mean, just as a quick overview, Ed. I
25 wish you'd be more careful about what you're doing.

1 MR. GREWACH: I was going to be a surgeon,
2 but I switched jobs after --

3 CHAIRMAN MATHEWSON: Yeah. Thank God.

4 MR. GREWACH: Actually, I'd probably be
5 better calling Cheryl Alonzo up to tell you a little bit of
6 the major topics they cover and some of the changes maybe
7 that they made.

8 CHAIRMAN MATHEWSON: I'm sorry to take the
9 time, but I would like to just know the general --

10 MS. ALONZO: Yeah. There were changes made
11 to allow for wire transfers. Now that the \$500 loss limit
12 is gone, some casinos had expressed interest in having
13 that -- having ability to do that. There also some changes
14 to allow for a floating employee window on the gaming floor
15 to do safekeeping transactions, and the like.

16 CHAIRMAN MATHEWSON: Okay. What's that
17 mean? What's that mean, the floating --

18 MS. ALONZO: The floating employee window?
19 The windows that are on the floor that -- where you would
20 go and exchange money for chips, are just really made for
21 even exchanges, but the main bank always had a floating
22 balance. So it might start out with \$2 million, and by the
23 end of the shift, it might be up to \$2.1 million, if, you
24 know, the drop from the proceeds from like the slot drop is
25 bought, that amount would float. But the front windows

1 always had an impressed amount.

2 But a lot of the main banks are not
3 accessible to the floor, and there are transactions that
4 need to be conducted that would cause a window to float --
5 the balance of the window to float. And so we kind of
6 wrote that into the regulation, because right now it's --
7 only the main bank can float.

8 CHAIRMAN MATHEWSON: Okay. Okay. Any
9 questions?

10 (No response.)

11 CHAIRMAN MATHEWSON: Okay. Thank you.

12 Chair would accept a motion on
13 11 CSR 45-9.108. It's kind of a revision, as I understand
14 it. Somebody want to make a motion on that, please?

15 COMMISSIONER JONES: Move for acceptance of
16 11 CSR 45-9.108.

17 COMMISSIONER BRADLEY: Second.

18 CHAIRMAN MATHEWSON: Thank you,
19 Commissioners.

20 Ed, what have you done now?

21 MR. GREWACH: I'm showing you that I'm a
22 slow learner.

23 CHAIRMAN MATHEWSON: Ed, I don't want to
24 embarrass you, but we'd already recognized that. I mean,
25 knowing where you came from and all. Just a little humor,

1 son.

2 We have a motion and a second, I hope. Call
3 the role, Angie, please.

4 MS. FRANKS: Commissioner Merritt?

5 COMMISSIONER MERRITT: Approve.

6 MS. FRANKS: Commissioner Hatches?

7 COMMISSIONER HATCHES: Approve.

8 MS. FRANKS: Commissioner Jones?

9 COMMISSIONER JONES: Approve.

10 MS. FRANKS: Commissioner Bradley?

11 COMMISSIONER BRADLEY: Approve.

12 MS. FRANKS: Chairman Mathewson?

13 CHAIRMAN MATHEWSON: Approve.

14 MS. FRANKS: By your vote you've adopted the
15 final order of rulemaking 11 CSR 45-9.108.

16 CHAIRMAN MATHEWSON: Well, for crying out --
17 would you -- would you take your seat somewhere? Excuse
18 me, Officer, would you get this guy out of here? I mean,
19 come on. Yeah. Hide that thing somewhere.

20 MR. GREWACH: As my kids used to say, I
21 didn't touch it that time.

22 CHAIRMAN MATHEWSON: Yeah. I know you
23 didn't.

24 Listen, before we take a motion, I just
25 happen to recognize a guy sitting right back there that was

1 kind of my mentor over here, Noel Shull, a former
2 Commissioner and Chair of this outstanding Commission for
3 many, many days. Thank you, buddy. Nice to have you here,
4 sir.

5 MR. SHULL: Thank you. Good to be here.

6 CHAIRMAN MATHEWSON: Bless your heart. I
7 hope your health is good. I'll get a chance to visit with
8 you in a minute, I think. Thank you.

9 We would have a motion to go into a closed
10 meeting under Section 313.847, et cetera, et cetera.

11 COMMISSIONER HATCHES: I'd like to --

12 MR. STOTTLEMYRE: Mr. Chairman?

13 CHAIRMAN MATHEWSON: Oh, I'm sorry. What
14 did you want?

15 MR. STOTTLEMYRE: Before you go into closed,
16 I'd like to also recognize Clarence Greeno.

17 CHAIRMAN MATHEWSON: Well, hell, we see him
18 every month.

19 MR. STOTTLEMYRE: This is Clarence's last
20 meeting.

21 CHAIRMAN MATHEWSON: Oh, that's right.

22 MR. STOTTLEMYRE: And we are going to, of
23 course, have a celebration here later recognizing both Noel
24 and Clarence, but I thought it would be nice if he could
25 stand up and we could recognize --

1 CHAIRMAN MATHEWSON: Clarence, you ole
2 rascal.

3 MR. GREENO: Mr. Chairman, if I may, they
4 say behind every man who has experienced any sort of
5 success in his life -- and I think I have -- but they say
6 behind every man is a woman. And I have not had a woman
7 behind me, but rather, I've had one beside me for 40 years.
8 And I would like to introduce to the Commission my wife,
9 Debbie.

10 CHAIRMAN MATHEWSON: Hi, Debbie. Nice to
11 have you here, Debbie.

12 MS. GREENO: Thank you.

13 CHAIRMAN MATHEWSON: Thank you very much.
14 Thanks for letting us enjoy him for a long, long time here.

15 Okay. With that, did someone make a motion?

16 COMMISSIONER HATCHES: What did I end up --

17 CHAIRMAN MATHEWSON: As Jack would say, Was
18 you fixing to?

19 COMMISSIONER HATCHES: I move for a motion
20 to closed meeting under Section 313.847, Investigatory,
21 Proprietary and Application Records and 610.021, Section 1
22 and 14.

23 COMMISSIONER JONES: Second.

24 CHAIRMAN MATHEWSON: Yeah. Chapter H. No.
25 That was something else.

1 Okay. We have a motion and a second. Call
2 the role, please.

3 MS. FRANKS: Commissioner Merritt?

4 COMMISSIONER MERRITT: Approve.

5 MS. FRANKS: Commissioner Hatches?

6 COMMISSIONER HATCHES: Approve.

7 MS. FRANKS: Commissioner Jones?

8 COMMISSIONER JONES: Approve.

9 MS. FRANKS: Commissioner Bradley?

10 COMMISSIONER BRADLEY: Approve.

11 MS. FRANKS: Chairman Mathewson?

12 CHAIRMAN MATHEWSON: Approve.

13 (Off the record.)

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CERTIFICATE OF REPORTER

I, Janna L. Tayon, CCR within the State of Missouri, do hereby certify that the foregoing meeting was taken by me; that the testimony of said meeting was taken by me to the best of my ability and thereafter reduced to typewriting under my direction; that I am neither counsel for, related to, nor employed by any of the parties to the action in which this meeting was taken, and further, that I am not a relative or employee of any attorney or counsel employed by the parties thereto, nor financially or otherwise interested in the outcome of the action.

Janna L. Tayon, CCR

MISSOURI GAMING COMMISSION
Second Open Session Minutes
February 22, 2012

The Missouri Gaming Commission (the “Commission”) went into open session at approximately 12:09 p.m. on February 22, 2012, at the Missouri Gaming Commission’s Jefferson City Office, Jefferson City, MO.

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

The open session ended at 12:10 p.m.