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BEFORE THE MISSOURI GAMING COMMISSION
STATE OF MISSOURI

Meeting
October 30, 2013
10:00 a.m.
Central Office
3417 Knipp Drive
Jefferson City, Missouri

(Meeting start time: 10:00 a.m.)

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BEFORE THE MISSOURI GAMING COMMISSION
STATE OF MISSOURI

Meeting
October 30, 2013
10:00 a.m.
Central Office
3417 Knipp Drive
Jefferson City, Missouri

COMMISSIONERS PRESENT:

Dr. Barrett Hatches, Chairman
Suzanne Bocell Bradley
Darryl T. Jones
Diane C. Howard

REPORTED BY:
Patricia A. Stewart
RMR, RPR, CCR 401
3432 West Truman Boulevard, Suite 207
Jefferson City, Missouri 65109
573-636-7551

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

2 CHAIRMAN HATCHES: Good morning. Good to see
3 all of you. I was saying to LeAnn, I don't know what is
4 going on here today but we have a house full of
5 people.

6 COMMISSIONER HOWARD: It's the place to be.

7 CHAIRMAN HATCHES: It's the place to be. A
8 good thing.

9 We have a full agenda today, so why don't we
10 get started.

11 First call the meeting to order.

12 Angie, would you call the roll, please.

13 MS. FRANKS: Commissioner Howard.

14 COMMISSIONER HOWARD: Present.

15 MS. FRANKS: Commissioner Jones.

16 COMMISSIONER JONES: Present.

17 MS. FRANKS: Commissioner Bradley.

18 (No response.)

19 MS. FRANKS: Chairman Hatches.

20 CHAIRMAN HATCHES: Present.

21 EXECUTIVE DIRECTOR STOTTLEMYRE: We'll get
22 Commissioner Bradley on the phone right after we make
23 the presentations, if you would.

24 CHAIRMAN HATCHES: Before we get started we
25 have a couple of things we want to do. We've had three

1 real key employees with the Gaming Commission for a very
2 long time who are all leaving today. I hope it's today.

3 They do know it. Right?

4 EXECUTIVE DIRECTOR STOTTLEMYRE: Yes.

5 CHAIRMAN HATCHES: So all three of these
6 employees have been working in our financial area, and I
7 believe all three of them came to us from the Internal
8 Revenue Service. And so they've been tremendous assets
9 to us, as you can imagine the importance of having good
10 financial people on our team to work with Martha and the
11 other people that we have internally. So we'd like to
12 recognize their service and tell them how much we
13 appreciate them being here.

14 The first person is Bill Reeves.

15 (Applause.)

16 CHAIRMAN HATCHES: Bill, congratulations and
17 good luck to you.

18 MR. REEVES: Thank you.

19 CHAIRMAN HATCHES: Do you get a picture?

20 Do you want me in it?

21 MR. REEVES: Thank you.

22 CHAIRMAN HATCHES: Thank you.

23 And the next is Larry Stitz.

24 Larry.

25 (Applause.)

1 CHAIRMAN HATCHES: I did let you guys know
2 that these are all former IRS agents, so you want to
3 really applaud.

4 MR. STITZ: Thank you, sir. Thanks a lot.

5 CHAIRMAN HATCHES: Congratulations.

6 And the third employee who is not here is
7 Rolland Hopson, but we want to say thank you to him
8 also, if you'll give him applause.

9 (Applause.)

10 EXECUTIVE DIRECTOR STOTTLEMYRE:

11 Mr. Chairman, I'd like to add that we would not be able
12 to have accomplished all that we have over the years
13 without the assistance of these gentlemen. They've been
14 a great help to our agency, and we sincerely appreciate
15 their support and wish them the best of retirement.

16 CHAIRMAN HATCHES: Thank you.

17 COMMISSIONER BRADLEY: Hello.

18 CHAIRMAN HATCHES: Good morning,
19 Commissioner.

20 COMMISSIONER BRADLEY: Good morning.

21 CHAIRMAN HATCHES: Everyone can hear you.

22 COMMISSIONER BRADLEY: Well, good morning
23 everyone.

24 CHAIRMAN HATCHES: I just want to give you
25 that warning.

1 Okay. Call the meeting to order.

2 MS. FRANKS: Commissioner Bradley is now with
3 us.

4 COMMISSIONER BRADLEY: I'm here.

5 CHAIRMAN HATCHES: Mr. Stottlemyre.

6 EXECUTIVE DIRECTOR STOTTLEMYRE: The first
7 item on the agenda would be the consideration of minutes
8 for August 21, 2013 and September 17, 2013.

9 CHAIRMAN HATCHES: Chair would entertain a
10 motion.

11 COMMISSIONER HOWARD: I'll move to approve
12 those minutes.

13 COMMISSIONER JONES: Second.

14 CHAIRMAN HATCHES: Moved and seconded.

15 Any discussion?

16 Angie, would you call the roll, please.

17 MS. FRANKS: Commissioner Howard.

18 COMMISSIONER HOWARD: Approve.

19 MS. FRANKS: Commissioner Jones.

20 COMMISSIONER JONES: Approve.

21 MS. FRANKS: Commissioner Bradley.

22 COMMISSIONER BRADLEY: Approve.

23 MS. FRANKS: Chairman Hatches.

24 CHAIRMAN HATCHES: Approve.

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

1 minutes of the August 21st, 2013 and the September 17th,
2 2013 meetings.

3 EXECUTIVE DIRECTOR STOTTLEMYRE:
4 Mr. Chairman, the next item on the agenda is
5 Consideration of Hearing Officer Recommendations, and
6 our new hearing officer, Mr. Bryan Wolford, will
7 present.

8 MR. WOLFORD: Mr. Chairman.

9 CHAIRMAN HATCHES: Good morning.

10 COMMISSIONER JONES: Good morning.

11 COMMISSIONER HOWARD: Good morning. Welcome.

12 MR. WOLFORD: Thank you.

13 The first hearing on the agenda is Brian
14 Duffy, Cause No. 13-094, which is incorrect. It should
15 be 12-424.

16 This hearing has been continued by request of
17 Mr. Duffy and consent from the Commission's attorney
18 Mr. Hinckley.

19 CHAIRMAN HATCHES: Okay. Fine. Thank you.

20 MR. WOLFORD: The second item on the agenda
21 is Kelly Allen, Cause No. 12-431.

22 CHAIRMAN HATCHES: Just a second, Counsel.

23 MR. GREWACH: There is probably a difference
24 between the DC number, the discipline number, and the
25 number you're seeing, Mr. Wolford, is the resolution

1 number.

2 MR. WOLFORD: Okay.

3 MR. GREWACH: So that explains the difference
4 between those two numbers.

5 CHAIRMAN HATCHES: I thought it was a
6 syncing.

7 MR. GREWACH: So to explain, the case gets a
8 DC, or a discipline number, and then when it gets to the
9 resolution stage, then it also gets a resolution number.
10 So the resolution number is correct.

11 MR. WOLFORD: Very well.

12 For uniformity sake the matter of Kelly
13 Allen, Resolution No. 13-095.

14 CHAIRMAN HATCHES: The slightest thing will
15 throw us off.

16 MR. WOLFORD: I am there too.

17 CHAIRMAN HATCHES: This is your first time,
18 so I didn't want anyone to think that it was you.

19 MR. WOLFORD: That's fine.

20 CHAIRMAN HATCHES: Thank you.

21 MR. WOLFORD: Ms. Allen was the slot
22 administrator at Harrah's Casino.

23 On June the 5th of 2012 she received notice
24 from the Commission that Gaming Laboratory International
25 had revoked the electronic gaming device software known

1 as Fire Rubies. Harrah's had two electronic gaming
2 devices that had this software on them.

3 Upon receiving notice on the 5th of June
4 Ms. Allen instructed the slot performance supervisor at
5 Harrah's to remove the revoked software from one of the
6 devices at the casino, which he did.

7 On June 19th the electronic gaming device
8 specialist, Jimmy Johnson, observed a device at Harrah's
9 Casino with the revoked software on it in play. The
10 software was not removed from that machine.

11 After Mr. Johnson observed that, the machine
12 was immediately placed out of service and the software
13 then removed.

14 The applicable law states that the holder of
15 any license is subject to the imposition of penalties,
16 suspensions or revocation of such license if the person
17 is an applicant for licensure or for any act or failure
18 to act by himself or his agents or employees that is
19 injurious to the health, safety, morals, good order,
20 general welfare of the people of the state of Missouri
21 or would discredit or tend to discredit the Missouri
22 gaming industry. And that statute is 313.812.14,
23 Missouri Revised Statutes.

