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1 BEFORE THE MISSOURI GAMING COMMISSION  
STATE OF MISSOURI

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Meeting  
7 July 24, 2013  
8:00 a.m.  
8 Renaissance St. Louis Airport Hotel  
9801 Natural Bridge Road  
9 Ballroom, 12th Floor  
St. Louis, Missouri

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

2 (On the record at 8:05 a.m.)

3 CHAIRMAN BARRETT HATCHES: Thank you,  
4 I'd like to call the meeting to order, please.  
5 Angie, would you call the roll?

6 MS. ANGIE FRANKS: Commissioner Howard.

7 COMMISSIONER DIANE HOWARD: Present.

8 MS. ANGIE FRANKS: Commissioner Jones.

9 COMMISSIONER DARRYL JONES: Present.

10 MS. ANGIE FRANKS: Commissioner Bradley.

11 COMMISSIONER SUZANNE BRADLEY: Present.

12 MS. ANGIE FRANKS: Chairman Hatches.

13 CHAIRMAN BARRETT HATCHES: Present. Mr.  
14 Stottlemeyre.

15 EXECUTIVE DIRECTOR STOTTLEMYRE: First  
16 item on the agenda, Mr. Chairman, is the  
17 consideration of minutes or January 18 -- or June  
18 18, 2013, and June 19, 2013.

19 CHAIRMAN BARRETT HATCHES: The Chair  
20 will entertain a motion.

21 COMMISSIONER DARRYL JONES: Move for the  
22 acceptance of minutes from June 18, June 19, 2013.

23 COMMISSIONER SUZANNE BRADLEY: Second.

24 CHAIRMAN BARRETT HATCHES: Moved and  
25 seconded. Any discussion?

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1 (No discussion.)

2 CHAIRMAN BARRETT HATCHES: Angie, would  
3 you call the roll, please?

4 MS. ANGIE FRANKS: Commissioner Howard.

5 COMMISSIONER DIANE HOWARD: Approved.

6 MS. ANGIE FRANKS: Commissioner Jones.

7 COMMISSIONER DARRYL JONES: Approved.

8 MS. ANGIE FRANKS: Commissioner Bradley.

9 COMMISSIONER SUZANNE BRADLEY: Approved.

10 MS. ANGIE FRANKS: Chairman Hatches.

11 CHAIRMAN BARRETT HATCHES: Approved.

12 MS. ANGIE FRANKS: By your vote, you've  
13 adopted the minutes of the June 18, 2013, and June  
14 19, 2013, meetings.

15 EXECUTIVE DIRECTOR STOTTLEMYRE: Mr.  
16 Chairman, next item on the agenda is Consideration  
17 of Rules and Regulations. Mr. Ed Grewach will  
18 present.

19 CHAIRMAN BARRETT HATCHES: Thank you.

20 MR. EDWARD GREWACH: Thank you,  
21 Mr. Chairman. The items under C1 through 6 are all  
22 final orders of rule making. Item 1 is 8.010,  
23 Definition of Licensee; 2 relates to Audits; 3  
24 relates to Mandatory Court Procedures; 4 to Count  
25 Room - Characteristics; 5 to Cash Reserve

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1 Requirements; and Number 6 is Chapter G, which are  
2 drops in counts in our Minimum Internal Control  
3 Standards.

4                   There was a public hearing on these rule  
5 changes on June the 12th, 2013. We received no  
6 written or verbal comment on Items 1 through 5;  
7 however, we did receive a number of comments that  
8 you've seen attached to the changes to Chapter G,  
9 Drops in Counts. Those comments are incorporated in  
10 the final order of rule making. There were several  
11 changes that were made in response to those  
12 comments, and for those occasions where no change  
13 was made, you'll also see an explanation for the  
14 reason that the staff is recommending that the  
15 language stay as originally drafted.

16                   CHAIRMAN BARRETT HATCHES: Any questions  
17 from the Commissioners?

18                                   (No questions.)

19                   CHAIRMAN BARRETT HATCHES: Mr.  
20 Stottlemyre?

21                   EXECUTIVE DIRECTOR STOTTLEMYRE: Staff  
22 recommends approval of the rules and regs as  
23 presented.

24                   CHAIRMAN BARRETT HATCHES: Chair will  
25 then entertain a motion.

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1                   COMMISSIONER SUZANNE BRADLEY: Maybe do  
2 them all together?

3                   CHAIRMAN BARRETT HATCHES: Yes, I think  
4 so.

5                   EXECUTIVE DIRECTOR STOTTLEMYRE: Yes, we  
6 can.

7                   COMMISSIONER SUZANNE BRADLEY: Motion to  
8 approve final orders of rule making 11 CSR 45-8.010,  
9 45-8.060, 45-8.090, 45-8.100, 45-8.150, and  
10 45-9.107.

11                   COMMISSIONER DARRYL JONES: Second.

12                   CHAIRMAN BARRETT HATCHES: Any  
13 discussion?

14                                   (No discussion.)

15                   CHAIRMAN BARRETT HATCHES: Angie, would  
16 you call the roll, please?

17                   MS. ANGIE FRANKS: Commissioner Howard.

18                   COMMISSIONER DIANE HOWARD: Approved.

19                   MS. ANGIE FRANKS: Commissioner Jones.

20                   COMMISSIONER DARRYL JONES: Approved.

21                   MS. ANGIE FRANKS: Commissioner Bradley.

22                   COMMISSIONER SUZANNE BRADLEY: Approved.

23                   MS. ANGIE FRANKS: Chairman Hatches.

24                   CHAIRMAN BARRETT HATCHES: Approved.

25                   MS. ANGIE FRANKS: By your vote, you

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1 have adopted Final Orders of Rulemaking 11 CSR  
2 45-8.101 -- I'm sorry. 8.010, 8.060, 8.090, 8.100,  
3 8.150 and 9.107.

4 CHAIRMAN BARRETT HATCHES: Thank you.

5 EXECUTIVE DIRECTOR STOTTLEMYRE: Mr.  
6 Chairman, the next item on the agenda is  
7 Consideration of Waiver of Institutional Investors.  
8 Ms. Martha LeMond will present.

9 MS. MARTHA LeMOND: Good morning,  
10 Mr. Chairman, Commissioners.

11 CHAIRMAN BARRETT HATCHES: Good morning.

12 MS. MARTHA LeMOND: Behind Tabs D, E, F,  
13 G and H are resolutions regarding waivers of  
14 licensure for institutional investors holding and/or  
15 requesting to hold publicly-traded interests of up  
16 to 20 percent in gaming licensees.

17 These investors have submitted requests  
18 for waivers to hold interests in these licensees, in  
19 compliance with 11 CSR 45-4. The submitted waiver  
20 requests certify the holding is for institutional  
21 investment purposes only, with no intent to be  
22 involved in the management or operation of the  
23 licensee.

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

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1 may grant a waiver, these resolutions are before the  
2 Commission today.

3                   Resolution Number 13-069 is for  
4 Commonwealth Bank of Australia; Resolution Number  
5 13-070 is for Ellerton Capital, Limited; Resolution  
6 Number 13-071 is for Opus Capital Group, LLC;  
7 Resolution Number 13-072 is for VN Capital  
8 Management; and Resolution Number 13-073 is for  
9 Westchester Capital Management, LLC.

10                   If you have any questions, I'll be happy  
11 to answer them.

12                   CHAIRMAN BARRETT HATCHES: Any questions  
13 from the Commissioners?

14                                   (No questions.)

15                   CHAIRMAN BARRETT HATCHES: Mr.  
16 Stottlemyre?

17                   EXECUTIVE DIRECTOR STOTTLEMYRE: Mr.  
18 Chairman, the staff recommends approval of the  
19 Waiver of the Institutional Investors, as presented.

20                   CHAIRMAN BARRETT HATCHES: The Chair  
21 will then entertain a motion.

22                   COMMISSIONER DIANE HOWARD: I'm assuming  
23 we can take these all together, as well?

24                   EXECUTIVE DIRECTOR STOTTLEMYRE: They  
25 can be voted on at the same time, yes.

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1                   COMMISSIONER DIANE HOWARD: Yes. So  
2 I'll make a motion that we approve Resolutions  
3 Number 13.069, Resolution Number 13.070, Resolution  
4 Number 13-071, Resolution Number 13-072, and  
5 Resolution Number 13-073.

6                   COMMISSIONER SUZANNE BRADLEY: Second.

7                   CHAIRMAN BARRETT HATCHES: Angie, will  
8 you call the roll, please?

9                   MS. ANGIE FRANKS: Commissioner Howard.

10                  COMMISSIONER DIANE HOWARD: Approved.

11                  MS. ANGIE FRANKS: Commissioner Jones.

12                  COMMISSIONER DARRYL JONES: Approved.

13                  MS. ANGIE FRANKS: Commissioner Bradley.

14                  COMMISSIONER SUZANNE BRADLEY: Approved.

15                  MS. ANGIE FRANKS: Chairman Hatches.

16                  CHAIRMAN BARRETT HATCHES: Approved.

17                  MS. ANGIE FRANKS: By your vote, you've  
18 adopted Resolution Numbers 13-069, 13-070, 13-071,  
19 13-072, and 13-073.

20                  EXECUTIVE DIRECTOR STOTTLEMYRE: Mr.

21 Chairman, the next item on the agenda is  
22 Presentations and Public Comment on the Pinnacle  
23 Entertainment, Incorporated, and Ameristar Casino,  
24 Incorporated's, Petitioner for Change of Control,  
25 and we will -- we do have a presentation from the

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1 folks from Pinnacle, I'll let them, Mr. Anthony  
2 Sanfilippo is here, and I'll let him carry forward.

3 MR. ANTHONY SANFILIPPO: Thank you,  
4 Roger; good morning. It's good to see you all.  
5 Thank you for hearing us this morning. It's an  
6 important day for us, this is the last regulatory  
7 stop before we are going to be able to complete our  
8 transaction with Ameristar. We hope to do that in  
9 early August. We have prepared a presentation that  
10 we believe will complement the one, as you may  
11 recall, that we did this past March when we were  
12 with you in Jefferson City, and there's going to be  
13 three of us who'll take you through the  
14 presentation. I'd also like to take a moment to  
15 talk about who is here with us today, and they're  
16 both partners, as well as friends that are here, and  
17 individuals you may want to ask a question of, in  
18 the event you have a question during this process.

19 So if I may, I'll start with Ameristar.  
20 The Chief Executive Officer of Ameristar, Gordon  
21 Kanofsky, he is here with us today, he's in the  
22 audience. He's with the President of Ameristar,  
23 Larry Hodges, who's with us today. Both general  
24 managers of the properties in Ameristar, both in  
25 Kansas City and here, Sean Bernard and Jim Franke,

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1 they are with us today, and Victor Scott is also  
2 with us, Victor is Director of Government Affairs,  
3 he's based in Kansas City. He's with us today.  
4 Sean and Jim will stay with us, they'll be part of  
5 the Pinnacle team moving forward, and it's, it  
6 really has been a pleasure, this transition with  
7 Gordy and Larry, they have been terrific to work  
8 with.

9                   We said to you back when we were  
10 together in March that we believe our companies are  
11 so alike, our cultures on how we focus on taking  
12 care of our team members, taking care of our guests,  
13 and being responsible for our shareholders are very  
14 very similar, and this has been a very good process.  
15 Since last December when we announced this  
16 transaction, myself and others within our company  
17 have had well over 120 meetings with individuals at  
18 Ameristar, and that's group meetings meeting with  
19 different departments, we have been preparing for  
20 this date to get to a point where we can have the  
21 transition occur. We have spent, I have spent time  
22 at all of the Ameristar properties, including the  
23 two here, I've had multiple visits with management  
24 at both of the Ameristar properties here, and we are  
25 very excited about the opportunity for our companies

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1 to come together.

2                   Also here with Pinnacle Entertainment is  
3 Carlos Ruisanchez, you'll hear from Carlos after my  
4 presentation, Carlos is our President and Chief  
5 Financial Officer. And Neil Walkoff, Neil lives  
6 here in the St. Louis area; I believe you all met  
7 Neil yesterday as part of the tour of Lumiere, he  
8 oversees our operations here in the state of  
9 Missouri, as well as some other states, surrounding  
10 states, and he will continue to be based here with  
11 his family and be a part of the community. We also  
12 have Jack Godfrey, who is our general counsel, he's  
13 here with us today. Jeff Danis and the Josh  
14 McCleod, they are both in charge of procurement or  
15 purchasing for our company, and if there's questions  
16 that come up in regards to our efforts there,  
17 they'll be available to answer those questions. And  
18 Chris Plant is here, who's our Vice-president of  
19 Finance. Chris also lives here, he is over finance  
20 and accounting. So if you have a question that  
21 Carlos or myself or Neil is not able to answer, or  
22 it's better answered by one of these other  
23 individuals, we'll ask them to come up. There are  
24 other Pinnacle team members here, but I think those  
25 are the ones that you may have a question of or

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1 would like to hear from.

2                   We also have asked a number of  
3 individuals to come in to, to participate today in  
4 the event you have a question. And in no specific  
5 order, but individuals that we asked to be here who  
6 are here, Avi Motorant. Avi is with Goldman Sachs,  
7 he's based in New York. Goldman Sachs is the  
8 investment bank that's overseeing the financing, so  
9 we asked Avi to come in. Steve Smith. Steve came  
10 in from Washington, DC. He is a partner with  
11 Morrison and Foerster. Morrison and Foerster is the  
12 law firm that we used during the FTC process, and  
13 actually the transaction also. They, they worked on  
14 our behalf in actually putting the agreement  
15 together, but Steve specifically, his practice deals  
16 with Federal Trade Commission, and we asked him to  
17 come in in the event you may have a question, so  
18 Steve is here with us today. We also have in the  
19 audience, and I would consider this gentleman a  
20 friend, Mr. Rodney Crim, who is with the City of St.  
21 Louis, and we are very proud of the relationship  
22 that we have had with the City of St. Louis. And if  
23 there was, if there was one part of this that is  
24 bittersweet for me and for our company is that we're  
25 required to sell Lumiere Place and the Four Seasons.

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1 We have very much enjoyed the relationship with the  
2 City. He's with also Otis Williams, and we very  
3 much have enjoyed the relationship with Mayor Slay.  
4 He has been, he has been available, Rodney's been  
5 available, they've been terrific to work with.  
6 You're going to see we have fulfilled the  
7 commitments that we made when we came into the City,  
8 and I won't spend a lot of time on, that we have to  
9 sell that property, we wish we didn't, we wish we  
10 were able to keep the three properties in St. Louis,  
11 but we came to that conclusion with the Federal  
12 Trade Commission, they wouldn't let this transaction  
13 moved forward unless we agreed to sell the property.  
14 So that is what it is, and we won't spend a lot of  
15 time on that, other than we're focused on selling it  
16 to a licensee who will be a good licensee here in  
17 the state of Missouri. That is our focus, and we'll  
18 talk a little bit about that.

19                   With St. Louis County, Jackie Wellington  
20 is here, and Mark Brady, so they're both here in  
21 support. And also Michael Collins is here.  
22 Michael's the president and CEO of the Kansas City  
23 Port Authority, who is effectively our landlord, or  
24 Ameristar's landlord in Kansas City. So Michael has  
25 come down.

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1                   And Victor, did the Mayor make it down?  
2   Yes, sir. The Mayor is here, thank you for being  
3   here. The Mayor of St. Charles is also here, Sally  
4   Faith; Sally, thank you for being here. And  
5   everyone I mentioned is important to, whether it was  
6   Pinnacle today or Pinnacle tomorrow, they have been  
7   very important to us. I've met with the Mayor, I've  
8   met with Michael, we've spent time talking about as,  
9   as Pinnacle moves forward, becomes owners of these  
10  businesses, that we are committed to the same  
11  quality stewardship that Ameristar has done. So  
12  that is -- it's great to have you here, thank you  
13  for making it here.

14                   So with that, again, thank you. This is  
15  a very important day for us. And we want to make  
16  sure that we answer every question that you may  
17  have, and we hope that by the time the day ends or  
18  the morning ends, that we have received your  
19  approval to move forward with this transaction,  
20  because it's critical for the transaction occurring.  
21  I'm going to just take you through and make sure...  
22  all right.

23                   So we want to use the time wisely with  
24  you, we want to allow you to ask any questions that  
25  you may have. We're going to repeat a few things

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1 just to remind you from when we were with you back  
2 this March, but it's important that we present to  
3 you who we are. That we remind you of what we do  
4 here in the state, because it is such a big part of  
5 our company. And these markets are so very  
6 important to us, and this transaction is, will  
7 change our company, and you're going to see that as  
8 I go through some of these slides, and it's  
9 important that, that we're able to communicate that  
10 point of view to you. So that what we're going to  
11 talk about today is just what's happened since March  
12 when we were with you, the transaction progress that  
13 we've made, and you're going to see that we're at  
14 the final steps of it; a little bit of our history  
15 and future, Pinnacle and Ameristar here in Missouri,  
16 and the benefits of us being here in Missouri, we're  
17 very proud, both companies are very proud of the  
18 record that we have here and what we believe the  
19 future is for us here in Missouri, and then we'll  
20 talk about our future. That will be, that will be  
21 what we take you through.

22 As you recall, we were with you and we  
23 talked a lot, probably more about marketing, how we  
24 were going to market the different brands, and that  
25 has not changed. We'll continue to have distinct

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1 brands here. Since then, the Ameristar shareholders  
2 have approved the transaction, that happened in  
3 April. We did receive an administrative complaint  
4 from the FTC, and also in May, it was our first  
5 state that approved this transaction. Since then in  
6 June we had Indiana, Mississippi, and Iowa approve  
7 the transaction, and we came to an Agreement in  
8 Principle with the staff of the FTC. So as you'll  
9 hear, we are working through a, a final consent to  
10 create with the FTC that will allow this to move  
11 forward, and that's why today is so important, that  
12 each state is very important that they have blessed  
13 this and signed off on it.

14                   Last week we were in Louisiana.  
15 Louisiana, as you know, has an asset in that state  
16 that we're required to sell, and the State of  
17 Louisiana, the Commission there in Louisiana, they  
18 approved the transaction. So that, that occurred  
19 last week, and here we are today with Missouri being  
20 our final approval.

21                   The next page is just an FTC process  
22 update. We came to, as I mentioned, an Agreement in  
23 Principle with the Bureau of Competitive Staff, and  
24 we agreed that we would sell the Lumiere Place  
25 Casinos and Hotel, and that does include the Four

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1 Seasons, and that we would sell the development  
2 that's in Lake Charles, that's adjacent to our  
3 facility in Lake Charles. We've shared this  
4 information with the staff, with Roger and Ed, and  
5 so they have been kept fully informed every step of  
6 the way, and, in fact, if I can pause and thank  
7 them, they truly have stayed fully informed from day  
8 one every step of the way, and there has been a lot  
9 of communication between the staff and with Pinnacle  
10 Entertainment to get us to where we are today. We  
11 believe at this point, based on your approval then,  
12 we'll conclude with the FTC the consent to create,  
13 and then move to close the transaction in early  
14 August. We'll tell you a little bit more about that  
15 during this presentation, but we are, we are at,  
16 very much at the finish line at this point.

17                   The next slide, which is Slide 5, and I  
18 think you have that in front of you, it just shows  
19 you what we've been able to complete in the last six  
20 months or so, starting with the agreement that was  
21 executed with Ameristar back in December, up to  
22 where we are today, and that is asking for your  
23 approval for us to proceed. And then once that's  
24 done, we believe that we'll finalize the approval  
25 with the FTC and close the transaction in early

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1 August.

2 I wanted to take just a second to remind  
3 you of the properties that we have. Both companies  
4 have terrific assets, they're high quality assets.  
5 You saw an example of that yesterday at Lumiere  
6 Place. We're very proud, as is Ameristar, of the  
7 portfolio of properties that we have between us, and  
8 there's not a better set of assets than those  
9 assets, those properties that are here in Missouri.  
10 All of the properties that the combined companies  
11 have are high quality assets, and we're very pleased  
12 that this is part of our portfolio of properties.  
13 The next line just shows you the most recent  
14 property that Pinnacle Entertainment opened up, and  
15 that's on the upper left-hand side, that is Lumiere  
16 that's in Baton Rouge, Louisiana, that was a project  
17 that was just under \$400 million. The project below  
18 that, or the photo below that is our Lake Charles  
19 property, and that is next to the property that  
20 Ameristar is building, and that is what was part of  
21 the issue with the FTC in Louisiana is they said  
22 we're not going to allow you to have, you know, two  
23 large properties like this side by side. Now, we  
24 believe that there's plenty of competition in Lake  
25 Charles, but at the end of the day that really

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1 didn't matter, what we believed, and they said to  
2 move the transaction forward, you need to sell that  
3 property, the Ameristar property that's under  
4 construction in Lake Charles. So this gives you an  
5 idea of the look and the beauty of the properties  
6 that we have.

7           That's important when we talk about  
8 marketing, which will be towards end of the  
9 presentation. Our ability to take guests, in this  
10 case in Lake Charles, it's a, it's a large market in  
11 the United States is Houston; as you know, Texas  
12 does not have gaming, so to be able to take guests  
13 that go to our Lake Charles property and have them  
14 come to other properties, Missouri is a great  
15 example of quality of properties that we have here,  
16 we have guests that have home properties, and we  
17 have guests here who have home properties, but they  
18 like to travel to other properties. And part of the  
19 benefit of this transaction, us going from eight to  
20 sixteen properties is our ability to offer a much  
21 larger diverse portfolio of properties.

22           Next page, you'll see Ameristar  
23 properties, the, you know, truly there's a couple of  
24 flag ships, but Mayor Faith, one is the St. Charles  
25 property, that is clearly a flag ship of Ameristar

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1 and will be a flag ship of Pinnacle Entertainment.  
2 You can see that on the, at the top left-hand side.  
3 On the right-hand side is Black Hawk, Colorado.  
4 That is the newest Ameristar property, it's a  
5 beautiful property; and you can see in the photo on  
6 the lower left is Kansas City, it is a wonderful  
7 property that has been a market leader in Kansas  
8 City of, really since it opened up. So the  
9 properties that are here, both our River City  
10 property, the Lumiere property, the St. Charles  
11 property, the Kansas City property are all high  
12 quality, first rate properties. You can see in the  
13 lower right-hand corner Council Bluffs, Iowa, that  
14 is part of the portfolio, and then on the next page,  
15 Page 9, East Chicago, Indiana, that's very close to  
16 the Chicago area. Vicksburg, Mississippi, which is  
17 a terrific town and a wonderful property, and then  
18 Jackpot, Nevada, which is in northern Nevada on the  
19 Idaho border, there's two properties that Ameristar  
20 has there.

21                   So as you look at slide Number 10, this  
22 shows you a picture of the United States, and you  
23 can see by the stars, yellow for Ameristar, red for  
24 Pinnacle Entertainment, just the reach that our  
25 company will have as we complete this acquisition

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1 and begin as one new company. And let me remind you  
2 that in March, I talked with you about our goal, our  
3 focus has been to make the best of both companies,  
4 that's, we've never waivered on that, that we  
5 recently started to announce at a corporate level  
6 the selection of leaders at a corporate level going  
7 forward, and there has been a very nice balance of  
8 leaders that are, have been selected that are both  
9 Ameristar team members and Pinnacle Entertainment  
10 team members. We are, we are very much focused on  
11 saying let's take the best practices and people who  
12 fit best in a company that's twice as large to lead  
13 the new company. And we have, we have treated this  
14 very much as a merger of two equal companies, and  
15 that's how we continue to move this forward.  
16 There's practices that Ameristar does that we think  
17 are very good, and there's things that we do that we  
18 think will benefit Ameristar. And that's, that's  
19 how we approach them.

20                   You'll notice on also Slide 10 there's a  
21 couple of race tracks, we have two race tracks as  
22 part of our portfolio. One is in Selma, Texas,  
23 which is right above San Antonio and right below  
24 Austin, Texas. Again, our ability to be able to  
25 reach into major metropolitan markets like San

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1 Antonio, that helps our whole system, and we bridge  
2 that together through our loyalty program, which  
3 I'll touch on towards the end of the presentation.  
4 And then we also have a race track called River  
5 Downs that's under development, it's a \$209 million  
6 round-up project that we're doing in Cincinnati,  
7 that is occurring right now.

8 All right. This is just a quick  
9 overview of the transaction. The shareholders of  
10 Ameristar approved \$26.50 for the transaction, the  
11 total consideration is right under \$3 billion. So  
12 as you know, it's a very very large transaction, we  
13 have committed debt financing, Carlos is going to  
14 talk to you about that, and we're at the final  
15 stages, the last regulatory state would be Missouri,  
16 and then we complete the consent order with the FTC,  
17 and we'll close in early August. So we have, we're  
18 extremely excited about that.

19 And I'm just going to reiterate Slide  
20 12, why it's important. This really will help  
21 Pinnacle Entertainment be stronger from a financial  
22 profile standpoint, and quite simply, as we look  
23 at -- and I'm going to show you a revenue slide here  
24 after this one -- as we look at our company now  
25 doubling in size and Ameristar's doubling in size,

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1 there's not any one market that could really be  
2 harmful to us. That if a market turndown, if there  
3 was natural disaster in a market that occurred, by  
4 having a more diverse portfolio, that, that helps us  
5 from a financial standpoint. We have one of the  
6 best balance sheets in the gaming industry, and  
7 Carlos will touch on that when he is up here. But  
8 this just helps us in many many ways from a scale  
9 standpoint, and a diversity of properties. It will  
10 make us a much better licensee, although we think  
11 we're a terrific licensee today in Missouri, when  
12 this transaction occurs, we'll, we'll be even  
13 stronger financially. And we are combining, as I  
14 mentioned, complementary asset portfolio. So we  
15 have, we'll go from eight to sixteen properties, and  
16 we're very -- we're very proud of a number of  
17 things. We're very proud of how we take care of our  
18 guests, how we take care of our team members, but  
19 we're also very prudent in how we manage our  
20 business. We think about our business, we're glad  
21 we're a publicly held company, and we think about  
22 our business for the long term. We're careful about  
23 making smart investment decisions, and, you know,  
24 both myself and Carlos and others see ourselves as  
25 stewards of this company, and that it's our

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1 responsibility to continue to hand the company over  
2 to others, so we need to make decisions that will  
3 make sure that this company long term will be a  
4 viable, strong company, and we believe that this  
5 transaction absolutely does that. And so does the  
6 investment community. And so this is a, a slide  
7 that shows you market reaction. They very much  
8 believed that the combining of our two companies was  
9 the right thing to do, and our stock since April, as  
10 you can see, as we've gone through this process has,  
11 you know, grown plus 50 percent. And so the  
12 investment community believes that this is the right  
13 thing for these two companies to be combined, and  
14 have supported it through buying more shares than  
15 have been sold.

16                   Slide 14, you'll see is each company  
17 listed separately, and then when you combine the  
18 company, it shows you what we believe on a pro forma  
19 basis we'll do, we'll go, each of us going from  
20 about a \$1.2 billion company in net revenues to  
21 almost \$2.3 billion. You can see what's happening  
22 to our EBITDA or our cash flow, it materially  
23 improves. Our number of properties double in size,  
24 our hotel rooms double in size, our number of slots,  
25 they will more than double, Pinnacle's will, as well

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1 as table games station, and then our team members  
2 will go from about 8500 team members to over 14,000  
3 team members. So this transaction is a significant  
4 transaction for our company, as I've mentioned,  
5 materially changes our company.

6                   And then on Slide 15, I referenced this  
7 earlier, this just shows you from this pie chart  
8 what happens from a revenue standpoint. Again, it's  
9 important that with 16 properties we become more  
10 diverse, larger scale, and our ability to be more  
11 balanced, as Ameristar's would be, on reliance on  
12 any one market. You can see, and I continue to tell  
13 you how important Missouri is. Missouri is still  
14 almost one third of our company, and, and the state  
15 is a very important state to the success of Pinnacle  
16 going forward.

17                   I am going to pause and I'm going to  
18 hand this device over to Carlos Ruisanchez, Carlos  
19 is our President. Carlos will start on Slide 16 and  
20 talk through a number of slides, including the  
21 financing overview, and then we're going to bring  
22 Neil Walkoff up, who's going to more specifically  
23 talk about St. Louis and what we do here in the  
24 state today. And then we would welcome any  
25 questions that you might have.

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1                   CHAIRMAN BARRETT HATCHES: Is it okay if  
2 we ask questions during the presentation?

3                   MR. ANTHONY SANFILIPPO: You know, I  
4 think the four of you could do whatever you would  
5 like to do. If you want to ask questions, if you  
6 want me to do pushups, I'll do pushups, whatever you  
7 guys want. Do you have a question?

8                   CHAIRMAN BARRETT HATCHES: No, no, that  
9 was just in reference to your comment that you'd be  
10 happy to answer any questions.

11                   MR. ANTHONY SANFILIPPO: We really want  
12 this to be free form, we want to -- we know we're  
13 sharing a lot of information, we want you to have  
14 every question answered that you may have, and  
15 whatever format you would like to do it, we'd be  
16 happy to do it.

17                   COMMISSIONER DARRYL JONES: Well, no,  
18 no, Mr. Sanfilippo --

19                   MR. ANTHONY SANFILIPPO: Pushups, you're  
20 going to have me do some pushups, right?

21                   COMMISSIONER DARRYL JONES: No, sir, but  
22 since you opened the door for questions, I do have  
23 one. Throughout your presentation you said how the  
24 transaction would, was going to be beneficial for  
25 Pinnacle, and I understand that from the business

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1 point of view, but tell me, how is this going to  
2 benefit the state of Missouri and its citizens? I  
3 mean I haven't heard any mention about how it's  
4 going to benefit us, Missourians.

5 MR. ANTHONY SANFILIPPO: Well, I think  
6 you will. So as we go through this presentation,  
7 and specifically as Neil talks about the kind of  
8 licensee we are today, I believe you're going to see  
9 the benefit for Missouri. So if you'll hold that  
10 and let us finish --

11 COMMISSIONER DARRYL JONES: Okay,  
12 because I'm looking at Slide 14, and I'm saying:  
13 Well, wait a minute, we're losing, we're losing  
14 slots on the combined, I'm just looking at the  
15 combined numbers, we're losing employees, we're  
16 losing slots, I'm saying what are you going to do  
17 with all of that --

18 MR. ANTHONY SANFILIPPO: No, sir, you  
19 are not --

20 COMMISSIONER DARRYL JONES: -- building  
21 space.

22 MR. ANTHONY SANFILIPPO: -- you are not  
23 losing any employees.

24 COMMISSIONER DARRYL JONES: Okay, well,  
25 talk to me.

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1                   MR. ANTHONY SANFILIPPO: You are not  
2 losing any employees, and you'll see in the  
3 presentation that the synergies that we will focus  
4 on will be at a corporate level. Both companies  
5 have corporate organizations in Las Vegas, and so  
6 when we combine, we'll need one CEO, one CFO,  
7 though -- the combining of positions will be in Las  
8 Vegas. Here in Missouri we don't expect any changes  
9 to the operations that are here, so there won't be  
10 any changes in employment.

11                   The point that I kept trying to make  
12 about the financial strength of our company I  
13 believe benefits Missouri. That you'll have a much  
14 stronger licensee that's here. That you'll have a  
15 much stronger company. You're going to see in the  
16 presentation Carlos is about to talk about the  
17 capital investment that we've made, the fulfillment  
18 of the commitments that we've done since we've been  
19 in the state. Hopefully when we're done you'll say,  
20 you know what, this is a terrific company, this is a  
21 company that's lived up to its promises, this is a  
22 company we want growing and operating in Missouri.  
23 I believe you will think that when we're done.

24                   COMMISSIONER DARRYL JONES: Okay.

25                   MR. ANTHONY SANFILIPPO: But if you

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1 don't, let's talk about it. But that's, I believe  
2 that the presentation will, will point to that, that  
3 you'll say this is the kind of licensee we want to  
4 see growing in the state of Missouri.

5 COMMISSIONER DARRYL JONES: Okay.

6 MR. ANTHONY SANFILIPPO: Thank you.

7 COMMISSIONER DARRYL JONES: Thank you.

8 MR. ANTHONY SANFILIPPO: But we'll bring  
9 Neil up, and again, I'm glad you brought that up,  
10 because there is no -- or Carlos up -- there's no,  
11 there's no change in employment numbers; in fact, we  
12 think that a number of things that we do well and  
13 that Ameristar does well will make us all even  
14 better here.

15 CHAIRMAN BARRETT HATCHES: I think in  
16 your presentation somewhere there's a mention that  
17 there will be no material changes.

18 MR. ANTHONY SANFILIPPO: Right.

19 CHAIRMAN BARRETT HATCHES: And that's  
20 different than saying there's not going to be any  
21 changes. So...

22 MR. ANTHONY SANFILIPPO: It's hard, it's  
23 hard for me to say there wouldn't be absolutely not  
24 one change, I think if we're going to take the best  
25 of both practices, there will be some things that

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1 change. But we don't expect -- material changes are  
2 we expect to see about \$40 million in synergies from  
3 the combining of these two companies. That will  
4 come from Las Vegas, that will come from we won't  
5 have two board of directors, there'll only be one.  
6 We won't have, you know, two of so many things that  
7 you have at a corporate office. To date there's not  
8 a single change that we've made with, with Missouri.  
9 You know, we have, we're very excited about Jim  
10 leading the St. Charles property and Sean leading  
11 our property in Kansas City. Victor Scott, who's  
12 here, he's based in Kansas City with Troy Stremming,  
13 and also Matt Block. We're going to keep them based  
14 there. So we're going to have, Troy will be our  
15 executive -- and Troy couldn't be here today, he's  
16 on a family vacation in Europe -- but Troy will  
17 continue -- well, Troy is joining our company as the  
18 executive vice-president of both Government  
19 Relations and External Communications. He will stay  
20 based in Missouri. He wants to raise his family  
21 here, he loves Kansas City, Victor will stay based  
22 in Kansas City, and Matt will stay based there. So  
23 these are technically three corporate employees,  
24 high paid employees, that are here in the state that  
25 will remain in the state. So those -- great

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1 questions, because I want to make sure I'm pointing  
2 out to you that there are no changes that we  
3 anticipate. I can't say there won't be zero,  
4 because I do expect, as we look at practices for  
5 both companies, we're going to look at doing things  
6 that will, that will make us better. But it is not  
7 the intent to come in and combine operations and cut  
8 staff, that is, we have no plans to do that, and  
9 that's just not how we've operated.