24 Also the Gaming Commission has a Minimum
25 Internal Control standard, a violation of which by the

1 licensee or by its agent or employee is prima facia
2 evidence of unsuitable conduct that subjects that
3 licensee to discipline.

4 In this case Ms. Allen failed to remove the
5 revoked software or failed to ensure that it was removed
6 from all electronic gaming devices at the casino and,
7 therefore, the hearing officer recommends two calendar
8 days' suspension of Ms. Allen's license.

9 CHAIRMAN HATCHES: Thank you.

10 Any questions from the Commission?

11 Chair would entertain a motion.

12 I'm sorry.

13 Is Kelly Allen here today?

14 Thank you.

15 Recommendation.

16 EXECUTIVE DIRECTOR STOTTLEMYRE:

17 Mr. Chairman, Staff recommends approval of Resolution
18 No. 13-095.

19 CHAIRMAN HATCHES: Chair would entertain a
20 motion.

21 COMMISSIONER HOWARD: I'll move for the
22 approval of Resolution No. 13-095.

23 COMMISSIONER JONES: Second.

24 CHAIRMAN HATCHES: Moved and seconded.

25 Any further discussion?

1 Angie, would you call the roll, please.

2 MS. FRANKS: Commissioner Howard.

3 COMMISSIONER HOWARD: Approve.

4 MS. FRANKS: Commissioner Jones.

5 COMMISSIONER JONES: Approve.

6 MS. FRANKS: Commissioner Bradley.

7 COMMISSIONER BRADLEY: Approve.

8 MS. FRANKS: Chairman Hatches.

9 CHAIRMAN HATCHES: Approve.

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

11 Resolution No. 13-095.

12 MR. WOLFORD: Thank you.

13 Mr. Chairman, in the matter of Elizabeth

14 Smith, Resolution No. 13-096.

15 Ms. Smith applied for a gaming license on
16 December the 18th, 2012. On her application she failed
17 to disclose two arrests for the offense of hot checks in
18 Jonesboro, Arkansas on December 6, 2012. Ms. Smith
19 claimed it was a memory oversight that led to the
20 failure to disclose.

21 Based on the hearing officer's recommendation
22 we recommend denial of her license.

23 CHAIRMAN HATCHES: Thank you.

24 Is Ms. Smith here?

25 Mr. Stottlemyre.

1 EXECUTIVE DIRECTOR STOTTLEMYRE:

2 Mr. Chairman, Staff recommends approval of Resolution
3 No. 13-096.

4 CHAIRMAN HATCHES: Chair would entertain a
5 motion.

6 COMMISSIONER JONES: Move for the acceptance
7 of Resolution No. 13-096.

8 COMMISSIONER BRADLEY: Second.

9 CHAIRMAN HATCHES: Moved and seconded.

10 Any further discussion?

11 Angie, would you call the roll, please.

12 MS. FRANKS: Commissioner Howard.

13 COMMISSIONER HOWARD: Approve.

14 MS. FRANKS: Commissioner Jones.

15 COMMISSIONER JONES: Approve.

16 MS. FRANKS: Commissioner Bradley.

17 COMMISSIONER BRADLEY: Approve.

18 MS. FRANKS: Chairman Hatches.

19 CHAIRMAN HATCHES: Approve.

20 MS. FRANKS: By your vote you've adopted
21 Resolution No. 13-096.

22 CHAIRMAN HATCHES: Thank you.

23 MR. WOLFORD: Mr. Chairman, in the matter of
24 Griselle Sanderson, Resolution No. 13-097.

25 Ms. Sanderson applied for licensure on

1 December 28, 2012. In her application she failed to
2 disclose an arrest on May the 9th, 2003 for domestic
3 assault. She claims she had no memory of the arrest due
4 to being on medication at the time of the incident.

5 The hearing officer recommends denial of the
6 license.

7 CHAIRMAN HATCHES: Thank you.

8 Any questions from the Commissioners?

9 Mr. Stottlemire.

10 EXECUTIVE DIRECTOR STOTTLEMYRE: Is she --

11 CHAIRMAN HATCHES: Oh, I'm sorry.

12 All this due process.

13 Is Ms. Sanderson here?

14 Mr. Stottlemire.

15 EXECUTIVE DIRECTOR STOTTLEMYRE: Chairman,
16 Staff recommends approval of Resolution No. 13-097.

17 CHAIRMAN HATCHES: Chair would entertain a
18 motion.

19 COMMISSIONER JONES: Move for the acceptance
20 of Resolution No. 13-097.

21 COMMISSIONER HOWARD: I'll second.

22 CHAIRMAN HATCHES: Moved and seconded.

23 Any further discussion?

24 Angie, would you call the roll, please.

25 MS. FRANKS: Commissioner Howard.

1 COMMISSIONER HOWARD: Approve.

2 MS. FRANKS: Commissioner Jones.

3 COMMISSIONER JONES: Approve.

4 MS. FRANKS: Commissioner Bradley.

5 COMMISSIONER BRADLEY: Approve.

6 MS. FRANKS: Chairman Hatches.

7 CHAIRMAN HATCHES: Approve.

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

9 Resolution No. 13-097.

10 MR. WOLFORD: Mr. Chairman, in the matter of
11 Dzung Do, Resolution No. 13-098.

12 Mr. Do reapplied for transfer to a different
13 casino on March the 5th, 2013. In his application he
14 did not disclose an arrest on October 19th, 2006 for
15 driving while intoxicated.

16 However, during Mr. Do's initial license
17 application to the Commission he did disclose the arrest
18 in 2006. He stated that he thought he did not have to
19 disclose it because he did so in the 2006 application.

20 The hearing officer recommends denial.

21 CHAIRMAN HATCHES: Any questions from the
22 Commissioners?

23 Is Mr. Do here?

24 Any questions from the Commissioners?

25 EXECUTIVE DIRECTOR STOTTLEMYRE:

1 Mr. Chairman, Staff recommends approval of Resolution
2 No. 13-098.

3 CHAIRMAN HATCHES: Chair would entertain a
4 motion.

5 COMMISSIONER JONES: Move for the acceptance
6 of Resolution No. 13-098.

7 COMMISSIONER HOWARD: I'll second the motion.

8 CHAIRMAN HATCHES: Moved and seconded.

9 Any further discussion?

10 Angie, would you call the roll, please.

11 MS. FRANKS: Commissioner Howard.

12 COMMISSIONER HOWARD: Approve.

13 MS. FRANKS: Commissioner Jones.

14 COMMISSIONER JONES: Approve.

15 MS. FRANKS: Commissioner Bradley.

16 COMMISSIONER BRADLEY: Approve.

17 MS. FRANKS: Chairman Hatches.

18 CHAIRMAN HATCHES: Approve.

19 MS. FRANKS: By your vote you've adopted
20 Resolution No. 13-098.

21 MR. WOLFORD: Mr. Chairman, in the matter of
22 Carrie Motley, Resolution No. 13-099.

23 Ms. Motley, although duly served by certified
24 mail with notice to attend the hearing on her
25 disciplinary action, failed to appear to the hearing.

1 She applied for a license on April 4th, 2013.
2 In her application she failed to disclose an April 25th,
3 2002 arrest for felony endangering the welfare of a
4 child.

5 The hearing officer recommends denial.

6 CHAIRMAN HATCHES: Is Ms. Motley here?

7 Any questions from the Commissioners?

8 EXECUTIVE DIRECTOR STOTTLEMYRE:

9 Mr. Chairman, Staff recommends approval of Resolution
10 No. 13-099.

11 CHAIRMAN HATCHES: Chair would entertain a
12 motion.

13 COMMISSIONER HOWARD: I'll move for the
14 approval of Resolution No. 13-099.

15 COMMISSIONER JONES: Second.

16 CHAIRMAN HATCHES: Moved and seconded.

17 Any further discussion?

18 Angie, would you call the roll, please.

19 MS. FRANKS: Commissioner Howard.

20 COMMISSIONER HOWARD: Approve.

21 MS. FRANKS: Commissioner Jones.

22 COMMISSIONER JONES: Approve.

23 MS. FRANKS: Commissioner Bradley.

24 COMMISSIONER BRADLEY: Approve.

25 MS. FRANKS: Chairman Hatches.

1 CHAIRMAN HATCHES: Approve.

2 MS. FRANKS: By your vote you've adopted
3 Resolution No. 13-099.

4 CHAIRMAN HATCHES: Thank you.

5 MR. WOLFORD: Thank you, Mr. Chairman, and
6 thank you, Director.

7 CHAIRMAN HATCHES: Good job.

8 Mr. Stottlemyre.

9 EXECUTIVE DIRECTOR STOTTLEMYRE:

10 Mr. Chairman, the next item on the agenda is
11 Consideration of Relicensure of Class A and B Licensees.

12 No. 1 on the agenda will be Pinnacle
13 Entertainment, Incorporated, Class A, and Mr. Jack
14 Godfrey is here to introduce others with him.

15 MR. GODFREY: Good morning, Chairman,
16 Commissioners, Mr. Stottlemyre and staff. It's great to
17 see you again.

18 Since we last appeared in front of you on
19 July 24 for the Ameristar transaction -- and, of course,
20 I'm pleased to announce that we did close that
21 transaction on August 13 and the process of integration
22 of the two companies, which is going very well, and
23 we're here to present today on our two licensees,
24 River City and Lumiere Place, together with Pinnacle.

25 And thank you very much for allowing us to

1 present River City first.

2 Let's talk a little bit about our development
3 agreement with St. Louis County.

4 River City, as you know, opened up in 2010.
5 Pursuant to our agreement with the county, our initial
6 investment was \$375 million and that was completed, and
7 our second phase which we negotiated with the county was
8 originally going to be \$75 million, but as you can see
9 we've now completed that and have spent approximately
10 \$82 million.

11 The second phase includes the hotel, parking
12 garage and entertainment/multipurpose facility.

13 And this really is a tremendous addition to
14 River City. I stayed at the hotel last night for the
15 first time. It's beautiful. It's very similar to the
16 hotel that we have in Baton Rouge. So the quality of
17 the facility is really first rate and it's a very
18 welcome addition to River City. Our customers and team
19 members really like that.

20 And as you can see the other matters that
21 we've addressed with the development agreement.

22 Great Rivers Greenway was paid 500,000,
23 the 5.1 for the Lemay Community and Aquatic Center, and
24 then the taxes and rent paid to the City and local
25 authorities.

1 In addition, of course, under our agreement
2 with the City we've been paying \$1 million per year
3 since the opening of River City, and that obligation
4 will continue with the new buyer of Lumiere Place.

5 Let's go to the next slide.

6 This is just a visual really of the capital
7 investment and shows you in a pictorial fashion exactly
8 what we spent. So we spent a total of \$457 million at
9 River City now.

10 The next slide is just the AGR and
11 admissions. It's self-explanatory.

12 As you know, the market in Missouri has been
13 a little soft lately and that can account for some of
14 the numbers that we see here.

15 So that concludes my portion of the
16 presentation. Let me introduce Neil Walkoff and others
17 that are here to support both Pinnacle and River City
18 applications.

19 Neil Walkoff, as you know, is the Executive
20 Vice-President of Operations and will take you through
21 the rest of the presentation.

22 Also present is Walt Stowe, Vice-President of
23 Compliance for Pinnacle Entertainment; Jeff Danis,
24 Vice-President of Strategic Sourcing; Michael Meagher,
25 Vice-President of Operational Excellence; and Josh

1 McLeod, Supply Chain Manager.

2 I also see Troy Stremming in the audience,
3 who is Executive Vice-President of Public Affairs and
4 Government Relations.

5 So we thank you, Troy, for being here as
6 well.

7 So from River City specifically is Rayna
8 Stover, who is Compliance Manager; Dorothy Gerner,
9 Director of Human Resources.

10 And at the conclusion of our presentation I
11 will introduce Denny Coleman, who is the CEO of
12 St. Louis Economic Development Partnership.

13 So with that in mind I'll turn it over to
14 Neil for the rest of the presentation.

15 MR. WALKOFF: Good morning, Chairman,
16 Commissioners, staff.

17 CHAIRMAN HATCHES: Good morning.

18 MR. WALKOFF: Thank you for allowing me to
19 talk to you about the project that we've had at
20 River City, as well as the progress we have made in
21 regards to MBE/WBE procurement, hiring and the
22 involvement we've had in the community of Lemay.

23 First of all I wanted to show you a slide
24 that really chronologically shows how our development
25 progressed over the past year.

1 In November of 2012 we opened up our parking
2 garage, in June of 2013 we opened up our event center,
3 and in September of 2013 we opened up our 200-room
4 hotel.

5 As Jack had said, this expansion comprised an
6 \$82 million project, and during that project the
7 construction jobs created were 350, and we had over
8 100 operations jobs created as a result of this
9 expansion.

10 I just wanted to give you a little bit more
11 detail on the project.

12 Our five-level parking garage has 1,600
13 spaces in it, which is able to accommodate all of the
14 customers that come to River City; a 14,000-square-foot
15 event center comprised of breakout rooms and capacity
16 for up to 1,400 for an event or a concert; state-of-the-
17 art AV and sound systems. And we've already had some
18 acts that have come through and have been very popular
19 and well received by customers.

20 We also have, as I said, a 200-room total,
21 consisting of patio rooms, suites, a fitness facility,
22 and well-appointed rooms that really will help us
23 hopefully regionalize our business and allow us to
24 expand out further beyond the St. Louis region to grow
25 our business.

1 I just wanted to show you a few pictures. I
2 don't believe you've seen this yet in person but
3 hopefully you'll be able to visit sometime.

4 Pictures of the outside of our facility. The
5 picture on the bottom right is one of our patio suites
6 that our customers can enjoy, where if they want to get
7 outside from being in their room and enjoy the outside,
8 we have those as well for our guests.

9 Some other pictures to highlight. The
10 picture on the top left is a picture of our front desk
11 area. The picture on the top right is a picture of one
12 of our standard king rooms. The picture on the lower
13 left is the living area of one of our two-bay suites for
14 some of our better customers, and also the picture on
15 the bottom right is a picture of the bathroom for that
16 suite as well.

17 So as you can tell, we really focused on the
18 details, the finishes and the quality to ensure that we
19 had really a wonderful experience for our customers.

20 Now I want to get into the portion that talks
21 about our MBE/WBE improvement, and really we've had a
22 four-phase approach to make sure that we were achieving
23 improvement in this area.

24 We were aggressive in regards to how we
25 network businesses. We identified categories with a

1 high level of inclusion, to make sure we are maximizing
2 those M/WBE businesses that could offer goods and
3 services for us.

4 We really reinforced the program with our
5 leadership team to ensure that when it comes to
6 procurement for minority/women-owned businesses, that
7 was top of our mind with our leadership team, and we
8 really wanted to make sure that we were focusing on
9 untapped opportunities for growth.

10 We do have two representatives today, our two
11 businesses that are part of this process, where we make
12 sure that we look at these businesses and see how we can
13 develop their business to partner with us to provide us
14 goods and services.

15 So I'd like to welcome here Representative
16 Pam Scavuzzo. She's the President of Scavuzzo, and she
17 offers our chicken and beef. She's our provider for
18 that.

19 And our representative from ELB Enterprises.
20 It's one of our minority businesses that we have
21 partnered with. They provide us chemical and janitorial
22 supplies. Jake Stevens is here as well.

23 So we've been very aggressive in this effort,
24 and as you can see, we continue to make improvement in
25 regards to our procurement for minority and women-owned

1 businesses.

2 Let me go through this slide with you. If
3 you look at our minority business enterprise purchases,
4 you'll see in 2011 our percentage of qualified spend
5 was 5.76 percent in 2011, increasing in 2012 to
6 17.78 percent, and so far this year we are above
7 20 percent in minority inclusion, minority businesses
8 that we purchase from.

9 In regards to women-owned businesses, in 2011
10 we were at 10.34 percent. In 2012 we improved to
11 19.96 percent, and now through 2013 through the third
12 quarter we're at 29.72.

13 So if you were able to look at that, out of
14 the total qualified spends so far in 2013 of
15 16.8 million, you can see that 49 percent of our spend
16 is done with minority and women-owned businesses.

17 And we're really proud of these results, and
18 we'll walk through how we've been able to accomplish
19 these goals.

20 But, Chairman, I remember when we were
21 talking to you in 2012 about our goal, you complimented
22 our goal but said, hey, do not get complacent. You need
23 to continue to work to improve these results, and I'm
24 proud to say that we've been able to do that.

25 CHAIRMAN HATCHES: Good.

1 MR. WALKOFF: If you look at page 11, this
2 graphically shows the information I just provided to
3 you.

4 And I guess the highlights I want to talk to
5 you about are, even though we made significant
6 improvement from 2011 to 2012, the nominal spend that we
7 have with minority-owned businesses and women-owned
8 businesses has exceeded 2012, and we still have another
9 quarter to go. So we believe more improvement will even
10 be made. So we've already eclipsed what we did in 2012,
11 which resulted in some very positive improvement.

12 The other thing I want to highlight with you
13 is on the bottom of the page, which is not just that
14 we're using a few vendors and using them quite
15 frequently to increase our participation, we're looking
16 at using more vendors as well.