10 So part of hopefully, when you take a  
11 good look at it, is what our results have been in  
12 the past, and ask the kind of questions that you're  
13 asking right now.

14 CHAIRMAN BARRETT HATCHES: Well,  
15 certainly I don't, there's no way in the world we  
16 can expect that there are not going to be any  
17 changes in the number of employees in the state of  
18 Missouri, but we certainly want to get some comfort  
19 around what you think those numbers might be, and so  
20 to suggest that there are not going to be any  
21 changes, and all the impact from an employee  
22 standpoint will be at the corporate level, I think  
23 we want to dig a little bit more into that as we go  
24 through this presentation and be clear that, that if  
25 there are going to be impacts to the number of

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1 employees and the combined properties, that we get a  
2 good sense of what those are.

3 MR. ANTHONY SANFILIPPO: Let us take you  
4 through, and then at the end if we didn't answer  
5 those questions, then, then let us know.

6 CHAIRMAN BARRETT HATCHES: Well, that's  
7 a good set up for the rest of the team who are going  
8 to be presenting, Neil and others, that if that's  
9 not in their presentation, they're probably should  
10 put it in there right now.

11 MR. ANTHONY SANFILIPPO: It is, it's not  
12 in their presentation, because we have not sat down  
13 and said that we're going to change how we operate  
14 here. Jim will still be over the property here,  
15 he'll still manage the property here. Sean will  
16 still manage in Kansas City. We have not said,  
17 look, we're going to consolidate operations, because  
18 we don't plan on doing that. The conversations that  
19 I've had with both Jim and with Sean is just how can  
20 we support you to make a property better? What are  
21 the things that we can do? And they've been around  
22 what are capital investments that you may would like  
23 to have to make the property better.

24 Now we have been restricted by the FTC  
25 from really spending a lot of time with the

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1 Ameristar property here in St. Louis, because of the  
2 review that went on. But the conversations we've  
3 had with them have been all focused on what are the  
4 things we can do to, to help your property be more  
5 successful. That's what we've been focused on. It  
6 hasn't been, okay, here's going to be the new  
7 organizational charts. That we've done at a  
8 corporate level. That we've looked at and said how  
9 does this new corporate organization run. But that  
10 has no direct impact on Missouri, that is the two  
11 offices that we currently have that are in Las  
12 Vegas. And we're still working through that. We,  
13 we have picked leaders in specific departments, one  
14 is here today, Jeff Danis will oversee our strategic  
15 sourcing, he oversees it today for our company.  
16 We're very proud of our, of what we've done from a  
17 strategic sourcing standpoint, Neil is going to talk  
18 about that here, we're very proud of that. We think  
19 that we are -- we think we're a very good example in  
20 the state on fulfilling commitments from a  
21 procurement standpoint, and Neil will talk to that.  
22 And Jeff will continue to oversee that.  
23 Josh is here, Josh McCleod is the person  
24 who's based here who really gets a lot of credit for  
25 opening doors for us along the way. So you'll hear

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1 that in Neil's presentation, but there is no plans  
2 today for us to come in and say we can make massive  
3 cuts at any of our properties, because that's just  
4 not our plans.

5 COMMISSIONER DIANE HOWARD: Well, our  
6 concern is not at the corporate level, our concern  
7 is at the property level. And if there have been  
8 restrictions on doing the in-depth -- I'm sure this  
9 is not what you want to hear -- but if there have  
10 been restrictions because of the FTC matter pending  
11 and doing as much in-depth research at the  
12 organizational structure of the property level  
13 because of the FTC matter pending, and you need more  
14 time to do that; of course, I'm sure the Commission  
15 will give your organizations as much time as you  
16 need. I know your feeling is time is of the  
17 essence, but that's not our feeling. We'll want as  
18 much information as we need, so if you need more  
19 time for more information, I'm, I don't want to  
20 speak for my fellow commissioners, but I feel sure  
21 that we would rather have good information than feel  
22 rushed for time.

23 MR. ANTHONY SANFILIPPO: Well, I  
24 appreciate that, what I'm telling you is we have no  
25 plans to change organizational structure, that's

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1 what I'm telling you. So I'm not going to come back  
2 to you in a month and say, because we've closed this  
3 deal down, we're making wholesale changes in  
4 organizational structure; we have no plans to do  
5 that. We plan on continuing to run the properties  
6 that are the same names, we're not going to change  
7 the names, we're the same leadership, that's what  
8 we're going to do. The executive vice-president  
9 over Operations for Ameristar, her name is Michelle  
10 Schreiber, she's joining our company. She is going  
11 to be based -- she's based today in Las Vegas, she's  
12 joining our company, she'll oversee a portfolio of  
13 properties. Neil, who lives here, will oversee a  
14 portfolio of properties, including our properties in  
15 Missouri; and our focus is not -- there's no time  
16 needed; we do not plan to come in and make changes  
17 to the organizational structure. That is not our  
18 plans to do that. It's been adequate at the level.

19 CHAIRMAN BARRETT HATCHES: Thank you.

20 MR. ANTHONY SANFILIPPO: Mr. Ruisanchez  
21 is going to come up at this point.

22 MR. CARLOS RUISANCHEZ: Well, good  
23 morning.

24 CHAIRMAN BARRETT HATCHES: Good morning.

25 MR. CARLOS RUISANCHEZ: Chairman,

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1 Commissioners, pleasure to be here, staff; again,  
2 thank you for the opportunity to come and present.  
3 Just one quick thing to clarify with regards to  
4 Pages 14 and 15. These do assume that Lumiere and  
5 Four Seasons are divested and, therefore, is pro  
6 forma for that. And so we're, we're not losing any  
7 properties, obviously Pinnacle on a combined basis,  
8 there will be a new owner of those facilities that  
9 they will look to manage when that sale ends up  
10 getting completed. I just wanted to make sure that  
11 that part was clear.

12                   As it relates to the financing, we've  
13 actually started our financing a few weeks back, we  
14 received commitments from Goldman Sachs and J.P.  
15 Morgan back in December when the transaction was  
16 entered into initially, and we have waited for the  
17 right time to be able to go to market, which was  
18 launched about two weeks ago. That, we are seeking  
19 \$3.4 billion of financing that will go to pay for  
20 the transaction, itself, as well as refinance  
21 existing debt that we have at Pinnacle, as rates are  
22 more favorable today than they have been for when we  
23 initially put that debt in place. And so far the  
24 bank facility which will be comprised of a billion  
25 dollars of a revolver, as well as \$1.6 billion of a

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1 term loan, those are actually going very well. We  
2 are oversubscribed, as you saw in Anthony's remarks,  
3 the reaction from investors has been very positive  
4 on what this can mean, and those are not really  
5 driven by synergies or cost synergies, they're  
6 driven by the collection of the company, as a whole.  
7 And first of all, the financial stability, the  
8 diversity and scale of the company is materially  
9 different, the ability to combine our marketing  
10 programs into one umbrella to be able to offer  
11 better opportunities for our guests here in Missouri  
12 and throughout the platform will be greatly enhanced  
13 by virtue of us having more buying power, and the  
14 ability that we're going to be spending twice as  
15 much in marketing, as well as other items that get  
16 purchased throughout our business. And those are  
17 really the powerful synergies, when people say that  
18 you will be a stronger player in this space with the  
19 ability to realize a better return both on top line,  
20 as well as on the cost side. The cost is, as  
21 Anthony mentioned, really driven by the combination  
22 of our operations in Las Vegas.

23                   The, we expect this coming week to  
24 launch our bond financing, that will be \$800  
25 million, and that will close at the end of next

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1 week, it will close into escrow waiting for a  
2 transaction, and it will cost us interest, double  
3 interest, if you will, during that timeframe between  
4 the end of next week and when the transaction  
5 actually closes.

6                   Finally, the, we do think there will be  
7 some flexibility, I doubt that these numbers really  
8 would move materially between one or the other, but  
9 we're looking to hopefully get the best transaction  
10 that we can get done at the lowest interest rate  
11 that we can in order to finance ourselves, and we'll  
12 have plenty of liquidity available through our  
13 revolver, as well as the cash flow generation on the  
14 company to invest back in our properties and take us  
15 through should there be any challenges that come  
16 through from the economic perspective on a broad  
17 basis.

18                   The transaction, as I mentioned, is the  
19 term loan has been oversubscribed at this point, the  
20 commitments are actually due this coming Monday, and  
21 that will close the loan with the closing of the  
22 transaction. The bond, we will do that all in one  
23 day. It essentially will get launched next week,  
24 and we will have pricing next week, and as I  
25 mentioned, we'll end up with an escrow arrangement

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1 where that capital will sit there waiting for the  
2 transaction to close. And our expectations are that  
3 that will happen, assuming that there is, if you do  
4 approve this today, that we will be, it will  
5 finalized what we have to do with the FTC and be able  
6 to close the transaction on or about the week of  
7 August 5th.

8                   If you look at the investment that both  
9 combined companies have made in Missouri, there have  
10 been obviously four properties, five if you include  
11 the Four Seasons separately, even though it is all  
12 part of the same entity, where we have invested, and  
13 all of that has been done over the last five years  
14 on the Pinnacle side. As you know, Lumiere opened  
15 up in, at the end of 2007, the Four Seasons opened  
16 up in the first quarter of 2008, and River City  
17 opened in 2010, and the expansion has been opened up  
18 in phases, with the last phase here opening up later  
19 on this year.

20                   The, on the Ameristar side, the two  
21 facilities have been in the state for a long time,  
22 they have really done a great job of both upkeep of  
23 those facilities, as well as expanding them.  
24 Probably most notably here in St. Charles where  
25 their investment is approaching \$800 million into

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1 that facility, as well as in Kansas City, that  
2 investment is in excess of 400 million.

3           As far as the impact, if you just look  
4 at purely the construction of these facilities and  
5 what's been done by both of these companies, it,  
6 while they've been in the state, we've made  
7 investments in excess of \$2.3 billion purely in the  
8 state, and those are driven both on the hard assets,  
9 as well as paid to that construction, where a  
10 billion dollars in the, in labor that have been  
11 there; there is also indirect benefits by businesses  
12 that were either involved in those, in those  
13 construction projects, or facilitated services for  
14 that end. And to that effect there is over \$3  
15 billion of economic benefit, and these are  
16 specifically on the construction of what's gone on  
17 with these facilities since the time that both of  
18 these companies have, have come into the state.

19           In regards to the employment, again,  
20 just driven on construction, so these are not all  
21 permanent positions, so they were temporary while  
22 the construction was taking place, those have added  
23 up to over 18,000 in direct jobs, and if you add the  
24 indirect jobs on services and goods that were done  
25 through those constructions, there is over 26,000

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1 jobs that have been procured and done while these  
2 facilities have been built, and some of those  
3 obviously are still going on in River City as we  
4 continue to expand that facility.

5           If you look at reoccurring benefits on  
6 an annual basis based on employment in the  
7 businesses that we have here, we have over \$900  
8 million of revenue in the state today with the four  
9 properties. There are, labor is over \$160 million,  
10 they get paid annually. If you look at the indirect  
11 impact of that around the communities that we're in,  
12 that will put it over a billion two on an annual  
13 basis of impact on economic activity that takes  
14 place at our facilities, with approaching \$240  
15 million of labor or payroll that gets paid out to,  
16 to employees here.

17           And in regards to the numbers  
18 specifically, you know, currently we have over 4800  
19 employees. That's on all four of the facilities  
20 that, that exists today that are either Pinnacle or  
21 Ameristar, with an indirect impact of approaching  
22 2000 employees in surrounding businesses and  
23 supporting businesses on the communities that we're  
24 in. This obviously will, will end up, when Lumiere  
25 ends up being sold, the Four Seasons will be split

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1 so that you'll end up with two different folks, and  
2 this, of this total materially, as mentioned, our  
3 intentions are to continue to grow what we have here  
4 in the state in those facilities, and I would expect  
5 nothing less from whoever ends up owning Lumiere  
6 when that transaction takes place.

7           Excluding payroll, itself, if you just  
8 look at the other taxes that we pay in the state  
9 over the last two years, it's, that's approaching  
10 \$300 million in other taxes, and that obviously  
11 includes sales tax, gaming tax, admission tax, and  
12 so forth, and there is a meaningful increase when we  
13 opened up in 2010 out of River City, and that we  
14 obviously expect to continue to grow as we have  
15 additional investment in other amenities that are  
16 being added there at River City.

17           As far as the capital investment in  
18 Lumiere, itself, we have the commitments that were  
19 made to the State when this commission granted  
20 Pinnacle the license where that we would invest \$325  
21 million. That has been far exceeded. Our  
22 investment there is approaching 600 million, and if  
23 you take into account some of the maintenance that  
24 have gone in there, clearly we spent over \$600  
25 million in that facility, including the Four

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1 Seasons.

2                   As it relates to the other conditions  
3 that were placed on that license, including the size  
4 of the facility, the guest rooms, the parking  
5 spaces, building a five star hotel in the Four  
6 Seasons, all the other conditions with restaurants  
7 and bars, we've met and exceeded all those. The,  
8 there was a commitment to make a \$50 million  
9 investment or to facilitate \$50 million worth of  
10 investments surrounding Lumiere, that was an  
11 arrangement that was made with the City, and that  
12 has basically been agreed to and largely fulfilled,  
13 and as we'll talk about it here in a minute, that  
14 there are a couple of remaining financial  
15 obligations associated with that that will be  
16 fulfilled, and we will make sure that everybody gets  
17 what they're entitled to under those agreements.  
18 Our expectation --

19                   CHAIRMAN BARRETT HATCHES: Excuse me.  
20 Did you say that you're going to talk about what  
21 those remaining obligations are later?

22                   MR. CARLOS RUISANCHEZ: Yeah, I believe  
23 that that is -- I believe that is in there. Anthony  
24 will cover that, but essentially to give you a  
25 summary of that, there are commitments as part of

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1 the Eighth Amendment. Some of those payments are  
2 at, are scheduled to be made over this year and next  
3 year, and we will make sure that those will get  
4 made.

5 Our expectations are that the, whoever  
6 buys Lumiere will end up adopting the development  
7 agreement, and that that will be part of the  
8 transaction, but either Pinnacle or that buyer will  
9 fulfill those commitments.

10 CHAIRMAN BARRETT HATCHES: Thank you.

11 MR. CARLOS RUISANCHEZ: I hope,  
12 Chairman, that that answers your question.

13 CHAIRMAN BARRETT HATCHES: Well, that's  
14 a start.

15 MR. CARLOS RUISANCHEZ: Okay.

16 CHAIRMAN BARRETT HATCHES: Thank you.

17 MR. CARLOS RUISANCHEZ: The, a part of  
18 that agreement on the development agreement with the  
19 City, they, we do pay \$1 million a year when River  
20 City opened, that payment is made from Lumiere and  
21 is part of that agreement, and the new buyer will go  
22 ahead and assume that on the same basis as we, we  
23 have today.

24 And as you can see there on the right  
25 side of the page, we have, you know, far exceeded

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1 what was intended from the agreement with the  
2 conditions of the license in regards to the amount  
3 of money that's been spent so far, Lumiere and the  
4 Four Seasons.

5                   If you look at River City, our  
6 commitment was to spend at least \$375 million. That  
7 has obviously been, in its first phase was actually  
8 slightly more than 375; and the second phase, which  
9 is what's being built right now, is an extra \$82  
10 million for, or \$450 million dollars that have been  
11 spent in Lemay for that facility. And it's a  
12 wonderful facility that I would, if you haven't  
13 been, I would highly encourage you to go see the  
14 progress on that construction.

15                   In regards to the expansion, I'm going  
16 to turn this over to Neil to talk specifically about  
17 the facility that he leads there in Lemay. Thank  
18 you.

19                   CHAIRMAN BARRETT HATCHES: Thank you.

20                   MR. NEIL WALKOFF: Good morning,  
21 Chairman, Commissioners, nice to see you again.

22                   COMMISSION MEMBERS: Good morning.

23                   MR. NEIL WALKOFF: I'm here today, I'm  
24 going to update you on what we're doing in River  
25 City in regards to your project and let you know of

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1 some other operational highlights that we've  
2 achieved at Lumiere and River City.