17 So if you look at the minority vendors that
18 we've used, in 2011 it was 19. We are now -- at 2013
19 we're using 35 different minority vendors.

20 Also from the total women perspective, women
21 owned-businesses, in 2011 we used 34 vendors. Now in
22 2013 we are at 48 vendors.

23 So it's not only using specific vendors but
24 it's using more to grow that percentage of participation
25 we have for minority and women-owned businesses.

1 Now, one of the ways we've been able to
2 accomplish is making sure, as I said, making it top of
3 mind. And we've had a leader here work with us who has
4 done a wonderful job. As Jack introduced to you, his
5 name is Josh McLeod, who is our Supply Chain Manager.

6 And he's done a wonderful job, and we've been
7 recognized in the community for the results we've had to
8 women-owned and minority-owned businesses.

9 Pinnacle St. Louis was recognized as the 2012
10 corporation of the year for the results that we've had
11 in including minority and women-owned businesses in our
12 bid process and ensuring that we use those businesses.

13 Josh himself was nominated as the 2012 buyer
14 and coordinator of the year. Not only that, our company
15 recognized how important this is, and Josh won the
16 Excellence Award for Pinnacle Entertainment, our entire
17 company, for the work he did in working with minority
18 and women-owned businesses for Pinnacle St. Louis.

19 And lastly the Missouri Gaming Commission
20 themselves has asked Josh to talk to other gaming
21 operators in the state to show what we have done to make
22 improvements in this area, and he's been the leader in
23 that effort as well.

24 So I want to congratulate Josh for the
25 wonderful work he has done, and it's an effort that we

1 will not get complacent on and continue to make
2 improvement on.

3 CHAIRMAN HATCHES: Congratulations, Josh.

4 MR. MCLEOD: Thank you.

5 MR. WALKOFF: Thank you very much.

6 COMMISSIONER JONES: Good job.

7 MR. WALKOFF: Josh, well done.

8 And lastly I just want to talk about a few
9 other things that we've done in regards to our M/WBE
10 efforts.

11 We've really worked on partnerships with the
12 Minority Supplier Development Council. As you know, we
13 include at least one M/WBE vendor on bids over \$1,000.
14 We also host annually our M/WBE vendor fair, which I'll
15 talk to you about in just a minute, last November, and
16 we intend to do that vendor fair again.

17 And we also make sure that not only do these
18 vendors help Lumiere and River City, but we're able to
19 use these vendors at some of our other properties.

20 As you know, with our acquisition of
21 Ameristar, we're going to transfer a lot of our best
22 demonstrative practices to those casinos and those
23 properties in the state as well, to make sure that
24 M/WBEs are included, and even some of our casinos
25 outside of the state, if they can provide goods and

1 services, we'll use their services at other casinos,
2 such as the ones we have in Southern Indiana and Ohio as
3 well.

4 Talking about the vendor fair. Annually
5 Pinnacle St. Louis has had a vendor fair, and it's been
6 very successful in making sure that we allow minority/
7 women-owned businesses to highlight the goods and
8 services they can provide not only to casino business
9 but to other businesses as well.

10 We had a total of 81 total companies
11 participate last November, 61 of which were minority
12 and women-owned businesses. And currently of those
13 61 businesses, Pinnacle St. Louis is doing business with
14 32 of them.

15 So we continue -- as we continue to explore
16 opportunities to grow business, we're proud of that
17 result.

18 We also plan to have our next vendor fair at
19 River City on November 18th, and the Missouri Gaming
20 Commission participants will be there as well to be part
21 of that also.

22 Lastly I want to talk to you about the fact
23 that we did have a goal of a 19 percent M/WBE spend for
24 our construction project that we developed, and one of
25 the ways that we were able to be successful we believe

1 in this pursuit is that when we had requests for
2 proposals for contractors that wanted to do business
3 with us, on the request for proposal we needed to know
4 that they were committed to using minority and women-
5 owned businesses, and that was part of the request for
6 proposal, and they had to give us a sense of comfort
7 that they were going to be able to achieve that
8 19 percent goal and utilize vendors and be inclusive.

9 We also looked at their past experience to
10 ensure that they had -- they had made that commitment
11 before and that they will achieve our goals.

12 Now, we are in the middle of the process
13 working with Cheryl to audit this to ensure that that is
14 happening, and Cheryl has been very involved in working
15 to ensure that we were able to accomplish that goal in
16 regards to our construction project.

17 And right now I think she's on the garage
18 portion of that, and we're moving forward through that
19 process.

20 I now want to talk to you about our team
21 member demographic trends, and what this will show you
22 is, if you look at our team members who are minority,
23 currently we're at 44.2 percent against the best effort
24 goal of 15. And if you look at our female team members,
25 we're at a goal -- or an actual of 44.6 percent against

1 the best effort goal of 5 percent.

2 And if you look at the charts on the right,
3 you'll see that we continue to make improvements in this
4 effort as well, going from, in regards to minority team
5 members, 33 percent in 2011 to 44 percent in 2013.

6 In regards to female membership team members
7 that are part of the River City team, we've gone from
8 39.5 percent in 2011 to over 44 percent in 2013.

9 Now, if you look at the next slide, this
10 involved the leadership that we have that are minority
11 or female.

12 And the chart on the top left shows that our
13 minority supervisors has gone from 19 percent in Q1 of
14 2011 to over 38 percent in Q3 of 2013, and our female
15 supervisors have gone from 31 percent in 2011 to over
16 48 percent in Q3. So in nominal numbers.

17 Minority team members in 2011 were 15, have
18 gone to 27, and female have gone -- in 2011 was at 24
19 and have increased in 2013 to 34 team members who are
20 supervisors.

21 On the management side we too have made
22 improvement in both areas.

23 In terms of minority management team member
24 percentage, we've gone from 15 percent, 15.9 percent, in
25 2011 to over 23 percent in 2013. And in female

1 management team members we've gone from 36 percent to
2 41 percent.

3 So we're proud of the fact that we've made
4 improvement. It's something that we always want to make
5 sure we think about as we have these opportunities to
6 grow and develop team members.

7 And as you can see from our supervisory
8 growth that we have, we have a great bench strength to
9 move these people up to manager and above positions.

10 So as they grow, we have a pipeline to
11 develop our leaders at River City or any other companies
12 in Pinnacle.

13 Page 18 really just kind of, from a numerical
14 standpoint, highlights what our results have been.

15 One other highlight to make is that
16 77 percent of our team members are from the state of
17 Missouri, and as you can see, that we've exceeded our
18 best effort goals in every category.

19 Now, we've been able to do this because we've
20 had a focus effort, as I said, on really making sure
21 that we've prepared our leaders to be effective in their
22 jobs.

23 So page 19 really shows some of the things
24 we -- initiatives we take from a training perspective
25 for both supervisors and leaders, to develop them and

1 help them grow their careers.

2 And this is something that is not something
3 we do once in a while. It's something that we continue
4 to have.

5 We have a career development manager on
6 property that ensures that these leadership tracks
7 continue, so we can develop leaders within our company
8 and in the state of Missouri as well.

9 In regards to some of our hiring practices,
10 this slide highlights eleven organizations that really
11 help us seek out qualified candidates from the region,
12 and we partner with them and really use them as a
13 resource to ensure that we're hiring and developing
14 candidates within the region.

15 In regards to underage gambling, as you know,
16 we take this very seriously. We train all officers and
17 we partner with the Missouri Gaming Commission to ensure
18 that we effectively train our officers to not allow
19 underage folks to get in our casino.

20 We have marketing materials. We have all of
21 the updated technology to ensure that we're able to find
22 those that try to get in the casino who are not 21.

23 And we have a zero tolerance policy with our
24 security officers who are negligent in making sure that
25 we can stop those that are underage from entering the

1 casino.

2 And as you can see, after 17 million
3 admissions from 2011 to 2013 and 8.5 patrons, our
4 success is over 99 percent, having only allowed only
5 seven underage to get through the casino.

6 In regards to our problem gambler program, as
7 you know, we have a very thorough program to ensure that
8 DAPS are not permitted in the casino. We review
9 checklists. We review lists prior to paying jackpots.
10 We restrict our marketing, and also we do other
11 initiatives to ensure that our employees know to make
12 sure that we're watching out for DAPS as they come to
13 our property.

14 In regard to our charitable contributions,
15 this page highlights the 46 different organizations that
16 River City has been involved with either donating their
17 time or their support or their financial resources to be
18 involved in the community.

19 And we recognize at Pinnacle that -- we
20 recognize that being part of the community is important
21 in the business that we operate.

22 Is everything okay?

23 CHAIRMAN HATCHES: Hold on one second.

24 Suzanne, are you there?

25 I thought the presentation was pretty good.

1 MR. WALKOFF: Thank you.

2 CHAIRMAN HATCHES: I don't know about
3 Suzanne. We'll ask her.

4 I thought you were doing pretty good over
5 there.

6 MS. WALKOFF: Thank you very much.

7 MS. FRANKS: Suzanne.

8 COMMISSIONER BRADLEY: Yes. Thank you. I
9 just was texting you to tell you that something
10 happened.

11 CHAIRMAN HATCHES: Okay. Neil apologizes.

12 MR. WALKOFF: No problem at all.

13 COMMISSIONER BRADLEY: Tell him not to take
14 it personally.

15 MR. WALKOFF: I understand. I understand. I
16 thought you were losing interest.

17 COMMISSIONER BRADLEY: It's very interesting.

18 MR. WALKOFF: Thank you very much.

19 Just giving you some examples of how we've
20 been involved in the community. We've had some
21 wonderful developments in the community of Lemay that
22 have really -- we think will be catalysts for our growth
23 in the community, and I know Denny Coleman will talk to
24 you more about this.

25 But one of the things we wanted to talk about

1 is the Port Authority was paid \$5.1 million to help
2 develop an aquatic center, and we're proud that they
3 were able to kind of have the ground breaking and start
4 that project, and we think it's going to be a wonderful
5 part of the Lemay opportunity. And I know Denny will
6 talk to you about what this project encompasses, but
7 we're very proud that this will be one important factor
8 in the growth of that region.

9 Another interesting thing that we've been
10 involved in, in Lemay they have now developed a Civil
11 War museum.

12 And through our lease payments River City
13 funded the first \$500,000, and they were not able to
14 open. They needed 19,000 more to ensure that they were
15 able to effectively open this museum, and they came to
16 ask us for our support.

17 I'm proud to say that the Pinnacle Foundation
18 absolutely said this was a wonderful project and
19 something that is going to be great for the Lemay
20 community, and we donated the 19,000 so they could open
21 the Civil War museum.

22 And knowing that Jefferson Barracks is such a
23 historic part of the Civil War, we wanted to make sure
24 that this was a project that was able to be satisfied or
25 come to fruition for the community.

1 Lastly we wanted to have some fun when we
2 opened up our hotel, and what we did is we invited all
3 local charities who were interested in putting their
4 name in a drawing for a grand prize valued at 7,500,
5 that they could raffle off for one of their -- one of
6 their events to raise money for their charity.

7 And we were very pleased that 125 charities
8 participated and came for our grand opening and
9 participated for the drawing.

10 And we had people -- everyone who came
11 received something, but somebody won a \$7,500 package
12 that they could raffle off for their charity to grow for
13 their organization.

14 Lastly, on page 27 are letters from community
15 leaders.

16 This one is from Charlie Dooley, who is the
17 County Executive, and I thought it was very positive
18 that he wrote, Pinnacle's tremendous success in hiring
19 M/WBE vendors is highly commendable and we look forward
20 to continued accomplishments in this important area.

21 Pinnacle has also proven to be a strong
22 corporate citizen that provides much needed support and
23 funding to local charities, and in addition, River City
24 employees volunteer substantial time for the improvement
25 of the community.

1 So we were very appreciative that Charlie
2 Dooley was able to write that letter.

3 And also we have a letter from Timothy Fitch,
4 who is the Chief of Police who was supporting us as
5 well, saying during the past three years Pinnacle
6 Entertainment and River City Casino have shown their
7 willingness, desire and character in striving to better
8 our community and establish a foundation for the
9 betterment of the lives of the residents of
10 St. Louis County.

11 So with that said I'm happy to answer any
12 questions or we can move to Denny to talk about the
13 impact that we've had in the Lemay community.

14 CHAIRMAN HATCHES: Any questions from the
15 Commissioners?

16 COMMISSIONER JONES: Good job. Thank you,
17 Neil.

18 MR. WALKOFF: Thank you very much,
19 Commissioner. I appreciate that.

20 MR. GODFREY: Let me bring up Denny Coleman,
21 who is the CEO of the St. Louis Economic Development
22 Partnership.

23 I've had the pleasure of working with Denny
24 since Pinnacle first entered the RFP process back in the
25 early 2000s and became involved in Missouri.

1 He's been a tremendous partner with us at
2 River City, and we're very anxious for him to give his
3 perception of River City and Pinnacle.

4 MR. COLEMAN: Thanks, Jack.

5 Good morning, Mr. Chairman, and
6 Commissioners.

7 CHAIRMAN/COMMISSIONERS: Good morning.

8 MR. COLEMAN: I am really pleased to be here.
9 And by the way, I want to thank you for allowing the
10 River City presentation to go first. I've got a little
11 thing called an Audit Committee and a Board of Directors
12 meeting this afternoon of my own organizations, so I
13 thank you for allowing me to go first, and River City.

14 And I wanted to be here personally. I have
15 other staff who could make this presentation. Mark
16 Brady is with me. He's been with Jack and us ever since
17 the initial days of the process.

18 I wanted to be here personally because in my
19 35 years of being in the economic development field,
20 I've never seen a better public/private partnership than
21 the one with Pinnacle and River City and our community
22 from both the Lemay community and from St. Louis County
23 in general. This has been extraordinary.

24 Over the next few minutes we'll go through a
25 brief presentation, but just to bring you back a little

1 bit in time.

2 This was the site, a full 80-acre site that
3 was totally nonproductive. There were no taxes being
4 generated. There were no jobs on this site. It was
5 contaminated. It was in the floodplain of the biggest
6 river in North America, the Mississippi, and it was
7 contaminated.

8 And to fast-forward to today in terms of what
9 we have, an economic generator, a fiscal generator and a
10 real shining beacon for the Lemay community is just
11 tremendous.

12 Lemay is a pocket of low and moderate income
13 people in South County. South County is generally in
14 pretty good shape in St. Louis County, but the Lemay
15 community is our pocket of low/moderate income folks.

16 And it's been like this since it was built,
17 and to generate this kind of activity and this kind of
18 job generation in this community and the revenue that's
19 produced that's invested back in the community is truly
20 an extraordinary opportunity, and it's one we look
21 forward to continuing for many, many years.

22 So with that, if I can get this directional
23 correct here.

24 We're going slowly. Here we go.

25 I want to affirm that Pinnacle has, in fact,

1 complied with all of their lease and development
2 agreement requirements.

3 The completion of Phase I, as I mentioned,
4 the remediation of the site, the casino restaurants,
5 retail parking and the roadway -- we'll talk about that
6 a little bit in the future here -- providing funding for
7 the community facilities, and most recently completed
8 all of their Phase II requirements and submitted all of
9 the rent payments.

10 Over 100 current jobs on site. Related to
11 their environmental cleanup, this won the Phoenix Award,
12 the Environmental Protection Agency's most prestigious
13 Brownfield Redevelopment Award nationally.

14 We do have a new access road that will help
15 stimulate ancillary development not only in St. Louis
16 County but also in the City of St. Louis, since this is
17 right on the border of the Carondelet neighborhood and
18 the Lemay community in the county, and the dollars there
19 have, in fact, been invested, over \$450 million of
20 investment in this community. So the fiscal benefits
21 have been significant.

22 The admission fees and gaming tax paid to
23 St. Louis County are about 10.5 million, and when added
24 to the real estate taxes, about \$11 million.

25 The rent money is paid to the County Port

1 Authority. Under the terms of the lease, that's a
2 minimum of 4 million, but it's a percentage of AGR, and
3 so that has gone up ever since the casino opened. And
4 in the calendar year 2012 that was almost \$5.2 million.

5 What's significant here is that we are
6 committed to spending 75 percent of that rental income
7 back into the Lemay community. So all of that goes back
8 in.

9 And what we've done is we've created
10 almost -- if you're familiar with a community
11 development block grant program. This is like that,
12 only it's a local level without the Federal regulations,
13 so it spends a little easier.

14 So we're investing that in housing, community
15 facilities and infrastructure and social service
16 organizations within the Lemay community. So it's been
17 a tremendous boom to Lemay.

18 And I'll talk a little bit later about how
19 we've also spent some of that other 25 percent of the
20 funds.

21 So the property tax revenue here, as you
22 would anticipate in most projects, most of that goes to
23 the Hancock School, 4.3 million. They are the biggest
24 portion there. The Lemay Fire District's portion is
25 significant as well, about a million dollars. There's

1 the St. Louis County portion, 450,000 plus.

2 And then that purple area there, which is a
3 little bit hard to distinguish, is still very
4 significant. That goes to all of the other
5 jurisdictions, the community college, the zoo museum
6 district, the special school district and so on.