3           First, I want to just talk to you about  
4 our continued investment at River City, which  
5 consists of an \$82 million expansion. Two of the  
6 first three phases of the River City Expansion have  
7 been completed. In Thanksgiving of 2012 we opened  
8 up our brand new parking garage, which consists of  
9 1600 spaces, and has been very well received by our  
10 customers in regards to providing capacity for them  
11 when they visit us. We also opened in June, 2013,  
12 our 10,000 square foot event center. It's about, we  
13 can hold about a thousand or 1100 per show, or 700  
14 for banquets, and on June 6 we opened up with Dierks  
15 Bentley to a packed house and it was very well  
16 received. And as excited as we are for the event  
17 center to host customers for events or shows, we're  
18 also excited from a banquet or convention facility  
19 perspective, as well.

20           And lastly, in September we're proud of  
21 the fact that we're going to be able to open up our  
22 brand new 200 room hotel, which will open September  
23 1st. We are very pleased with the outcome in  
24 regards to the quality of the rooms, we will have  
25 some suites in there, and some patio rooms for our

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1 customers to enjoy. As well.

2 I just wanted to highlight for you our  
3 community involvement that we have both at Lumiere  
4 and River City. Pinnacle team members are very  
5 active in the community via charitable causes, board  
6 memberships and community organizations, and I just  
7 wanted to show you 15 organizations that our team  
8 members donate their time or support for these  
9 causes, and we're very proud of what our team  
10 members do to be involved in the community, and we  
11 really have a sense of pride that, in Lumiere and  
12 River City, that they worked for them, a company  
13 that is really willing to be part of the community.

14 Now in addition to our focus on  
15 achieving our commitments from a development, as  
16 well as a community perspective, both River City and  
17 Lumiere have worked diligently to significantly  
18 improve our results in regards to W -- M/WBE  
19 procurement. As you can see from this slide, River  
20 City's M/WBE spend increased 121 percent in 2012  
21 compared to 2011, and Lumiere M/WBE spend increased  
22 by 64 percent year on year. We've been able to  
23 accomplish these results by not only increasing  
24 spend with the existing M/WBE vendors, but also by  
25 utilizing new M/WBE vendors, as shown in this slide.

0050

1 As you can see, in 2013, Pinnacle St. Louis, which  
2 is both River City and Lumiere, have already  
3 increased the number of W -- M/WBE vendors that we  
4 do business with by 50 percent year on year, which  
5 comes after a 60 percent increase the prior year.  
6 Now we're very proud of what would -- what our  
7 accomplishments are in regard to this, and I wanted  
8 to introduce today two vendors that we've worked  
9 with diligently to really partner with them and  
10 really help them grow their business, and they've  
11 been wonder vendors for us, and we're very proud of  
12 the business relationship that we've had, so I'd  
13 like to first have stand up Michael Orr, he is the  
14 President of Document Imaging Systems. Now  
15 Michael's company provides professional print  
16 services, document management, retail goods,  
17 promotional products, and printed collateral, and  
18 we've had a wonderful relationship with DIS and  
19 Michael since 2006. So we want to thank Michael for  
20 being such a wonderful vendor, and we're very proud  
21 of the partnership we have with him.

22 In addition, I'd like to introduce  
23 Edmund Brown, who's the President of ELP  
24 Enterprises. Thank you, Edmund. Edmund's company  
25 provides chemicals and janitorial supplies. Now

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1 what's great about Edmund is we met Edmund at our  
2 very first vendor fair that we hosted at Lumiere  
3 Place, and we've had subsequent vendor fairs in  
4 addition to that since then. And we met Michael,  
5 and since 2011 he's been a part of providing goods  
6 and services for us, and we're really proud of the  
7 relationship we have with Edmund, as well. So thank  
8 you both for coming today, and we're very proud of  
9 the relationship we have with you from that.

10 Now with that said, in regards to our  
11 efforts we've also been recognized for your M/WBE  
12 efforts in the community. And as a result of our  
13 efforts and success in growing M/WBE spend, both our  
14 company and our supply chain manager, Josh McCleod,  
15 and I'd like Josh to stand up, we're nominated in  
16 2012 for Corporation of the Year, and Buyer and  
17 Coordinator of the Year by the St. Louis Minority  
18 Supplier Development Council. Now we are very  
19 active with the Minority Supplier Development  
20 Council. As a matter of fact, Jeff Babinski, who is  
21 the general manager of Lumiere, is on that board,  
22 and today we have with us Jim Webb, who is the  
23 President and CEO of the St. Louis Minority Supplier  
24 Development Council, there's Jim over there. And he  
25 has been a huge advocate in supporting us in our

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1 efforts to grow our business from an M/WBE  
2 standpoint; and if it weren't for him, we would not  
3 have seen the success that we've had both at Lumiere  
4 and River City, so we thank Jim for that.

5           Now in addition for Josh's efforts in  
6 being recognized in the community, our company, to  
7 show you how important it is at Pinnacle  
8 Entertainment, recognized Josh for the Award of  
9 Excellence in 2012 for what he's done for our  
10 company in regards to growing M/WBE services. And a  
11 lot of what he has done from a leadership  
12 perspective, we've transposed to other properties in  
13 our company. And so he won the award for Pinnacle  
14 Entertainment excellence in 2012 for his efforts,  
15 which I think gives you an indication of how  
16 important this is to us, not only in Pinnacle St.  
17 Louis, but really as a company.

18           And lastly, I know that in 2010, and I  
19 believe this year, Josh has been asked to show his  
20 best demonstrated practices to other casinos in the  
21 state of Missouri about what we do from an outreach  
22 perspective to grow our, to grow our M/WBE results.  
23 And so he did that in 2012, and I believe Cheryl has  
24 asked him to do that this year, as well. All right,  
25 thank you, Cheryl.

0053

1                   So very good results, and we're proud of  
2 Josh and everything we've been able to accomplish in  
3 regards to that effort.

4                   COMMISSIONER DARRYL JONES: Excuse me,  
5 Neil.

6                   MR. NEIL WALKOFF: Yes.

7                   COMMISSIONER DARRYL JONES: And maybe I  
8 missed something in the presentation. You indicated  
9 that you had a 121 percent increase at River City,  
10 and a 64 percent at Lumiere. What was the total  
11 spend?

12                   MR. NEIL WALKOFF: Okay. So in 2011 at  
13 River City, the total spend was 3.2 million. We  
14 grew that to \$7 million. And at Lumiere our total  
15 spend was 3.7 million in 2011, and we grew it to 6.1  
16 million.

17                   COMMISSIONER DARRYL JONES: Okay, I'm  
18 sorry. Total spend of everyone. What was the total  
19 purchasing or total spend that you have for all  
20 vendors?

21                   MR. NEIL WALKOFF: Total spend for all  
22 vendors.

23                   COMMISSIONER DARRYL JONES: The total.  
24 Just the total. I mean the increase is one thing,  
25 but if you're telling me that, hey, if you spent

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1 \$100 million, and then we, you know, there was only  
2 \$6 million, that, that just doesn't sound right to  
3 me. What was the total?

4 MR. NEIL WALKOFF: Yeah.

5 COMMISSIONER DARRYL JONES: What was the  
6 total package?

7 MR. NEIL WALKOFF: Well, the way we look  
8 at it is we show it by percentage of total spend,  
9 which is on the next slide, and that's what I think  
10 you're looking at, what percentage of our spend  
11 occurred with minority women owned businesses,  
12 that's what you're looking for, but what was the  
13 percentage of minority women owned purchases  
14 compared to the total. So we, the way we look at  
15 that in the state is by percentage, correct Cheryl?  
16 And that's on our next slide, and I'll show that to  
17 you, okay?

18 COMMISSIONER DARRYL JONES: Okay.

19 MR. NEIL WALKOFF: So I think this is  
20 what you're looking for, Commissioner. So let me  
21 get, show you what the results are, okay?

22 Okay. So this is the slide I think  
23 you're looking for. So as you can see from the  
24 charts, we've made significant -- significant  
25 improvement has been made at both River City and

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1 Lumiere in regards to our percentage of spend via  
2 minority and women-owned businesses. I think this  
3 is what you're looking for. Although it is not  
4 looked at on a combined basis, if you look at  
5 quarter one of 2013, 53 percent of our spend in Q1  
6 in 213, 2013, came from M/WBE's at River City. So  
7 53 percent is the combined total of women and  
8 minority-owned businesses. And then if you look in  
9 the first quarter at Lumiere of 2013, 41 percent of  
10 all of our purchases at Lumiere in 2013 came from  
11 M/WBEs, I think that's what you're looking for is  
12 the percentage of total spend.

13 COMMISSIONER DARRYL JONES: I'm trying  
14 to find out the 41, where are you seeing the 41?

15 MR. NEIL WALKOFF: So if you take --

16 COMMISSIONER DARRYL JONES: I mean you  
17 got a lot of numbers on here, I'm trying to catch  
18 up.

19 MR. NEIL WALKOFF: That's okay, not a  
20 problem at all. So let's look at, if you look at,  
21 if you're interested in the 41. So if you look at  
22 where it says Lumiere, and it says minority-owned  
23 spend, in 2011 we're at 7.2 percent, and if you go  
24 all the way to Quarter 1, 2013, we're at 10.2. And  
25 if you look at women-owned spend, we were at 7

0056

1 percent in 2011, we're up to 31.3 percent. So if  
2 you add the 31.3, plus the 10.2...

3 COMMISSIONER DARRYL JONES: I got it.

4 MR. NEIL WALKOFF: -- you aggregate  
5 that, that's 40, that's over 40 percent at Lumiere  
6 in Q1 of '13. And then if you wanted to extrapolate  
7 that to River City and take the 29.7, you see that  
8 on the very right, and add that to the 23.3 percent  
9 of minority spend, that's over 53 percent. So what  
10 we did is we broke it out individually for you from  
11 a minority spend, and you can see the improvement.  
12 For example, at River City, we've gone from 5.8  
13 percent in 2011 of minority spend to 17.8 percent,  
14 to over 23 percent in '13 in the first quarter.

15 COMMISSIONER DARRYL JONES: Okay. Now  
16 the 492, is that -- that's 400, that's the total  
17 spend, right? For everyone. So it was, what's  
18 that, 40 -- 41 percent of the, of the 492?

19 MR. NEIL WALKOFF: Yes.

20 COMMISSIONER DARRYL JONES: Okay.

21 MR. NEIL WALKOFF: Okay? So as you can  
22 see --

23 COMMISSIONER DARRYL JONES: Wait a  
24 minute.

25 MR. NEIL WALKOFF: Oh, I'm sorry.

0057

1                   CHAIRMAN BARRETT HATCHES: So at River  
2 City, you're saying that 50, 50 percent of your  
3 total spend was with M/WBE.

4                   MR. NEIL WALKOFF: That's correct. In  
5 the first quarter of 2013. And as you can see, we  
6 have consistently -- if you look back from 2011  
7 forward, we continue to make improvement quarter  
8 over quarter. That is true.

9                   And as you can see, we started off,  
10 Chairman, at only 8 -- we started off at 4.5 percent  
11 M/WBE at River City, and now we're already up to 23  
12 percent spend. And then for women-owned we started  
13 off at 8 percent, and we're already up to 29.7  
14 percent. And so over 50 percent of our spend.

15                   So while we are proud of the improvement  
16 we've made, we continue to look at new opportunities  
17 to improve our spend with M/WBEs. And it's still  
18 going to be a work in progress, and we're going to  
19 continue to seek out vendors, and as you can see,  
20 we've had a huge increase in vendors, and we're  
21 never going to be satisfied until we continue to  
22 improve all along, and that's what it's all about.  
23 And we know back in 2011 this was a big priority for  
24 the State of Missouri and for River City Lumiere,  
25 and we think that we continue to make improvement

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1 and work very hard at it.

2 CHAIRMAN BARRETT HATCHES: And that  
3 number is 41 percent at Lumiere.

4 MR. NEIL WALKOFF: That is correct.

5 CHAIRMAN BARRETT HATCHES: Okay.

6 MR. NEIL WALKOFF: Okay. So if you go  
7 on to Page 31, this slide shows the percentage of  
8 spend for minority and women-owned businesses  
9 executed by Ameristar St. Charles and Ameristar  
10 Kansas City from 2011 to the first quarter of 2013.  
11 By sharing the best demonstrated practices executed  
12 by Pinnacle Entertainment, we believe improvement  
13 can occur at both of these properties, providing an  
14 example of how two companies can come together to  
15 learn from each other to improve an initiative that  
16 is important to us, as well as the State of  
17 Missouri. So this is an example of how we believe  
18 in the state, if we share our best demonstrated  
19 practices, we can improve the results of the two  
20 Ameristar properties, as well, like the results  
21 we've seen at River City and Lumiere.

22 CHAIRMAN BARRETT HATCHES: So just to be  
23 clear.

24 MR. NEIL WALKOFF: Sure.

25 CHAIRMAN BARRETT HATCHES: The numbers

0059

1 at Ameristar then are roughly 20 percent.

2 MR. NEIL WALKOFF: That is correct.

3 CHAIRMAN BARRETT HATCHES: St. Charles.

4 MR. NEIL WALKOFF: Yeah, yeah. If you  
5 like the 11.5 percent and 8.7, and you add those up,  
6 right, that's almost 20 percent.

7 CHAIRMAN BARRETT HATCHES: And 16 at --

8 MR. NEIL WALKOFF: And then you, and if  
9 you go to Ameristar Kansas City, the 8.4 plus the  
10 6.3. And I'm looking at the numbers on the right.  
11 And that's how you just total those up, okay?

12 COMMISSIONER DARRYL JONES: So it's  
13 about, at St. Charles it's about \$1.4 million,  
14 correct?

15 MR. NEIL WALKOFF: Yes.

16 COMMISSIONER DARRYL JONES: Okay. And  
17 maybe about 800,000 over in Kansas City.

18 MR. NEIL WALKOFF: Right. So you had  
19 asked us, Mr. Commissioner, how we can help in the  
20 state? We believe we can help in this venue. That  
21 with the success that we've had at River City and  
22 Lumiere, we can share best demonstrated practices to  
23 improve our record at these properties.

24 COMMISSIONER DARRYL JONES: I definitely  
25 want to see that improvement. Where's Jack?

0060

1                   Jack, we've had discussions on that,  
2 right? This is, this is a big one.

3                   MR. JACK GODFREY: Yes, sir.

4                   COMMISSIONER DARRYL JONES: I mean we  
5 definitely see, need to see improvement on that  
6 spend.

7                   MR. JACK GODFREY: Yes, sir.

8                   COMMISSIONER DARRYL JONES: Now will  
9 there be a time where you involve professional  
10 services on there?

11                  MR. JACK GODFREY: We look at it as a  
12 holistic number. So professional services does go  
13 into that number, but we continue to look for ways  
14 to improve the overall spend. And as you can see  
15 from Neil's presentation, at River City and Lumiere  
16 Place, we've seen steady growth over the last few  
17 years.

18                  And we have had many discussions,  
19 Commissioner, as you know, over the years, and we  
20 take it very seriously, and as you can see, we paid  
21 attention to this, and I think Neil and his team  
22 have done an excellent job and really positioned  
23 Pinnacle as what we believe to be the industry  
24 leader in the casino in the industry in Missouri in  
25 our MBE/WBE programs in spend.

0061

1                   CHAIRMAN BARRETT HATCHES: I'd just like  
2 to ask a question of staff. On, on the information  
3 that we're looking at that we're just discussing,  
4 are you comfortable with these percentages? Cheryl,  
5 I'm sorry.

6                   MS. CHERYL BONNER: Cheryl Bonner, M/BWE  
7 compliance. Yes. Except for the only thing I  
8 wanted to note was that the first quarter of 2013,  
9 the 50 percent has not been audited, but up through  
10 that point they have been audited, and those numbers  
11 are correct.

12                   CHAIRMAN BARRETT HATCHES: Okay. Thank  
13 you. And I certainly want to be sure we say to Neil  
14 and the rest of the team, certainly applaud the  
15 efforts that you're making. It should not go  
16 without saying that these numbers have really  
17 changed, and we appreciate that. I remember, maybe  
18 it was in St. Louis where we had the discussion a  
19 couple of years ago.

20                   MR. NEIL WALKOFF: Oh, we remember that  
21 discussion quite well, Mr. Chairman. And as you can  
22 see, this has become a top priority for us. And I  
23 will tell you, I think these numbers are markedly  
24 the best numbers in the state, and we'll continue to  
25 improve it. And we know it's a top priority for us

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1 as a company, and we know it's a top priority for  
2 you, and I hope that you will recognize the work  
3 that we've put in to make these numbers.