7 So again, we agree and confirm that they have
8 made very strong progress, and as the County Executive
9 said in his letter, congratulations Pinnacle on their
10 MBE/WBE efforts.

11 They've been an excellent partner with the
12 police department as evidenced by Chief Fitch's letter,
13 and I can tell you from my conversations with the chief,
14 he thinks the relationship is an excellent one, with all
15 of the staff at Pinnacle. And crime rates have, in
16 fact, declined in South County.

17 They're an excellent corporate citizen.
18 Beyond which just paying the required amounts into the
19 Port Authority, they go above and beyond to help
20 projects. As Neil mentioned, on the Missouri Civil War
21 museum and other areas, things they don't have to do,
22 they're still doing, the involvement of their people in
23 the community, as well as financial support through the
24 foundation.

25 Just a couple of examples of the community

1 reinvestment fund that we established. Thirty-three
2 grants have been made directly into Lemay through
3 community organizations for a variety of different
4 projects, sixteen grants to organizations outside of
5 Lemay.

6 We have funded a Helix Fund for bioscience
7 start-up companies, which is an important part of the
8 really exploding entrepreneurship ecosystem in
9 St. Louis, and the biosciences, the biotech area that
10 Dr. Bill Danforth and John McDonald and other community
11 and civic leaders have been involved with and so
12 important.

13 This is a small piece of it but very
14 important, because this is really the pre-seed capital
15 for some of these start-up companies that we're
16 co-investing with an organization called the
17 BioGenerator, and that's proven to be very successful.

18 And then additional reinvestment that's been
19 made directly by the Port Authority, most of that has
20 gone into the Lemay community, some of that into other
21 organizations throughout St. Louis County, mostly
22 North County.

23 So total funds awarded of revenue that has
24 been produced from Pinnacle has been over \$43 million
25 into the community.

1 Probably the biggest and the most fun project
2 of all of these and the one that we're really so pleased
3 with, part of Pinnacle's original proposal to us was to
4 help fund a community and aquatic center in the Lemay
5 community. Quite frankly it's one of the projects that
6 the community was most excited about.

7 It took us a while to amass all of the funds
8 necessary for doing this because we had a community
9 planning effort. We had members from the churches, the
10 schools, the community organizations, the chamber, the
11 development corporation and others all come together and
12 say if you had your preferences, what would this
13 community aquatic center include?

14 And, of course, by the time we got done with
15 that process it exceeded the amount of dollars that were
16 initially available for it, and so we had to find a way
17 to add additional dollars to that.

18 When we did that, we found that it wasn't so
19 easy to find a developable site, because the Lemay
20 community has geologic issues associated with it.

21 One of them is that it's underlaid with karst
22 topography. It has a lot of underground rivers. It has
23 sinkholes in it.

24 And the first site we chose had a big
25 sinkhole that we found through the second phase of

1 geotechnical work and we had to move the site. We now
2 have the site. We have broken ground on it.

3 The swimming pool will be open in -- it's
4 hard to call it just a swimming pool as you see the
5 layout there. It's quite an expansive aquatic center,
6 but that portion will be available next summer for the
7 families and kids in the community, and then the
8 community center aspects of it will be open in the fall
9 of next year.

10 As a matter of fact, I mean, if you'd like to
11 see a closer look at the design of it. It's just a
12 beautiful design. How it fits into the park atmosphere
13 is just tremendous.

14 I would love to invite you, the next time
15 you're all in St. Louis having a meeting, we would love
16 to have you any time from next fall on to view this
17 center, because it is really quite something and I think
18 it's going to be a point of pride for all of us.

19 And I hope you feel as much pride in this and
20 the other projects that we do as we feel and as I know
21 Neil and Jack and the members of Pinnacle Entertainment
22 do, because you're as much a partner in all of this as
23 we are. So thanks for all of your support for all of
24 this activity.

25 So this is broken ground and underway.

1 Other kinds of projects, the streetscape
2 program. When you're dealing with an older community
3 like Lemay, obviously the visual appeal of the
4 streetscape is very important as people drive through
5 it. It gives them an image of the community behind
6 that.

7 And we've got an extensive plan for
8 streetscape improvements. That is underway with some of
9 the most traveled -- heavily traveled corners in the
10 Lemay community.

11 As a matter of fact, one of the projects we
12 helped design through input from two of our schools that
13 are located just on either side of Broadway right there
14 in the Lemay community.

15 The Hancock Place School District and the
16 Notre Dame High School had young ladies from each of the
17 schools involved with our architects and engineers
18 designing some of the project. So it was really kind of
19 a cool project.

20 So that streetscape program is underway.
21 This is just a few representative projects of what
22 we've -- the other projects that we've done with the
23 Community Reinvestment Fund, the Child & Family Center,
24 the Housing Partnership which is doing renovations and
25 new development of housing.

1 Our recreational fields. The Heine Meine
2 baseball complex is extraordinarily well known in
3 St. Louis. A lot of fairly well-known major leaguers
4 have actually played here at Heine Meine. We've helped
5 improvements to that complex, as well as tearing down
6 some of the derelict structures around it to make it
7 more visible to the community.

8 Preparing a master plan for Lemay Park, which
9 is right across the street from Heine Meine, hopefully
10 being able to ultimately develop a soccer field for the
11 community down there.

12 Lemay Development Corporation. We've
13 provided funding for them through loans that we have
14 provided. They have assembled property and are soon
15 going to announce a major commercial investment in the
16 community as a result of that.

17 And as Neil mentioned, investments in the
18 Missouri Civil War museum. If you're a Civil War buff
19 at all, you owe it to yourself to get down here.

20 I was unaware, quite frankly, of the
21 importance of Missouri as a battlefield state in the --
22 literally all of the battles that took place in the
23 state of Missouri.

24 And this work that was done here, mostly by
25 volunteers, I say, is absolutely beautiful. And we were

1 very happy to put some pecuniary investment funds into
2 it. And as Neil said, Pinnacle came along through their
3 foundation and really capped it off to provide the last
4 source of money to finish it off. It's just a beautiful
5 facility.

6 So some other representative projects
7 throughout the county.

8 I mentioned the Helix Fund briefly. We have
9 an aquatic center being built in North County. There
10 was an old complex that was cracked and leaking and was
11 not going to be fixed. The money from the reinvestment
12 fund is helping to rebuild that facility.

13 We're working with a group called Beyond
14 Housing in North County to redevelop properties.
15 Spanish Lake Community Development Corporation, we set
16 up a CDC that the county executive just announced
17 earlier this week. And some of the other projects that
18 you see that we have invested in throughout mostly, as I
19 said, North County.

20 So some of the Lemay economic development
21 plans. We continue to work with the development
22 corporation to increase their capacity through land
23 assemblage and development. We're updating their market
24 study continually.

25 And we're also working within the

1 implementation for the Jefferson Barracks master plan
2 and the Lemay comprehensive plan which has been approved
3 by the county council for this area.

4 There is also some significant activity along
5 the waterfront here with the Great Rivers Greenway
6 project. Neil mentioned their support of GRG as part of
7 Pinnacle's basically entree into the site and into the
8 development.

9 Pinnacle also built out the bikeway and
10 walking and trail system around the River City
11 development. And now with some additional Federal funds
12 we have completed that trail actually over railroad
13 tracks and into Jefferson Barracks Park.

14 So it just ultimately is going to be a
15 tremendous greenway throughout the entire St. Louis
16 metropolitan area, and Pinnacle has done its job to make
17 sure that that is going to continue along the entire
18 perimeter of River City development.

19 So again, the 75 percent of the rental
20 revenue that is being invested in the Lemay community
21 has had tremendous impact. That is for at least five
22 years, and we are committed to after that five-year
23 period. We're about to enter the fourth year of that
24 commitment.

25 After the five years we'll continue to get at

1 least 25 percent of this fund continue to be invested
2 into Lemay, as well as obviously other needy portions of
3 the county.

4 Lots of resources in other areas. The City
5 is receiving a million dollars annually from Pinnacle.

6 River City Boulevard, we mentioned the
7 roadway into the site. The seed money has been
8 leveraged significantly that we have developed through
9 the Helix Fund.

10 And that \$23 million in additional public
11 private investment, one of the important aspects of that
12 MET Center, the first one I'll mention just briefly.

13 The Metropolitan Education and Training
14 Center is probably one of the most successful
15 welfare-to-work projects in the country. The staff that
16 runs that place has figured it out. They know how to
17 take folks with very little background, very little work
18 experience at all and give them the kind of support
19 services that they need, not just technically training
20 for a job but the life skills necessary to get into the
21 workplace successfully.

22 And we were pleased that through -- again,
23 through the reinvestment fund, we were the match of the
24 Federal grant to expand the bioscience training that is
25 done there and build some additional elevator capacity

1 up to the fourth floor of this old manufacturing
2 facility in the Wellston community.

3 So again, the funding through this project is
4 helping communities all throughout St. Louis County, and
5 we are just so pleased and proud to be partners with
6 Pinnacle and River City and with you in bringing these
7 great benefits to the community. We look forward to
8 that partnership continuing for a long, long time.

9 Thanks for the opportunity to present to you.

10 CHAIRMAN HATCHES: Thank you so much for your
11 presentation.

12 Any questions from the Commissioners?

13 COMMISSIONER JONES: Mr. Coleman, I was going
14 to ask the community sentiments since the inception of
15 River City, but with all of the great things that you
16 have going on, I mean, it can't be anything but positive
17 now.

18 There was probably some push-back at the
19 start of this, but with all of the great things that are
20 going on in Lemay, in St. Louis County, I mean, you've
21 got -- probably have people knocking down your doors
22 saying thank you and also thank Pinnacle for the great
23 job that they're doing.

24 MR. COLEMAN: No. That's very true,
25 Commissioner.

1 The community is so appreciative of
2 everything that Pinnacle has done even over and above
3 what is required under the terms of the lease and all
4 those sorts of things. It's really a great partnership.
5 Thank you.

6 CHAIRMAN HATCHES: What a great example of
7 how the properties can work with the community to do
8 some wonderful things, so congratulations to both of
9 you.

10 A question though.

11 When you entered into this relationship with
12 Pinnacle in 2000-- whenever you started, how much of
13 this did you anticipate doing versus the things that are
14 over and above?

15 MR. COLEMAN: We certainly anticipated some
16 of it. As a matter of fact, one of the reasons we
17 pushed so hard at the time of approval, that the
18 approved site be in Lemay versus some of the other sites
19 that were eligible in St. Louis County, was specifically
20 so that this community could get the benefit directly.

21 As I said, it is the sort of center, the only
22 part of South St. Louis County that has a concentration
23 of low and moderate income people. So we felt the
24 biggest benefit could be achieved by the site being in
25 Lemay. So to some extent even in the selection process

1 we knew that this was going to be really important.

2 As we negotiated the terms of the lease and
3 the development agreement with Pinnacle initially and
4 then subsequent modifications, we really started
5 flushing out our vision, if you will, for what this
6 could be to the community.

7 Because we knew that being on the Port
8 Authority site would allow us an opportunity to gain
9 some at least revenue, and then what we did with that
10 was extraordinarily important, and committing that
11 through actual county council action to be reinvested
12 into the Lemay community said that not only were we
13 going to clean up a contaminated site and build a road
14 but we were going to have the opportunity to make a real
15 difference in people's lives down here in this
16 community.

17 And through that Lemay Child and Family
18 Center, through the low-interest loans, through the
19 infrastructure, through tearing down derelict buildings.
20 I mean, it's really a significant difference, and
21 there's going to be a lot more visible of what these
22 funds have done over the next couple years.

23 So some of it was thought of upfront. Some
24 of it evolved over time.

25 CHAIRMAN HATCHES: Okay. Thanks.

1 Any other questions?

2 COMMISSIONER JONES: One more.

3 A couple times you mentioned the \$1 million
4 payment to St. Louis City. Now, how long does that --
5 when is the termination on that?

6 And again, I think you had mentioned, Jack,
7 that the new owners would probably -- well, they will
8 honor that agreement. So how long is that agreement?

9 MR. COLEMAN: I'll let Jack answer that, and
10 I have a followup to that in a minute.

11 COMMISSIONER JONES: Okay.

12 MR. GODFREY: Yes, Commissioner Jones.

13 The agreement, it has no termination. It's
14 in perpetuity. So as long as Lumiere Place operates,
15 that \$1 million per year will be paid.

16 CHAIRMAN HATCHES: Thank you.

17 MR. COLEMAN: And I'll just follow that up by
18 saying that you may have heard that Mayor Slay and
19 County Executive Dooley did something rather historic
20 last year.

21 We merged part of our economic development
22 functions between St. Louis City and St. Louis County.
23 That's why we have a new name of the St. Louis Economic
24 Development Partnership.

25 And as part of that partnership the resources

1 obviously became very important, and that \$1 million is
2 what is committed from the City into that partnership to
3 pay for their portion of the staffing support for the
4 services back into the City.

5 So that's very important, as Jack just said,
6 that that continues on in perpetuity and that that's
7 codified in terms of the new owner's commitment, because
8 SLDC is now passing that along to the new partnership.

9 COMMISSIONER JONES: All right. Thank you.

10 CHAIRMAN HATCHES: Any other questions?
11 Thank you.

12 MR. GODFREY: I just have a couple closing
13 comments, if I might.

14 Thank you again for allowing us to present
15 today, and thank you, Denny, for your wonderful
16 presentation and your partnership.

17 And I want to thank Neil and his team at
18 River City. They meet their commitments. They meet and
19 exceed their commitments.

20 And I hope what you take away from this
21 presentation today is that both Pinnacle and River City,
22 our goal, what we strive to do is to meet or exceed our
23 commitments to the state of Missouri and the local
24 communities.

25 And we understand that's an evolving process.

1 You're only as good as your last project or your last
2 renewal. You get that. And we will continue to strive
3 to meet and exceed our commitments here in the state of
4 Missouri.

5 It's a very important state to us. We've
6 enhanced our investment here, as you know, which we are
7 very happy about, and we just appreciate the opportunity
8 to demonstrate to you our continuing suitability.

9 CHAIRMAN HATCHES: Thank you, sir.

10 Are we done here?

11 MR. GODFREY: We're done with River City.

12 So if it's appropriate now we'll start the
13 Lumiere presentation.

14 And standing here with me today is Jeff
15 Babinski, Vice-President and General Manager of Lumiere
16 Place.

17 We have others present today to support this
18 application. In addition to the people from Pinnacle
19 that I introduced earlier, we have the following
20 individuals: Tom Steinbauer, who is the former Chief
21 Financial Officer of Ameristar Casinos, Inc. and is now
22 the Hold Separate Monitor for the Federal Trade
23 Commission.

24 Tom, would you stand up?

25 We have Mike Regan, who had a long and

1 storied career in the gaming industry, including
2 Harrah's for many years. He's worked with the State of
3 Indiana and other ventures, and he's the Hold Separate
4 Manager for the Federal Trade Commission.

5 And we appreciate the efforts and cooperation
6 of both Tom and Mike Regan in helping us through this
7 hold separate period.

8 Additionally from Lumiere Place is Joyce
9 Ridge, who is Director of Casino Operations; James
10 Baker, Director of Marketing; Ken Killough, Surveillance
11 Manager; and from the City of St. Louis, who will be
12 presenting on behalf of Mayor Slay after our
13 presentation, is Jeff Rainford, who is the Chief of
14 Staff for the mayor.

15 So all of these people play a very important
16 role at Lumiere Place.

17 So let me get to page 2 of the presentation.

18 Again, this will take us through our
19 development agreement with the City of St. Louis.

20 Lumiere Place, as you'll recall, was the
21 result of a request for proposal that was run by the
22 County and the City and really directed by the Gaming
23 Commission.

24 And at that time the Gaming Commission was
25 looking for a first-class casino facility in the City of

1 St. Louis. That was the priority. At that time you had
2 the President and you had -- the Gaming Commission
3 focused on a first-class facility in the city.

4 And we ultimately were successful. We agreed
5 to build a first-class facility in the city, along with
6 the facility in the county.

7 And originally we planned to spend
8 \$207 million on the facility, together with an
9 additional \$50 million within five years of opening the
10 facility.

11 We ultimately bumped up that commitment to a
12 \$325 million minimum, and as you can see we far exceeded
13 that investment.

14 And we opened in late 2007 with a very, very,
15 very wonderful facility.

16 And this just takes you through the amenities
17 that are at the facility. And I know you've recently
18 toured the facility, so you know what a first-class
19 quality facility that is.

20 In terms of our commitments to the City, they
21 have all either been completed or we are in compliance.

22 And in particular with respect to the
23 additional \$50 million spend, you'll note that you said
24 we're in compliance because it's not all spent yet. We
25 have -- and I'm going to take a wag at these numbers. I

1 think we have 400,000 left for the police hot spots,
2 about 3.2 million left for the Arch project. We have a
3 little bit left, maybe about \$30,000 or so, for the
4 Hammond Apartments. And we continue to make good on
5 those commitments.

6 Our agreement with Tropicana Entertainment is
7 that to the extent any of that spend remains once that
8 transaction closes, that will be a reduction in the
9 purchase price. So they'll go ahead and make that spend
10 and they'll get an offset against the purchase price.