4 CHAIRMAN BARRETT HATCHES: And that's  
5 my, what my attempt is to tell you that we do  
6 recognize this.

7 MR. NEIL WALKOFF: Yep.

8 CHAIRMAN BARRETT HATCHES: Two things.  
9 One -- and we know that you will continue to grow  
10 these numbers, we expect that will occur, but  
11 absolutely, I don't want to call these numbers the  
12 bar.

13 MR. NEIL WALKOFF: Yes, sir.

14 CHAIRMAN BARRETT HATCHES: By which  
15 Ameristar should be measured up to. Because I  
16 expect this bar will continue to move. But there's  
17 certainly reason for us to have hope that you're  
18 going to move that bar a little bit faster at  
19 Ameristar, because you have now the success.

20 MR. NEIL WALKOFF: Yeah, we think that  
21 we've got a pretty successful formula now of how we  
22 can be aggressive and really from an outreach, and  
23 really Cheryl Bonner has been a big supporter, and  
24 as we've said, Mr. Webb has been a support, and we  
25 are confident that we can have improvement at the

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1 Ameristar properties once the acquisition occurs; we  
2 do feel that way.

3 CHAIRMAN BARRETT HATCHES: So good job.

4 MR. NEIL WALKOFF: Thank you very much.

5 COMMISSIONER DARRYL JONES: I'd like to  
6 echo what the Chairman said, as well, you know,  
7 that's a good job and significant improvement from  
8 our discussion, I guess it was in St. Charles where  
9 we had that discussion prior, and it's been a  
10 significant improvement on the, on the existing  
11 properties, so I'm hoping to see something,  
12 something great come out of the acquisition as we  
13 move forward on this. So --

14 MR. NEIL WALKOFF: We're confident that  
15 you will, Commissioner, and we know it's an  
16 important initiative, and we're going to put all of  
17 our effort to make sure that there is improvement at  
18 those properties.

19 CHAIRMAN BARRETT HATCHES: Final comment  
20 right now, and this is I want to be clear that  
21 while, while you have grown a lot and have done a  
22 tremendous job, I know that people all over the  
23 state who have probably tried to do work with you,  
24 and attempted to, so for those folks, I want to be  
25 clear that we're not saying that as a Commission

1 we're satisfied. I just want to say to you that  
2 you've done a wonderful job based on where you were,  
3 and we expect that you continue to do that.

4 MR. NEIL WALKOFF: And I hope you'll see  
5 that if you look at the chart, as well, you can see  
6 we did not take the path that we're satisfied, as  
7 well. We continue to improve every quarter over  
8 quarter and get better. And, you know, sometimes  
9 circumstances dictate we might be a little bit lower  
10 if we don't make purchases for a certain reason, but  
11 we are, this is an area that we intend to continue  
12 to work very hard to continually improve.

13 CHAIRMAN BARRETT HATCHES: One of the  
14 things that we hear a lot as a challenge is that  
15 there are so many goods and services and products  
16 that are purchased on a corporate level, and it's  
17 sort of hard to, at a local profit level, you know,  
18 bid those things out. Apparently you all have done  
19 it, and without digging down into where this spend  
20 is, apparently you guys have sort of cracked the,  
21 the code on that, and that may be worth sharing.

22 MR. NEIL WALKOFF: Yeah, we shared with  
23 you before, and I'll share with you some of our  
24 practices. Any bids over a thousand dollars in  
25 M/WBE has to be involved in the bid process. And we

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1 spoke before, you know, even at the point where we  
2 really wanted a set statement, you had even spoken  
3 to us about even if the bid was really close, that  
4 we wanted to make sure that, you know, we gave  
5 someone an opportunity to see, to grow that  
6 business, and we've done that, as well. So we've  
7 been very aggressive, and you can see by the  
8 increase in the number of vendors we use, this  
9 really is going to become a standard for us. And,  
10 you know, we even share these vendors with  
11 out-of-state casinos, as well, our casino in  
12 Belterra, River Downs, are going to execute some of  
13 the very vendors that we use in Missouri to benefit  
14 our entire company. So, you know, I'm going to  
15 share with you now, you know, it's a good segue into  
16 some of the things we do, and I will tell you  
17 several of these things we are including, the other  
18 casinos in the state to take the lead to show them  
19 how they can improve their outreach programs. And I  
20 know Cheryl's always asked, as I say, Josh to be a  
21 lead in that. And we have, I'll explain to you,  
22 like a lunch and learn session where Jim Webb and  
23 Josh, and we invite vendors to come in and explain  
24 what their goods and services are to not only gaming  
25 companies, but also nongaming companies, to expose

0066

1 them to see how it could help other companies in the  
2 community, as well. So we really try to expand it  
3 just beyond the gaming industry, as well.

4               So let me go into that. You know, one  
5 of the ways we've been able to expand our outreach  
6 and subsequently our M/WBE participation is through  
7 hosting of our vendor fair, which we're very proud  
8 of, which we think is a leading vendor fair for the  
9 gaming industry in the state. We've hosted two  
10 vend -- two fairs thus far, and the most recent one  
11 we held in November of 2012, and we had 81 total  
12 companies participate, 61 of which were minority and  
13 women-owned businesses. The vendor fair has built  
14 networking opportunities for companies seeking  
15 businesses, as well as procurement teams from other  
16 Missouri casinos and large corporations. So that's  
17 something that we're very proud of, and I know that  
18 Cheryl and Mr. Wilhoit will come, and they will attend,  
19 as well, and support that effort.

20               In addition to hosting the vendor fairs,  
21 we also utilize a variety of methods to further  
22 strengthen our commitment, such as I talked our  
23 lunch and learn sessions, making sure we accept,  
24 only accept bids, or accept bids or include bids of  
25 a thousand dollars that have to include M/WBE, so,

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1 and also really making sure that we can partner with  
2 these vendors to really help them by using their  
3 services even with our casinos out of state, as  
4 well.

5                   And in regards to our expansion, we  
6 don't stop there. We know that there's a goal of 19  
7 percent participation for the construction of our  
8 \$82 million expansion, and we are actively engaged  
9 and involved with managing the compliance of this  
10 related to the expansion, and Cheryl Bonner has  
11 been -- we've had a few meetings with Cheryl, as  
12 well, and I know it's time for another update, since  
13 our hotel will be opened in September, but we've  
14 kept her involved every step of the way in making  
15 sure we're in line with hitting that goal from a  
16 construction standpoint.

17                   Now post-merger with Ameristar.  
18 Pinnacle will continue to make partnering with M/WBE  
19 vendors a top priority, and will work diligently to  
20 adopt our practices at the Ameristar properties as  
21 we've discussed earlier.

22                   Now I want to talk about our diversity  
23 among our team members, as well. And as you can  
24 see, Pinnacle has a diverse employee base from a  
25 minority standpoint and a female standpoint. River

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1 City minority employment is consistently above 40  
2 percent, which exceeds our best efforts goal of 15.  
3 Also at River City our female employment is  
4 consistently above 40 percent, which exceeds our  
5 best effort goals of 5 percent. At Lumiere our  
6 minority employment is consistently above 55  
7 percent, which exceeds our best effort goal of 25  
8 percent, and Lumiere female employment is  
9 consistently above 40 percent, which exceeds our  
10 best effort goal of 5 percent. So we're very proud  
11 of the fact that we've been able to significantly  
12 exceed our goals at both Lumiere and River City.

13           And to break those demographics down a  
14 little bit more, you will see when you combine both  
15 Lumiere and River City, 70 percent of our team  
16 members are from Missouri, over 50 percent of our  
17 team members are minorities, over 43 percent of our  
18 team members are females, and that's consistent of  
19 the 2200 employees we have at both River City and  
20 Lumiere combined.

21           Now we also wanted to give you a  
22 breakdown of the Ameristar St. Charles and Kansas  
23 City demographics, as well, and as you can see on  
24 the slide, over 92 percent reside in Missouri, 36  
25 percent are minority team members, and 45 percent

0069

1 are female on a combined basis.

2 CHAIRMAN BARRETT HATCHES: Neil.

3 MR. NEIL WALKOFF: Sure.

4 CHAIRMAN BARRETT HATCHES: Do you have  
5 this broken down into the percentage at your  
6 leadership levels.

7 MR. NEIL WALKOFF: We do.

8 CHAIRMAN BARRETT HATCHES: Okay.

9 MR. NEIL WALKOFF: So I could give you  
10 that. So in River City, our minority leadership is  
11 21.6 percent, and our goal was 15; our female  
12 leadership percentage is 37.3 against the goal of 5  
13 percent; and at Lumiere, our minority leadership  
14 managers and above is 16.3 percent against the goal  
15 of 25, so we've made improvement, but we still have  
16 work to do, but our female leadership is at 38.8  
17 percent against the goal of 5 percent. So again,  
18 not exactly where we want to be at the Lumiere  
19 leadership, but clearly exceeding it significantly  
20 at River City. So on a combined basis, it's, it  
21 hits that threshold, but again, I'll give you an  
22 example of what we have done. I spoke to I think  
23 last year about a leadership program that we have  
24 had at Lumiere and River City to try to develop team  
25 members to be leaders in our organization, and we

0070

1 continuously focus on that, and 91 percent of our  
2 St. Louis managers at both Lumiere and River City  
3 have gone to the certification program, and 56  
4 percent of minority leaders have attended this  
5 training. So where we hope to see as we continue to  
6 develop these supervisors and managers to take on  
7 bigger roles, we play a role in that by giving  
8 training and development to these individuals, and  
9 we don't let them just rest on their own  
10 performance. We have a commitment to doing that,  
11 and we're proud to say that over half of our  
12 minority leaders which are supervisor and above are  
13 attending these trainings. So again, not satisfied,  
14 we continue to grow in that area and make  
15 improvement. As a matter of fact, Raina Stover is  
16 here today, she's our new compliance manager at  
17 River City. Raina?

18                   And so we continue to find candidates  
19 that are suitable for positions in our company.

20                   CHAIRMAN BARRETT HATCHES: Thank you.

21                   MR. NEIL WALKOFF: I just wanted to show  
22 you what we do to utilize multiple partnerships to  
23 expand our recruiting base of team members, and this  
24 is inclusive of minority candidates. And this slide  
25 provides you a list of organizations that we've

0071

1 worked with in regards to the recruitment of  
2 candidates for positions at both Lumiere and River  
3 City. And as you can see, it's quite an abundant  
4 list. And also, I want to show you what we do to  
5 partner not only with organizations, but colleges or  
6 universities, to facilitate internships and  
7 employment. And there is a similar program that  
8 exists at Ameristar Kansas City that we do not  
9 intend to change. We think it's the best  
10 demonstrated practices, and what our team members do  
11 is we've attended career fairs, presented to  
12 students and sat on panels to see if there's  
13 candidates, minority or otherwise, that could be  
14 good fits to be in the hospitality industry and  
15 become leaders at our properties.

16 So with that said, I'm going to turn it  
17 back over to Anthony Sanfilippo to conclude the  
18 presentation, unless you have any other questions.

19 MR. ANTHONY SANFILIPPO: Thank you,  
20 Neil.

21 CHAIRMAN BARRETT HATCHES: Oh, and  
22 thanks, by the way, Neil did a wonderful job in  
23 taking us around the property yesterday. And, you  
24 know, to be clear, I think there were a couple  
25 questions about our tour of the facility. We

1 actually toured that facility, because I had never  
2 been there, and it was appropriate, given the fact  
3 that we were right here in St. Louis to go ahead and  
4 do it, and we try to do it whenever we're out of  
5 Jefferson City, try to tour the properties, and so I  
6 wanted to clear up the question about, you know, why  
7 were we touring it, did it have anything to do with  
8 this discussion today or, and absolutely nothing.  
9 You know, when you hear the word coincidence, this  
10 is a perfect example. That's all it was. So thanks  
11 to Neil.

12 MR. NEIL WALKOFF: Hopefully the tour  
13 was helpful.

14 CHAIRMAN BARRETT HATCHES: It was very  
15 helpful, thank you. I'm sorry.

16 MR. ANTHONY SANFILIPPO: We -- no, we  
17 very much appreciated that you did take the time to  
18 tour the property, we believe that it's important  
19 for you to have a chance to look at all the  
20 properties. We would welcome the opportunity  
21 provide tours to the Ameristar properties in St.  
22 Charles and Kansas City and our River City property.  
23 We're very proud of them.

24 The quality of what you saw yesterday is  
25 the quality you would see at the other three

0073

1 properties. Ameristar and Pinnacle has been very  
2 much focused on, not only investing in people, but  
3 in the facilities, and I believe you hopefully saw  
4 the level of maintenance that, that we have done at  
5 that property, and that we have done at the other  
6 properties, as has Ameristar, is of very high  
7 quality. We are very much focused on protecting the  
8 investment, and we're going to talk a little bit --  
9 Neil spent a lot of time talking about making sure  
10 that you saw what our philosophies are and that  
11 we're committed to meeting our goals. Neil, as I  
12 mentioned, lives here, has a family, and I've known  
13 Neil for well over 20 years now, I knew Neil when he  
14 graduated from college in, at the University of  
15 Nevada in Las Vegas, and he is a terrific executive,  
16 and I was able to encourage Neil and have Neil come  
17 join Pinnacle Entertainment because he wanted to  
18 live in St. Louis, he wanted to raise his family  
19 here in this area. And so he has a young family,  
20 and we expect that Neil will be based here for a  
21 long time.

22                   The results that you saw are led by  
23 Neil, and supported by many people that, that Neil  
24 pointed out, but we are committed as a company not  
25 only in Missouri, but all jurisdictions, to meet and

0074

1 exceed what our commitments are. And we talk to  
2 folks about the kind of licensee we're going to be,  
3 we are committed to meet and exceed our commitments.  
4 And Neil, along with many others, but Neil leads the  
5 effort, has done a terrific job here in making sure  
6 that we're fulfilling what we commit to you that  
7 we're going to fulfill.

8                   The next line, we've talked a little bit  
9 about this earlier when I was here, as far as we  
10 fully expect that labor synergy will come at a  
11 corporate level. The best thing I can tell you  
12 about property levels is it's not our goal to reduce  
13 staff, our goal is to drive revenues for us to be  
14 able to have more guests come and see us, and for us  
15 to provide more opportunities to people. We will  
16 continue to be very diligent in managing these  
17 businesses the way we have to date, and the way  
18 Ameristar is managing these businesses. So there's,  
19 there is no planning going on, there won't be any  
20 planning going on that says, you know, how do we go  
21 in and change the organization structures or,  
22 that's, that's the best way for me to say it. The  
23 planning that's going on, and you're going to see it  
24 in some slides, is what can we do to grow our  
25 revenues here. And when we grow our revenues,

0075

1 everybody benefits, including those team members  
2 that are working within the facilities. That's,  
3 that's our focus is our ability to make these  
4 facilities more desirable to guests that want to  
5 come and use the facilities.

6           So if I may continue on to the next  
7 slide, and as I mentioned earlier, Rodney Crim is  
8 here, along with Otis and the, there's been  
9 questions about our financial commitments with  
10 Lumiere in the City of St. Louis, we have, we have  
11 met those, we're committed to concluding the  
12 commitments that we have made to the City of St.  
13 Louis. These are four different areas that we've  
14 made commitments to, the Arch grounds of \$5 million  
15 obligation, the National Blues Museum, we, we're the  
16 largest funder of the National Blues Museum that's  
17 being developed downtown. Hot spots really has to  
18 do with more additional police protection that we're  
19 helping to fund downtown, and then the Cherrick Lot  
20 is a lot that we've donated to, through the City to  
21 help develop green space. That's, so we -- every  
22 committed -- every commitment that we have made we  
23 have fulfilled, or we're in the process of  
24 fulfilling here in the state of Missouri.

25           Next page is how we're thinking about

0076

1 post-merger capital improvements. We are  
2 concluding, Neil talked about it, our River City  
3 Hotel. We expect that the hotel, itself, will open  
4 up we hope by Labor Day, and then on average the  
5 properties at St. Charles and Kansas City have an  
6 investment of about \$20 million into those  
7 properties, just to maintain those properties. We  
8 have a lot of square feet with all of our  
9 facilities, and you have to continue to make sure  
10 you're keeping things that wear out fresh, and then  
11 making sure that you're going in and, just like we  
12 did if you, you saw over at Lumiere there used to be  
13 a, a French Bistro that was now the Stadium. When  
14 we came in that was a -- when I joined the company,  
15 the question was what do our guests do if they want  
16 to watch sporting events? And the answer was  
17 there's not a place for them to watch sporting  
18 events, and so we completely gutted that space and  
19 turned it into the Stadium. The concept, the very  
20 first Stadium concept, and we're now developing our  
21 fourth in our company. And so it is a, it's a space  
22 that gets used quite a bit, a lot of people come  
23 there, and they, they don't gamble, they just come  
24 there because they want to come downtown, and they  
25 like our food and want to watch sports. So we are

0077

1 committed to continue to keep all of our locations  
2 fresh and relevant to attract guests into the  
3 facilities.

4                   The question came up last time, and I,  
5 if you recall when we were with you in March we  
6 spent a lot of time talking about the brands. We  
7 will not change the brands that we have. Our  
8 company, Pinnacle Entertainment, is not a, a name  
9 that gets used throughout our organization, except  
10 for corporate reasons. Our guests know us as River  
11 City, our guests know us as Lumiere, our guests know  
12 the Ameristar properties as Ameristar Casinos,  
13 whether it's in Kansas City or in St. Charles. The  
14 common element will be our loyalty program that  
15 will, you could use -- we're going to merge our two  
16 loyalties cards, you'll see a slide on that in a  
17 second, and what we will have throughout the United  
18 States, our guests will get this, the same benefits  
19 plan, whether it's here in Missouri, or if they're  
20 going to play in Iowa, or at our Belterra property  
21 in Florence, Indiana, it will be a universal card  
22 loyalty program that we're pretty proud of. And  
23 you're going to see a slide that just shows what we  
24 believe the power of that has been in generating  
25 additional revenue. But the brands will stay the

0078

1 same. We won't change the name of the brands. We  
2 don't have one brand. Pinnacle Entertainment is not  
3 the name of any one property. We, as you saw from  
4 the slides that show the photos for the properties,  
5 we have a collection of properties that, again, are  
6 woven together through our loyalty program.

7           Each one of our properties are a little  
8 bit different. When you look at the properties that  
9 we have in the portfolio here in Missouri, I'm going  
10 to take you through each property and just highlight  
11 it. Ameristar St. Charles again, which is a  
12 beautiful flagship property, has a regional focus.  
13 The, it really is, Ameristar has a focus on more  
14 slot centric, you'll see a lot of advertising with  
15 the Ameristar properties that are focused on the  
16 slot side. In most casinos, Ameristar is no  
17 different, nor is our company, that a lot of the way  
18 we communicate with our guests are through direct  
19 mail offers. You'll see advertising, that's just an  
20 awareness part, but it's really we know who our  
21 guests are through our loyalty program, and we'll  
22 communicate a lot through the mailbox.

23           The amenities in St. Charles, and again,  
24 if you haven't seen that, we would love for you to  
25 see this property, almost 400 suites, eight

0079

1 different restaurants, quite a bit of meeting space  
2 that's there, a very large casino, you see photos of  
3 that, and a full service spa. That is part of that  
4 property. It really is a regional resort  
5 destination.

6                   And the next slide on slide 48, just  
7 highlights just some of the image advertising for  
8 the property.

9                   Slide 49 is Ameristar Kansas City.  
10 Ameristar Kansas City is very much focused on the  
11 Kansas City market. Again, very similar as the St.  
12 Charles property focused on slots, and primarily  
13 does advertising very much the same way. That is a,  
14 it's a sister property to the property that's here,  
15 less hotel rooms, 184 hotel rooms, seven dining  
16 options, there's meeting space there, but it also  
17 has a movie theatre, it has an event center for  
18 concerts that's there, and also a very large parking  
19 garage.

20                   Here, the newest property, River City,  
21 we've continued to develop it, we have, we have  
22 marketed this a bit separate from the Lumiere  
23 property, we believe it complemented the Lumiere  
24 property. That property, itself, and again, it's a  
25 spectacular property, has over 2000 slots, 48

0080

1 tables, and 14 poker tables, one of the nicest poker  
2 rooms that's anywhere that you would find. And we  
3 do have there five dining options, and we just  
4 opened up an event center in June, and then as we  
5 have mentioned to you, our guest rooms are going to  
6 open up in September of 2013, so coming up. And we,  
7 that's a total investment, and that we're completing  
8 about \$82 million on that project. And we were,  
9 we're very much focused on using local folks,  
10 contractors, subcontractors for that project.

11 Our brand positioning there again is we  
12 play off the word city, best city in St. Louis, and  
13 again, you can see it has a different feeling than  
14 the other properties.

15 COMMISSIONER DARRYL JONES: And I have a  
16 question. So, this is great, and I want to kind of  
17 go back to the W/MBE participation or expectations.  
18 Will there be opportunities -- because you have a  
19 lot of marketing -- will there be opportunities for,  
20 and this gets into that professional services again,  
21 will be there be opportunities for minority or  
22 women-owned marketing or advertising folks to  
23 participate in this? Because I think if I'm not  
24 mistaken you had mentioned earlier about doubling  
25 your marketing. So that means there may be some

0081

1 opportunities to engage women and minority marketing  
2 firms to assist. Will there -- will those  
3 opportunities --

4 MR. ANTHONY SANFILIPPO: Well, first on  
5 the marketing, from the standpoint of doubling the  
6 marketing, if I said that that was not the intent  
7 that we would double the marketing, we're doubling  
8 the number of properties that we have, and so we're  
9 going to have throughout the United States 16  
10 properties. From a marketing standpoint, we do it  
11 both through image, we've shown you last time, if  
12 you remember, we showed you television commercials  
13 that we have. We also do it through direct mail and  
14 image advertising, bill boards, newspaper ads. So  
15 we, we I don't believe will double the marketing,  
16 but to answer your question on, on participation.

17 COMMISSIONER DARRYL JONES: Yeah, will  
18 there be opportunities? Josh.

19 MR. JOSH McCLEOD: Yeah, there will be,  
20 with the additional.

21 MR. ANTHONY SANFILIPPO: Can you give  
22 your name, please?

23 MR. JOSH McCLEOD: This is Josh.

24 MR. ANTHONY SANFILIPPO: And Josh is  
25 working directly with local businesses, so he's

0082

1 better equipped on this one.

2 MR. JOSH McCLEOD: Good morning. Josh  
3 McCleod, Supply Chain Manager for Pinnacle St.  
4 Louis.

5 As far as the marketing goes, there will  
6 be additional opportunities just with the additional  
7 volume. Currently talking about our database mail,  
8 the vast majority of that is we use minority owned  
9 companies for that service.

10 MR. NEIL WALKOFF: Also promotional  
11 items.

12 MR. JOSH McCLEOD: Oh, and also  
13 promotional items. I can say almost 100 percent of  
14 our promotional items that we use for marketing come  
15 from minority-owned companies. So the answer to  
16 your question is yes.

17 COMMISSIONER DARRYL JONES: Okay.

18 MR. ANTHONY SANFILIPPO: Thank you,  
19 Josh.

20 And again, Josh is our man here on point  
21 that oversees all of our procurement here in St.  
22 Louis.

23 Let me just touch on the loyalty  
24 program. And we talked about this back in March  
25 when we were together. We really believe our

0083

1 loyalty program is very powerful, we believe  
2 Ameristar has a very relevant loyalty program, we  
3 will combine both loyalty programs, and they will,  
4 we plan on, we roll out, both of us fill out our  
5 loyalty program yearly in April, so we'll roll out a  
6 combined program. If you just look at Lumiere Place  
7 and River City, if you look at April of 2010 to  
8 April of '11, our total revenues was \$344 million.  
9 If you look post that, after we rolled out our new  
10 loyalty program, we saw an increase of over 7  
11 percent. When the State continues to see fairly  
12 stagnant revenue changes right now, we believe that  
13 our loyalty program helps bring in people from out  
14 of the country, out of the state into the state. We  
15 believe that helps, and we also believe that we have  
16 the best loyalty program that there is in, in our  
17 industry. And so part of the question, you know,  
18 what is our company, what's Pinnacle doing to help  
19 the state, we believe because of how we manage our  
20 business and for a lot of examples that we're very  
21 much focused on growing revenue. We're very much  
22 focused on bringing guests in from other properties  
23 to enjoy, whether it's going to be at St. Louis or  
24 it's going to be in Kansas City, and that's, that's  
25 how we've facilitated the use of the properties that

0084

1 we have today. And we think that the loyalty  
2 program is a, a strong reason why people play with  
3 our properties. And you can see from revenue  
4 increases over periods of time that that somewhat  
5 bears that out.

6                   Let me tell you a little bit more about  
7 our My Choice program. We launched it in April of  
8 2011. Where our top of the tier, which we call the  
9 Owners' Club, we did the actual kickoff at Busch  
10 Stadium, we had dinner on the field, and we had a  
11 wonderful evening. Some of the benefits that they  
12 receive is if you qualify for an Owners' Club, you  
13 get 100 shares of Pinnacle Entertainment stock, the  
14 only company I know that does that anywhere, that  
15 provides our best guests with a grant of the stock,  
16 that's why the name Owners' Club. We also lease to  
17 them their choice of one of four Mercedes Benz for a  
18 year. All they have to pay is their personal  
19 insurance on that. It's pretty appealing for  
20 someone to be able to have the opportunity for that.  
21 They also, in addition to what I'm telling you, can  
22 take a trip to the Atlantis Casino in the Bahamas.  
23 We have a relationship with Wynn in Las Vegas, and  
24 that's our host facility in Las Vegas. We don't  
25 have a hotel casino in Las Vegas, nor does

1 Ameristar. We, we struck a couple years ago a  
2 relationship with the Wynn Resorts, it's, I think  
3 it's the nicest hotel casino in the world, and they  
4 treat our guests like they would treat their own  
5 guests, there's a special line to call, et cetera.  
6 So we said that we know guests who play our casinos  
7 go to Las Vegas or want to, and one of the things we  
8 heard is we wish you had a place in Las Vegas, and  
9 we developed the relationship with Wynn.

10 Ameristar, after we had implemented  
11 this, did the same thing with the MGM Properties,  
12 and we will, by next year when we roll out the  
13 program look at having a relationship with either  
14 the MGM Properties or with Wynn, but we've been very  
15 pleased with Wynn and how they've taken care of our  
16 guests and how appealing it is for guests to be able  
17 to go and stay at the Wynn or Concord. And we also  
18 have a relationship with Royal Caribbean  
19 International.

20 We believe that people who come to our  
21 facilities, they come there because they have  
22 available time, they want an experience, that's  
23 their form of recreation; we also believe that they  
24 would find appealing doing other things, whether  
25 it's going to a Cardinals game, going to the Rams

1 game, we have suites at both of those facilities,  
2 and we, we when named entertainment comes into town,  
3 we buy large blocks of tickets and invite guests for  
4 them to go to see the different concerts, and  
5 there's terrific entertainment that comes into St.  
6 Louis. So we look at it as an experience when  
7 someone comes to one of our properties, and it may  
8 be sports, it may be entertainment, it may be  
9 something different, but we look at trying to help  
10 facilitate that experience for our guests.

11           And again I mentioned that we're going  
12 to be combining the programs, we haven't come up  
13 with what we'll call them, but we absolutely take  
14 the best of both.

15           This is just showing you another way  
16 that we reach out throughout the United States is  
17 through two methods. One, we have branch offices  
18 where there are actually team members of Pinnacle  
19 Entertainment, and just to note a couple of them, we  
20 have a branch office in Chicago. So we have a, an  
21 office there where we have personnel that's actually  
22 has relationships with people who we know like to go  
23 to the casinos, and so if the Cubs are coming to  
24 play here in St. Louis, in fact, we've used the Four  
25 Seasons as the host hotel, we'll host guests there

0087

1 at the Four Seasons, take them to a game. And so  
2 we've looked to, we have a branch office that is in  
3 Houston, we have a branch office that is in San  
4 Antonio, Texas, and we help facilitate people who  
5 may be in those communities that we know like to  
6 play casinos to come to the different facilities.  
7 So when again, you say what are we going to do to  
8 drive revenue, or how are we going to benefit  
9 Missouri, that's the way that we do that, we  
10 actively look to bring people to our properties.

11           Then the other thing that we do is we  
12 have independent agent networks. So we have  
13 relationships they have to get licensed with  
14 independent agents, maybe a husband and wife who's  
15 in Charlotte that they have relationships with  
16 guests, and they will facilitate trips, we'll pay  
17 them a fee to facilitate trips to our properties.  
18 And the properties that we have in Missouri are all  
19 quality properties, and we help facilitate folks  
20 coming in here to enjoy both the property, as well  
21 as what St. Louis or Kansas City has to offer.

22           We really, when people say well, what  
23 about, how do you think about slot and table game  
24 mix. I really look at the general manager of a  
25 property, whether it's Jim or Sean or Neil, as the

0088

1 CEO of that property. They know better what our  
2 guests want, because they're there with the guests  
3 on a regular basis, and they're making the decisions  
4 on, you know, what should our mix be of games, what  
5 tournaments should we have here, how do we attract  
6 as they work closely with the corporate resources,  
7 but we really look for each one of the property  
8 general managers to help facilitate whatever we're  
9 going to do at a property. If we're going to change  
10 a restaurant concept. When I joined the company  
11 three and a half years ago, the concept that we had  
12 that was a French bistro, the first thing that the  
13 general manager said is we really need something  
14 that appeals to the everyday person in St. Louis,  
15 most guests don't want to go to a French bistro, and  
16 that's what then made us develop the concept of the  
17 Stadium. And st. Louis is a great sports town, and  
18 as you saw, there's a lot of photos there that are  
19 of legends from St. Louis. We've done that same  
20 concept, as I mentioned, three other places, that  
21 you would have photos there of legends from whatever  
22 the community it's in, Baton Rouge is one, the  
23 Cincinnati area we've developing two right now.

24                   And then finally, our company will be a  
25 much different, better, stronger company as a result

0089

1 of this transaction. And you can see numbers that  
2 we've put together just to, and I'll just point out  
3 a few will have 72 total restaurants, which, in  
4 itself, if you just looked at our restaurants, would  
5 be a good size restaurant company, but we'll have 72  
6 restaurants throughout our company. So from a  
7 culinary standpoint, how we manage, how we develop  
8 people in food and beverage is pretty critical  
9 because of the size restaurant business that we're  
10 going to run.

11 We'll have 11 hotels, we'll have two  
12 race tracks, we'll have right at 15,000 team  
13 members, 21,000 slot machines, and then you can see  
14 the locations that we have throughout United States.  
15 So we, we will go from what would be considered a  
16 mid to small size gaming company to what would be  
17 considered one of the largest at least regional  
18 gaming companies. And if you looked at top five,  
19 top six gaming companies in the United States, we  
20 would be Number 5 or 6 in the United States, next to  
21 large properties like Caesar's Entertainment, Wynn,  
22 MGM.

23 And again, when you ask the question  
24 what does it mean for Missouri, I hope we've been  
25 able to answer that it means you're going to have a

0090

1 company committed here in Missouri, that Missouri is  
2 important to us, Missouri is a vital state for us,  
3 that we're, we're meeting and exceeding what, what's  
4 been asked of us, and we're not stopping. We're  
5 continuing to be better at what we do, that we have  
6 invested collectively as two companies over \$2  
7 billion here. And you saw the numbers that were  
8 presented, we are a significant contributor to  
9 Missouri, and we're excited about this opportunity  
10 to continue to grow our company, and we're committed  
11 to be a great license holder of the State of  
12 Missouri.

13 That really concludes the slides and  
14 prepared discussion, and as I pointed out at the  
15 very beginning, we have a number of people here who  
16 are qualified to answer questions that, that you may  
17 have, and we would greatly appreciate your  
18 consideration to approve our contract.

19 CHAIRMAN BARRETT HATCHES: Thank you.  
20 Are there other people who are going to make  
21 presentations or...

22 MR. ANTHONY SANFILIPPO: No.

23 EXECUTIVE DIRECTOR STOTTLEMYRE: I  
24 believe Mr. Otis Williams from St. Louis City is  
25 going to make a presentation.

0091

1                   MR. OTIS WILLIAMS: Thank you very much,  
2 and to the Chair and the Commissioners, I'm Otis  
3 Williams with St. Louis Development Corporation, the  
4 Executive Director, I'm replacing Rodney Crim, who  
5 is moving to a regional organization, actually he's  
6 moving to be President of the St. Louis Economic  
7 Development Partnership, which is a combined  
8 organization with St. Louis County Economic Council,  
9 so. Along with Rodney, who's here today, he's been  
10 the face of the City to the Commission in the past,  
11 and I will be in the future, but I have along with  
12 me Jim Mellow, who is our counsel with Armstrong  
13 Teasdale, Leslie Mitchell DeAnthony, who is our  
14 inhouse counsel at St. Louis Development  
15 Corporation, and I believe Ivie Clay is here, who is  
16 our PR person. Ivie, raise your hand. Stand up, I  
17 guess.

18                   What I'm here today, and I believe you  
19 may have in front of you is a copy of a letter from  
20 Mayor Slay, and I'm representing the Mayor here  
21 today to provide you with input from the City as  
22 regards to the transaction that you're considering  
23 today. As -- so what we did was, what the Mayor did  
24 is to prepare a letter that obviously went to, to  
25 Roger and we provided a copy to you. The City of

1 St. Louis has been informed that Pinnacle  
2 Entertainment has reached an Agreement in Principle  
3 with the Federal Trade Commission, that subject to  
4 negotiation of a Consent Order, the FTC will permit  
5 Pinnacle Entertainment to acquire Ameristar Casino.  
6 The FTC Consent Agreement provides that Pinnacle  
7 Entertainment divest itself of an existing casino in  
8 the St. Louis metropolitan market, and that Pinnacle  
9 Entertainment has chosen to pursue the divestiture  
10 of the Lumiere Place Casino and related assets in  
11 the downtown St. Louis area subject to gaining  
12 regulatory approval.

13           The City has been pleased with the  
14 construction and operation of Lumiere Place and  
15 Pinnacle's performance under its development  
16 agreement, dated April 22nd, 2004, as amended. The  
17 City's primary concerns with the proposed  
18 divestiture of Lumiere Place by Pinnacle are as  
19 follows: That timely actions are taken by Pinnacle  
20 to identify and complete the sale of all Lumiere  
21 Place and all related assets to a qualified buyer  
22 having the demonstrated experience and resources to  
23 be highly competitive in the St. Louis metropolitan  
24 market.

25           That sale of the Lumiere Place and

1 related assets include assignment of the  
2 redevelopment agreement and all obligations therein  
3 to the qualified buyer under terms and conditions  
4 with appropriate security provisions reasonably  
5 acceptable to the City.

6           That the qualified buyer demonstrate a  
7 commitment to the citizens of the, of St. Louis in  
8 terms of achieving and maintaining M/WBE goals,  
9 community involvement by owner and its employees,  
10 and succeed in keeping Lumiere Place as a major  
11 asset to the City and to gaming in the state of  
12 Missouri.

13           That once a qualified buyer has been  
14 identified by Pinnacle and supported by the City,  
15 the FTC and Missouri Gaming Commission take steps  
16 necessary to expedite the sale and licensing of the  
17 qualified buyer, thus minimizing the whole separate  
18 time period as set forth in the FTC Consent  
19 Agreement.

20           Please, the Mayor is asking that you  
21 feel free to contact me as the Executive Director,  
22 and if you have any concerns or questions regarding  
23 this letter that he has provided to you.

24           Thank you for allowing us time, or me  
25 time to present this to you, and if you have any

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1 questions of us, I'd be happy to answer them.

2 (No questions.)

3 MR. OTIS WILLIAMS: Thank you.

4 CHAIRMAN BARRETT HATCHES: Thank you.

5 EXECUTIVE DIRECTOR STOTTLEMYRE: Mr.

6 Chairman, I believe it would be appropriate at this

7 time if we had other comments from the public.

8 CHAIRMAN BARRETT HATCHES: Yes, sir. I

9 think Mike.

10 MR. MICHAEL COLLINS: Michael Collins,

11 President and CEO of the Port Authority of Kansas

12 City.

13 Good morning, Chairman Hatches and

14 members of the Commission.

15 COMMISSION MEMBERS: Good morning.

16 MR. MICHAEL COLLINS: My name is Michael

17 Collins again, President and CEO Kansas City Port

18 Authority. As you are aware, the Kansas City Port

19 Authority is a political subdivision of the State of

20 Missouri whose authority is along the riverfront,

21 and much of the property along the riverfront, as

22 well. For many years the Kansas City Port Authority

23 has a great working relationship with Ameristar

24 Casino, and we look to continue that relationship,

25 both on a community and corporate partnership level

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1 on many facets of what they've done and what they've  
2 achieved. Two issues of itself are the Town of  
3 Kansas Bridge overlook, which overlooks the Missouri  
4 River in the Kansas City, Missouri -- or River  
5 Market area, as well as the Richard L. Berkeley  
6 Riverfront Memorial Park -- or Riverfront Park, it's  
7 not Memorial yet.

8                   They've played a significant role in  
9 making sure that we all work with M/WBE vendors in  
10 Kansas City. Troy Stremming, their Executive  
11 Vice-president of Government Relations, serves on  
12 the Mid America Business, Minority Business Supplier  
13 Council. We work with, I know Victor goes to a lot  
14 of the Economic Advancement Fund meetings, which is  
15 designed to give grants and loans to minority and  
16 women-owned business startups, as well as  
17 organizations such as the Urban League that are  
18 providing M/WBE, or sorry, MBE/WBE opportunities for  
19 future growth and development in Kansas City. We've  
20 seen them as a great partner. We hadn't had a  
21 chance prior to I believe earlier this year to  
22 discuss with Pinnacle Entertainment, because they  
23 weren't on the Kansas City side; however,  
24 Mr. Sanfilippo and myself have had conversations  
25 with regards to the impact for Kansas City and what

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1 does that mean, what does it mean to -- we've asked  
2 some of the same questions, what does it mean to  
3 MBE/WBE vendors. What does it mean to the culture  
4 of Kansas City. That's very important. One thing  
5 that really struck a cord with me was Mr. Sanfilippo  
6 asking me questions of what is important to Kansas  
7 City and how we should keep those within their  
8 coordination and core values. That's something that  
9 you don't normally hear in a lot of private industry  
10 within the activity. That was important to me, and  
11 that's something that has stuck with me since our  
12 meeting, so I definitely appreciate that, and we are  
13 in support because we understand that competition is  
14 great in the Kansas City area, especially with  
15 Kansas market. We watch that very closely, because  
16 obviously we, there are economic, social and  
17 corporate impacts of the casino market in Kansas  
18 City, but it's important to us that we understand  
19 what is viable and what is practical. And  
20 understanding that there is competition in Kansas  
21 City, and we have, we want to see and be on the  
22 winning edge, I'll be very honest with you.

23                   So thank you for your time, if you have  
24 any questions, I'll be free to answer them.

25                   CHAIRMAN BARRETT HATCHES: Thank you.

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1 Maybe my question for you and Mr. Williams probably,  
2 as relates to MBE/WBE participation with the  
3 properties. As vendors come to you with questions  
4 about accessing opportunities with these properties,  
5 do you have any thoughts and concerns, or what's  
6 your response to them? And Rodney probably also.

7 MR. MICHAEL COLLINS: Well, our response  
8 has been they've actually provided us companies to  
9 talk to and see if the Economic Advancement Fund  
10 would actually fit their needs. We want to see not  
11 only just the number of minority and women-owned  
12 businesses be created, but we want to see them  
13 sustainable, and we want to see them grow. And  
14 that's what we've been working with Ameristar for  
15 for quite some time since I've been the President of  
16 the Port Authority. We want to see them grow, we  
17 want to see them be able to understand the  
18 parameters of working with a larger corporation, we  
19 want them to have more revenue, but we also want to  
20 see more of those MBE/WBE companies be created. But  
21 our goal for the Economic Advancement Fund, I'm  
22 speaking on their behalf, is we want to see them  
23 grow, as well, and grow within their markets that  
24 they have a possibility to even do more business  
25 with and have the capacity to do more business with

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1 Ameristar.

2 MR. OTIS WILLIAMS: And in the City  
3 we've been very happy with what Neil and his team  
4 has done thusfar, and, but we'd also like to see it  
5 continue to grow. And so as he's showing his chart,  
6 obviously we'd like to see that continuing to go up.  
7 Well, I guess that will continue to go up,  
8 obviously. We were appreciative of what he had  
9 done, and so for the new buyer obviously we'd like  
10 to see that continue.

11 But what we had -- I think from our  
12 viewpoint, we had a great relationship, or at least  
13 our, one of our team members Howard Hayes on our  
14 staff who's focused on minority and women-owned  
15 business participation, has worked with Neil and I  
16 believe Josh on our team to, to work through some of  
17 the issues related to that, and so I think together  
18 they've made the opportunities, make people aware of  
19 opportunities within that realm, and so I think that  
20 we've seen this be a win/win for our city thus far.

21 MR. RODNEY CRIM: Rodney Crim, I just  
22 echo.

23 CHAIRMAN BARRETT HATCHES: This may be  
24 your last shot.

25 MR. RODNEY CRIM: No, that's good.

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1                   CHAIRMAN BARRETT HATCHES: Thank you.

2 Thanks, Mike.

3                   MS. JACQUELINE WELLINGTON: Good

4 morning.

5                   COMMISSION MEMBERS: Good morning.

6                   MS. JACQUELINE WELLINGTON: Thank you

7 for giving me an opportunity to speak to you this

8 morning about Pinnacle's relationship with St. Louis

9 County. My name is Jacqueline Wellington, I am the

10 Execute Vice-president and Chief Operating Officer

11 for the St. Louis County Economic Council. I'm the

12 other part of the St. Louis Economic Development

13 Partnership that we'll be putting in place very

14 shortly.

15                   As you've heard morning, St. Louis

16 County has had a very strong relationship with

17 Pinnacle and all of our partners here since, since

18 probably 2004. I, personally, have been involved

19 with them since 2004. We've worked with them to

20 develop the River City Casino in the Lemay community

21 of unincorporated St. Louis County. We had a lot of

22 obstacles to overcome in order to make that project

23 come to fruition, including environmental

24 remediation issues, flooding issues, as well as the

25 fact that there really wasn't a good access to the

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1 property that they intended to build a \$357 million  
2 complex on. So we developed a very strong working  
3 relationship based on mutual trust, understanding,  
4 and us being able to work very innovatively together  
5 to make that come to fruition.

6                   As you've heard this morning, Pinnacle  
7 has fulfilled all of its commitments under our Lease  
8 and Development Agreement, including the  
9 contribution of \$5.1 million to the Port Authority  
10 of St. Louis County in order to construct a  
11 community facility for the residents in Lemay area.  
12 Most importantly, they paid their rent on time. And  
13 they paid it all. And the reason that's important  
14 is because the Port Authority made a commitment when  
15 they executed the Lease and Development Agreement  
16 with Pinnacle to basically reinvest all of those  
17 proceeds that they were receiving back into St.  
18 Louis County. The original commitment has been 75  
19 percent of it would go back into the Lemay  
20 community, which is where the River City Casino is  
21 located, and then other 25 percent we were going to  
22 allocate to other parts of St. Louis County. To  
23 date, we have committed over \$31 million in funds to  
24 a number of, a whole range of projects around St.  
25 Louis County. In the Lemay community we've really

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1 focused on removing derelict buildings, getting rid  
2 of some of the nuisance properties that are there,  
3 we're in the process of doing a major infrastructure  
4 project, street safe project, that will include --  
5 improve all of the areas around the access roads  
6 leading into the casino. We've provided funding to  
7 Housing Partnership Development Corp. to provide new  
8 housing, provide home improvement programs, we've  
9 provided a lot of founding to a number of veteran  
10 related organizations to make improvements to  
11 facilities they have at the Jefferson Barracks  
12 grounds down the street from there. In addition to  
13 that, we've created a seed fund for bioscience and  
14 IT companies in order to help to grow businesses  
15 throughout St. Louis County. We have provided  
16 funding create a boys and girls club in you one of  
17 our communities, we've provided fund to create a  
18 community development organization in north St.  
19 Louis County in order to start to address some of  
20 the housing problems that are there, and we also  
21 were successful in securing some federal funding to  
22 do an expansion of the county's training facility,  
23 and we used a portion of the funds that we received  
24 from, from Pinnacle to help us to secure those  
25 fundings to provide more training programs for

0102

1 unemployed and underemployed people throughout the  
2 St. Louis region, because it's a regional training  
3 facility.

4                   Our working relationship with Pinnacle  
5 has been very strong. They've been a very good  
6 community partner, they've worked with all of the  
7 organizations throughout Lemay, the Child and Family  
8 Center, Missouri Civil War Museum folks, Housing  
9 Partnership, Development Corp., all of the  
10 organizations, they have assisted them with fund  
11 raisers and a number of other things. They also  
12 support the Economic Council's annual meeting every  
13 year, which is come up on September 10, that was a  
14 public service announcement. But basically our  
15 relationship with them has been very good. We  
16 appreciate their involvement, and we appreciate  
17 their commitment to the community, and we look  
18 forward to continue to work with them in the future.  
19 Be happy to answer any questions.

20                   CHAIRMAN BARRETT HATCHES: That's a lot  
21 of information. Thank you. Really appreciate that.  
22 She should be on the team. Others? Other comments?

23                   (No comments.)

24                   CHAIRMAN BARRETT HATCHES: Okay. What  
25 about questions from the Commission to --

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1 EXECUTIVE DIRECTOR STOTTLEMYRE: You're  
2 welcome to ask questions of anyone.

3 CHAIRMAN BARRETT HATCHES: Questions  
4 from the presentation for Pinnacle or Ameristar?

5 (No questions.)

6 EXECUTIVE DIRECTOR STOTTLEMYRE: Mr.  
7 Chairman, if there are no questions or no further  
8 presentations, we do have the opportunity now to go  
9 into a closed meeting, if that's your wish.

10 CHAIRMAN BARRETT HATCHES: Can we talk  
11 about just the process for a second?

12 EXECUTIVE DIRECTOR STOTTLEMYRE: Yes,  
13 sir.

14 CHAIRMAN BARRETT HATCHES: Just from a  
15 process standpoint, we're here today to listen to  
16 the presentation, ask and answer -- get questions  
17 answered, to hear from the public, and I think that  
18 has gone extremely well, I certainly want to  
19 compliment you and your entire team for putting  
20 together a very wonderful presentation. I think  
21 that I just want you to know that means a lot to us  
22 to get the information. Not only get the  
23 information, but in the manner in which you've  
24 presented it, we really appreciate that.

25 As, as a commission, I can tell you that

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1 we didn't come here with a decision already made, we  
2 have not discussed, you know, any, any part of --  
3 you know, we haven't discussed this, a decision. So  
4 our plans now are to go into a closed session and  
5 with all of our commissioners and staff, have  
6 discussion with, among that group, and I cannot tell  
7 you as we sit here today that we're coming out of  
8 this closed session with a decision about which way  
9 we're going to go with this. So I don't want anyone  
10 to assume that this process, as well as you would  
11 like for it to be concluded by the end of the day  
12 with a decision from this commission, I just want to  
13 be clear that that's not the process. We're going  
14 to discuss it, and I, I'm a member of this  
15 commission, I have no idea where we're going to land  
16 on this thing. Or when. So I just want to be clear  
17 about that. And I think it's important that, that  
18 you all know, certainly from my position as Chair,  
19 the one thing that, that I want to make sure of and  
20 as a commission we want to make sure of is that we  
21 have a very transparent process here. We have not  
22 had any discussions outside of the public, and we  
23 don't intend to, we're going to make our decisions  
24 based on everything that the public knows, as well  
25 as what we know, and during this closed session I'd

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1 ask certainly for Counsel and Roger to make sure  
2 that you all are at least available to answer any  
3 questions that we might have through Roger or  
4 Counsel. I don't anticipate that we'd be calling  
5 you in to closed session to ask you any questions.

6                   So I just wanted to be clear to  
7 everybody that's the process by which we're going to  
8 operate, and if we get to a decision point today, we  
9 do, if we don't, we'll have reasons for that, and  
10 maybe some timeframe in which we can get those  
11 questions answered and satisfied and be able to move  
12 forward.

13                   MR. ANTHONY SANFILIPPO: We will be  
14 waiting. We'll be available. And I probably can't  
15 say any more than I have about how important this is  
16 for us, and I hope, and I know for Missouri today,  
17 and we've tried to, we brought all the people that  
18 we believed could be available to answer questions  
19 you might have, and we will wait. If you have  
20 additional questions, we are ready to answer them,  
21 we want to make sure that you've got every question  
22 answered so that you can make a decision and we can  
23 all move forward.

24                   CHAIRMAN BARRETT HATCHES: And I do want  
25 to also state that we obviously, we do recognize how

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1 important this is for you and your organization, and  
2 all the people involved. You know, you had a lot of  
3 financing you had to get done and approved, I know  
4 there are time lines, we're conscious of that, but  
5 as a commission we have our primary responsibility  
6 for doing what's best for the state of Missouri and  
7 its citizens, and we want to make sure that we  
8 deliberate with that as a focus.

9 MR. ANTHONY SANFILIPPO: I understand.

10 CHAIRMAN BARRETT HATCHES: Thank you,  
11 sir.

12 EXECUTIVE DIRECTOR STOTTLEMYRE: We can  
13 have a motion to go into closed now. We will, after  
14 close we will come back out into an open meeting is  
15 my understanding.

16 CHAIRMAN BARRETT HATCHES: Okay.

17 EXECUTIVE DIRECTOR STOTTLEMYRE: To  
18 decide -- or to state what, whether or not you are  
19 going to make a decision today.

20 CHAIRMAN BARRETT HATCHES: Okay, and I  
21 think it's important to say, though, we don't have a  
22 timeline on how long we're in closed. What we do  
23 ask, I mean you're certainly, we would like for you  
24 to be available, but we're not going into closed  
25 with a timeline to say we got to get back to you in

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1 the next hour or two hours or three hours to let you  
2 know what our thoughts are. It's our intention to  
3 go in and deliberate. So is there a motion?

4 (No response.)

5 CHAIRMAN BARRETT HATCHES: Maybe not.

6 COMMISSIONER DIANE HOWARD: Yes. Yes.  
7 Absolutely.

8 (Laughter.)

9 COMMISSIONER DIANE HOWARD: I'll make a  
10 motion that we go into closed session under Section  
11 313.847 for investigatory, proprietary and  
12 application of records under Section 6-10.021,  
13 Subsection 1, Legal Actions, and Subsection 14,  
14 Records Protected From Disclosure by Law.

15 COMMISSIONER SUZANNE BRADLEY: Second.

16 CHAIRMAN BARRETT HATCHES: Moved and  
17 seconded. Angie, would you call the roll, please?

18 MS. ANGIE FRANKS: Commissioner Howard.

19 COMMISSIONER DIANE HOWARD: Approved.

20 MS. ANGIE FRANKS: Commissioner Jones.

21 COMMISSIONER DARRYL JONES: Approved.

22 MS. ANGIE FRANKS: Commissioner Bradley.

23 COMMISSIONER SUZANNE BRADLEY: Approved.

24 MS. ANGIE FRANKS: Chairman Hatches.

25 CHAIRMAN BARRETT HATCHES: Approved.

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1 EXECUTIVE DIRECTOR STOTTLEMYRE: Chairman  
2 and Commission, we might want to take a short break  
3 in between these meetings so, I know that some of  
4 you need to get checked out, and we can do that in  
5 between.

6 CHAIRMAN BARRETT HATCHES: Okay. Can we  
7 be back at 10:30? Is that enough time?

8 (Off the record at 10:11 a.m.)

9 (Recess)

10 (Closed Executive Session.)

11 (Back on the record at 12:44 p.m.)

12 EXECUTIVE DIRECTOR STOTTLEMYRE: Back  
13 into open now.

14 CHAIRMAN BARRETT HATCHES: Angie, would  
15 you call the roll, please?

16 MS. ANGIE FRANKS: Commissioner Howard.

17 COMMISSIONER DIANE HOWARD: Present.

18 MS. ANGIE FRANKS: Commissioner Jones.

19 COMMISSIONER DARRYL JONES: Present.

20 MS. ANGIE FRANKS: Commissioner Bradley.

21 COMMISSIONER SUZANNE BRADLEY: Present.

22 MS. ANGIE FRANKS: Chairman Hatches.

23 CHAIRMAN BARRETT HATCHES: Present.

24 EXECUTIVE DIRECTOR STOTTLEMYRE: Mr.

25 Chairman, as discussed, I think we're, you were

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1 going to have conversation now or question, maybe  
2 questions of the individuals that are still here, or  
3 maybe statements to make as the Commission, and I'll  
4 turn that over to you.

5           CHAIRMAN BARRETT HATCHES: Okay, thank  
6 you. We've had a chance to have some very healthy  
7 discussion around this, this merger, and there's  
8 some things, some questions that some of the  
9 commissioners have, and then there's some things we  
10 want to, want to say to you. And kind of move like  
11 that. And I guess we'll just invite, any  
12 commissioner just jumping in with any questions you  
13 have. If you want to ask questions, if you want to  
14 make statements.

15           COMMISSIONER DARRYL JONES: Well,  
16 Anthony one of the largest concerns I had was after  
17 the merger you will, in essence, control 40 percent  
18 of the revenue in the state that's coming out of  
19 gaming. That's quite a bit. In the St. Louis  
20 market alone it will be 54 percent. And I just have  
21 issues with that. And, you know, and with you  
22 controlling that much of the revenue, the gaming  
23 revenue, I'm looking for a lot better numbers, Josh,  
24 more numbers, higher numbers with the MBE/WBE, the  
25 minority and women business enterprise engagements,

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1 you know, and again, I keep harping on the  
2 professional services. So, but again, I'm just  
3 having issues trying to get my hands around with you  
4 guys having so much of the market, even after the  
5 divestiture of the Lumiere, so that's one of the big  
6 issues I have.

7                   COMMISSIONER SUZANNE BRADLEY: And I  
8 might comment, my first term on the Commission, 2007  
9 to 2010, so I was here when Lumiere just opened, it  
10 was wonderful going through seeing the beautiful  
11 development, and we care, as the Commission, about  
12 Missourians, and we provide this wonderful  
13 development for, you know, for the gaming industry,  
14 and we want to make sure that that is protected, you  
15 know, that is happening, and that if they do, that  
16 we want to make sure that it remains the property  
17 and all the properties remain as viable as they are  
18 now. In other words, we aren't reducing employees,  
19 we aren't reducing amenities, that nothing changes  
20 for our Missourians and the out-of-state Missourians  
21 who want to come gamble in Missouri. And so we're  
22 concerned about all those things, so all the  
23 questions and the conversations we're having is we  
24 want to see what's, what's going to happen, we have  
25 to have faith that everybody is going to follow if

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1 there are, whatever you're going to do within the  
2 company and for the future, for now, for the future,  
3 anything that might be going temporarily, we are  
4 concerned that everybody follows the rules, and  
5 everybody does what they promise to do.

6 MR. ANTHONY SANFILIPPO: If I could  
7 comment on both of those. We hope that you see, and  
8 we've been in the state, we have been a licensee for  
9 quite a while, that we're a quality company, and  
10 that you would look at us and say, like you did in  
11 the presentation, we're glad to see the progress  
12 that you're making, we want you to continue to make  
13 that progress. We're very much committed to being a  
14 company that everybody in Missouri can be very proud  
15 of. We want to be a company our team members can be  
16 very proud of. That's, that is a focus that we  
17 have.

18 Ameristar is a quality company,  
19 Ameristar is selling their company. Ameristar went  
20 through a process a couple of years ago to put their  
21 company up for sale, so it's, it's a fact that their  
22 company is going to sell, and I, we would hope that  
23 you would look at us and say we like what you're  
24 doing in Missouri, we like that you're going to  
25 continue to be an owner, that Missouri is important

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1 to you, as it is, and that you'll be continuing to  
2 do what you've committed to do. The statements that  
3 you made about you saw yesterday our Lumiere and  
4 Four Seasons. We are committed to continuing to  
5 improve each facility, that we are one of the few  
6 gaming companies, both us and Ameristar, who has  
7 continued in an economic downturn to put money back  
8 into their facilities. That's what we've done.  
9 We're also committed to continuing to provide a  
10 great place or environment for our team members to  
11 work in. We talked with you about driving more  
12 revenue into the state. We want to drive more  
13 revenue into the state so we can have a healthier  
14 business, that's our focus. We are not looking to  
15 shrink our business, we're looking to grow our  
16 business, we're looking to have, continue to have a,  
17 a great company. Our mission statement is to be the  
18 best casino entertainment company in the world.  
19 That's our mission statement. We talk about that  
20 every day; and I do you understand and appreciate  
21 your concerns. Hopefully you can look at what our  
22 record's been and what we're telling you we're going  
23 to do and say that this is good for Missouri. That  
24 this transaction will continue to be a good outcome  
25 for the state of Missouri.

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1                   COMMISSIONER SUZANNE BRADLEY: Thank  
2 you.

3                   CHAIRMAN BARRETT HATCHES: Diane.

4                   COMMISSIONER DIANE HOWARD: I have no  
5 questions.

6                   CHAIRMAN BARRETT HATCHES: I just have a  
7 couple things I'd like to add to that. I, along  
8 with Darryl and all of us, are concerned about the,  
9 you know, the 54 percent in the market, 40 across  
10 the state. I expressed earlier my concerns about  
11 head count and knowing that, you know, no way can we  
12 expect you to maintain every single person that you  
13 have, but it is a concern of ours if you get to some  
14 point where your plans change and you have to look  
15 at head count, that's something we want to have some  
16 discussion about, we would like to be involved with.

17                   We, our primary responsibility is to the  
18 citizens of the state, making sure we make decisions  
19 in their best interest, and so sort of looking at  
20 this today saying if we say okay to this today, what  
21 happens? Are we going to be, are we going to feel  
22 just as good about our decision five years or ten  
23 years from now should we go through an economic  
24 downturn like we're starting to come out of now?  
25 Are we going to feel good about the decisions that

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1 we made for the state? And so we just want you to  
2 know we have a, we have a lot of concerns, and, and  
3 we think you ought to know that, we want to make  
4 sure that you understand that we've had very  
5 detailed conversations around this, very in-depth  
6 conversations. We feel certainly that you've given  
7 us the answers to our questions, whether we sort of  
8 like the answers or not, you've given us the answers  
9 to our questions, we certainly appreciate that.

10 We feel that we, we're in a good  
11 position with what you have shared with us because  
12 the staff has worked so hard in making sure that we  
13 know everything that we need to know, and so having  
14 conversations with you primarily has confirmed what  
15 we've known, and I think that that's been helpful.

16 We, as commissioners, have spent a lot  
17 of time on this, this is really important to us. We  
18 want you to know that it's important to us, and  
19 we've done everything that we think we need to to  
20 uphold our obligations and our responsibility in  
21 that regard. So we just want to give you those  
22 comments.

23 MR. ANTHONY SANFILIPPO: We understand,  
24 and we will not disappoint you.

25 CHAIRMAN BARRETT HATCHES: Well, we

0115

1 haven't voted yet.

2 MR. ANTHONY SANFILIPPO: Regardless of  
3 your vote. And I'm just --

4 COMMISSIONER DIANE HOWARD: You haven't  
5 been yet given that opportunity.

6 MR. ANTHONY SANFILIPPO: And I'll leave  
7 it at that.

8 CHAIRMAN BARRETT HATCHES: No, you --  
9 right. You have done, and, you know, I said this  
10 earlier, you all have done a wonderful job in the  
11 areas that, generally speaking, and you've done an  
12 exceptional job in the areas that we have had  
13 primary focus on, and so it's demonstrated to us  
14 that if we have a concern that we bring to you, that  
15 you'll continue to respond that way, so we, we do  
16 know that; we feel good about that.

17 MR. ANTHONY SANFILIPPO: Thank you.

18 CHAIRMAN BARRETT HATCHES: And that's  
19 the issue that we had, and so we're happy about  
20 that.

21 MR. ANTHONY SANFILIPPO: Thank you.

22 COMMISSIONER SUZANNE BRADLEY: And may I  
23 add --

24 COMMISSIONER DARRYL JONES: Well, I just  
25 have one more concern. If we move forward in a

0116

1 positive, in a positive way, how do you, how do you  
2 market, because it, for a period, a time period  
3 you'll still have control of both River City and  
4 Lumiere, so how do you do the marketing?

5 MR. ANTHONY SANFILIPPO: That is, that's  
6 a great question that we did not address in our  
7 presentation. We are required with the FTC to put a  
8 monitor in place who's independent from Pinnacle  
9 Entertainment, and a manager in place who  
10 effectively reports to the FTC. So, so the way that  
11 we make sure that we are continuing the double-check  
12 is through the FTC, who makes sure that we are  
13 continuing to run Lumiere until we hand it over to a  
14 new owner in a highly competitive manner. And so  
15 that is part of our arrangement with the Federal  
16 Trade Commission. And we do have a manager, as well  
17 as a monitor, that's been approved by the FTC, the  
18 manager will be approved through the Commission,  
19 that will have approval through the Commission, but  
20 that is the mechanism that we are telling you, just  
21 like we have said other things, whether we had a  
22 manager and a monitor in place from the FTC, we are  
23 going to, we want to turn our property over to a  
24 buyer in pristine condition, so we plan on  
25 fulfilling our commitment with or without somebody

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1 in place reporting to the FTC to do that.

2                   We didn't talk in the presentation about  
3 the interest in Lumiere. There is interest in  
4 Lumiere, there's multiple potential buyers, we have  
5 shared that with the staff, that we believe will be  
6 good new stewards of that property. So we are  
7 working, we have been working diligently to come to  
8 an agreement with who we believe, and of course,  
9 we've got to have approval through you, would be a  
10 new owner of Lumiere who would be competitive in the  
11 market.

12                   CHAIRMAN BARRETT HATCHES: And there  
13 certainly are, there certainly are some concerns  
14 that we all have in that transaction, whenever it is  
15 and whoever it ends up being, and some of those  
16 concerns, quite honestly, weigh on our decision now.  
17 Even though we do recognize that what we have before  
18 us today, or whenever we decide to move on, is a  
19 resolution to approve moving forward. We do know  
20 that at some point that means we'll come back and  
21 have some working decisions around who ends up  
22 owning that property. But we do, we have a lot of  
23 concerns about it, and you know, one of my initial  
24 concerns is, you know, I know you, with your  
25 conditions with FTC, that you're going to continue

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1 to operate the property, I'm just sure that from a  
2 corporate perspective there is some date certain  
3 maybe that you can say you can operate for so long  
4 like this before something has to happen, some  
5 decision has to be made; well, if that decision, for  
6 whatever reason, is longer than you anticipate, we  
7 want to make sure that there are no negative impacts  
8 on the rest of your business here in the state.

9 And --

10 MR. ANTHONY SANFILIPPO: I understand, I  
11 understand.

12 CHAIRMAN BARRETT HATCHES: -- I know you  
13 haven't thought of that, because we're not there  
14 yet, but that is something we have concerns about.  
15 Sue.

16 COMMISSIONER SUZANNE BRADLEY: I'm just  
17 going to compliment you that after talking to staff,  
18 you all have worked very closely and cooperated with  
19 everybody and everything, and please continue to do  
20 that, and we appreciate that, we Commissioners, we  
21 listen and we appreciate it.

22 MR. ANTHONY SANFILIPPO: And again,  
23 would like to compliment the staff, they have also  
24 worked very closely with us. We've all realized how  
25 important this is and how critical today is, this

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1 decision is, and there has been a lot of  
2 communication that has occurred, and, in fact, I was  
3 in meetings with the FTC in Washington, and members  
4 of the staff were there, they actually sat in those  
5 meetings. So it was a clear commitment from  
6 Missouri to be very involved with this process to be  
7 able to provide you with the information that they  
8 have for you to be able to make a decision.

9 CHAIRMAN BARRETT HATCHES: It's good to  
10 work with regulators that you can like. I have  
11 worked in a regulatory environment all of my life,  
12 and I wish some of them had been like this, too.

13 MR. ANTHONY SANFILIPPO: It's very  
14 important.

15 CHAIRMAN BARRETT HATCHES: Yeah. Any  
16 other questions, comments from the Commissioners?

17 (No comments.)

18 CHAIRMAN BARRETT HATCHES: Thank you.

19 MR. ANTHONY SANFILIPPO: Thank you.

20 CHAIRMAN BARRETT HATCHES: And as we  
21 always do when we have a resolution or something in  
22 front of us, I go to staff and ask Mr. Stottlemyre  
23 for a recommendation.

24 EXECUTIVE DIRECTOR STOTTLEMYRE: Mr.  
25 Chairman, staff recommends approval of Commission

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1 Resolution Number 13-074 approving the petition for  
2 transfer of interest and change of control relating  
3 to Pinnacle Entertainment, Incorporated, and  
4 Ameristar Casinos, Incorporated.

5 CHAIRMAN BARRETT HATCHES: The Chair  
6 will entertain a motion.

7 COMMISSIONER DARRYL JONES: Move for the  
8 approval of Commission Resolution Number 13-074.

9 COMMISSIONER SUZANNE BRADLEY: Second.

10 CHAIRMAN BARRETT HATCHES: Angie, would  
11 you call the roll, please?

12 MS. ANGIE FRANKS: Commissioner Howard.

13 COMMISSIONER DIANE HOWARD: Approved.

14 MS. ANGIE FRANKS: Commissioner Jones.

15 COMMISSIONER DARRYL JONES: Approved.

16 MS. ANGIE FRANKS: Commissioner Bradley.

17 COMMISSIONER SUZANNE BRADLEY: Approved.

18 MS. ANGIE FRANKS: Chairman Hatches.

19 CHAIRMAN BARRETT HATCHES: Approved.

20 MS. ANGIE FRANKS: By your vote, you've  
21 adopted Resolution Number 13-074.

22 MR. ANTHONY SANFILIPPO: Thank you very  
23 much. Greatly appreciate it.

24 EXECUTIVE DIRECTOR STOTTLEMYRE: Next  
25 item on the agenda is adjournment.

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1 COMMISSIONER DARRYL JONES: Can I make a  
2 motion?

3 COMMISSIONER SUZANNE BRADLEY: Motion to  
4 adjourn.

5 COMMISSIONER DARRYL JONES: Second.

6 CHAIRMAN BARRETT HATCHES: Angie, call  
7 the roll, please.

8 MS. ANGIE FRANKS: Commissioner Howard.

9 COMMISSIONER DIANE HOWARD: Approved.

10 MS. ANGIE FRANKS: Commissioner Jones.

11 COMMISSIONER DARRYL JONES: Approved.

12 MS. ANGIE FRANKS: Commissioner Bradley.

13 COMMISSIONER SUZANNE BRADLEY: Approved.

14 MS. ANGIE FRANKS: Chairman Hatches.

15 CHAIRMAN BARRETT HATCHES: Approved.

16 Thank you all.

17 (Hearing adjourned at 1:00 p.m.)

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Pamela K. Needham  
C.C.R. #505