11 So we're very happy that we met that
12 \$50 million commitment. It sounded like a great idea
13 when we made that commitment.

14 When we were first approved for the RFP, it
15 became pretty tough to meet the commitment given the
16 economic conditions that we faced in 2007, 2008 and the
17 situation down there, but we did meet that commitment
18 and it's had a nice impact on the property at the City.

19 The next slide again shows exactly sort of
20 how the commitment is broken down.

21 And one of the wonderful things about this
22 facility is that we have the Four Seasons Hotel, which
23 is one of the finest Four Seasons Hotels in the
24 United States.

25 And I know again, you tour the Four Seasons

1 and you can see what a wonderful hotel that is. So this
2 just takes you through what the total capital investment
3 is and shows you a couple of pictures of the facility.

4 Here is the AGR and admissions numbers, 2013
5 through June and full year 2012.

6 Again, soft market conditions are driving the
7 revenue miss and projections, and I think the staff can
8 confirm that the market is down a little bit in
9 Missouri.

10 So, you know, we continue to strive to
11 maximize revenues at Lumiere Place but it's a tough
12 market, and Jeff and his team are doing a wonderful job
13 under the circumstances.

14 So let me turn the remainder of the
15 presentation to Jeff, and he'll take you through some of
16 the points that Neil did for River City.

17 MR. BABINSKI: Good morning, Chairman,
18 Commissioners, staff.

19 I do want to mention two other individuals
20 that are in the audience from Lumiere Place, two very
21 key individuals, one regards safety, and that is our
22 Director of Security Greg Cisna, and then our Director
23 of Finance Dan Brinkman.

24 So some of these slides are going to be
25 redundant. They're with Pinnacle and Lumiere working

1 closely together on a lot of the same issues and
2 requirements. They're very similar in some respect.
3 And I will focus on just a few of these.

4 We continue to be aggressively networking to
5 ensure that we are out there and talking to minority/
6 women-owned businesses, and we're always looking for
7 untapped growth in the market and for those businesses.

8 And I will actually touch base later on some
9 awards that a couple of our members have received
10 because of this effort.

11 So if you look at this slide.

12 In 2012 our spend compared to 2011 in
13 minority and women -- or minority businesses was up
14 853,000, or 46 percent higher than the previous year,
15 and currently in 2013 we're at 12 1/2.

16 With respect to the women-owned businesses,
17 we were 83 percent higher in 2012 over 2011, and we are
18 continuing that effort currently. And through the first
19 three-quarters, unaudited, we have already exceeded the
20 2012 totals.

21 But I will say going forward that these
22 numbers are going to change, meaning that some of the
23 women-owned spend is going to reduce a little bit and
24 our minority spend is going to go up, mainly in
25 professional services.

1 We currently have a marketing agency that is
2 now located in Missouri, or St. Louis, that we use and
3 is a woman-owned business. We have just partnered with
4 and this is our first month that we partnered with a
5 St. Louis owned and a Missouri-based minority company,
6 and we will begin using them -- actually we've already
7 started.

8 We've had a conversation, we have the
9 retainer on form, and we've already given the other
10 business a 60-day notice. So we are going to be
11 partnering with Fuse Advertising, and we look forward to
12 that partnership with them.

13 And we've already had many, many discussions,
14 and we look forward to what they can do or what we can
15 do together to drive revenue at Lumiere Place.

16 This again is just another slide showing what
17 we've done over the course of the last couple years.

18 And if you look down at the bottom, you know,
19 we continue to increase our vendors from a minority/
20 women-owned standpoint. We've gone from 20 businesses
21 in the minority section to 46, and we've gone from 39 in
22 the women-owned businesses to 50 in 2013.

23 Again, great results by the team, Josh
24 McLeod, and everyone involved.

25 This is kind of what I mentioned earlier.

1 You know, Josh, as Neil mentioned, has done an amazing
2 job and has won many awards.

3 But just two weeks ago our Director of
4 Facilities, Andy Nowell, who couldn't be here, was
5 recognized by MoCAN as executive of the year for their
6 private sector.

7 And for those of you who don't know, MoCAN is
8 specifically focused on minority and women construction
9 businesses and trying to break down those doors to get
10 their businesses into larger businesses and get jobs.

11 And Andy was recognized by a couple
12 businesses that we do, and they nominated him and he
13 achieved that award, and we're very proud of what he's
14 done.

15 And some of those businesses really have
16 grown since we've worked with them. One actually didn't
17 have any team members at first and now he's got some
18 team members, and he's doing quite a bit of work for us.

19 So very proud of that accomplishment.

20 Again, this is a similar slide to what
21 River City used and what we are currently doing. So
22 very similar efforts, and we will continue these efforts
23 once the change has taken place and we are no longer
24 part of Pinnacle.

25 Again, highlighting. You know, last year we

1 had the vendor fair at Lumiere. We had 81 total
2 companies, and 61 of those were minority/women-owned
3 businesses, and we are using 32 out of those
4 61 currently today.

5 As you go into the team member demographic
6 trends, we continue to hire many minorities and females
7 in the state. We are very proud that we have almost
8 58 percent minority and we're at 44 1/2 percent in
9 female team members.

10 And as you can see, from 2011 we were at
11 roughly 52 percent minority. We are now close to
12 58 percent. The female team member mix is down slightly
13 but that's really because some of our numbers have been
14 down. So we continue to focus on that. And obviously
15 there is a significant increase in our minority team
16 members.

17 Again, this just breaks down the leadership
18 trends. We're at 38.6 percent minority supervisors and
19 above, 34.1 percent in female supervisors and above.
20 And the management team remains pretty consistent,
21 although female management is down, but again staffing
22 is down due to the economic revenue -- the economic
23 trends that we've seen and the revenue that we've lost.

24 You go to the next slide. Again, this just
25 shows it in a different view. We continue to again hire

1 58 percent minority and exceed all of our goals, and we
2 will continue to do that.

3 One of our programs that we have in place,
4 which you'll see on this next slide, is 94 percent of
5 our managers have gone through programming and classes.
6 Neil discussed that earlier.

7 And 36 percent of our supervisors have
8 already gone through. And currently through to date
9 49 percent of our minority leaders have attended this
10 training, and we're looking to continue to develop them
11 throughout as we continue.

12 Again, we're still focused on, you know,
13 sourcing and building relationships. And, again, I
14 think that speaks volumes when Andy was recognized by
15 MoCAN, because we continue to work with new and upcoming
16 companies.

17 The one thing that we have really been proud
18 of, and that's why I wanted to mention Greg, is the
19 security team that we have down at Lumiere. They've
20 done an amazing job.

21 When I took over as general manager in 2010,
22 we had a staff and security of about 80. We now have a
23 staff of over 130, because we continue to focus on and
24 ensure that our patrons and our guests and our team
25 members have a safe work environment down at Lumiere

1 Place given our location.

2 So this is just a list of things we've done.
3 It could quite honestly be about four pages long. This
4 is just a highlight.

5 You know, we work closely with the St. Louis
6 Police Department. We have contributed the \$100,000
7 annually to hot spot policing. We've added security
8 towers. We've done a multitude of things. And I really
9 cannot thank our security team enough on the job that
10 they've done, and I definitely want to recognize them.

11 This is just some of the crime rate volumes
12 that you've seen throughout the City of St. Louis, but
13 what's not on this slide it's very telling.

14 If you look at Laclede's Landing and the
15 Lumiere Place facility, 2011 over 2010, we were down
16 29 percent in crime around the area. In 2012 over 2011
17 we were down another 24 percent. This year through
18 September we are down another 50 percent in crime in and
19 around the property.

20 And it's very telling when we have our
21 dinners with our top tier players. They say, we feel
22 safe. We feel secure. It's a great place to be at, and
23 they don't know why there is that reputation out there.

24 So anything we can do from a City and Lumiere
25 standpoint and the Landing standpoint to change that

1 perception we are trying to do. And, again, it's a hats
2 off to our Security Department and what they've been
3 able to do, and also to the agents and the sergeants at
4 our property. They stay busy quite often on the
5 weekends and they do an amazing job.

6 So part of our success was taking the three
7 turnstiles down to one turnstile. This is just a
8 picture of what it looks like.

9 But what it did for us in this slide you'll
10 see is it took it from three to one. And on the
11 weekends down on the Landing what you would have is
12 you'd have those individuals who shouldn't be on the
13 gaming floor either because they're underage or they're
14 intoxicated. They would try to go from turnstile to
15 turnstile to turnstile to get in.

16 By going down to one turnstile there is only
17 one point of entry and one point of denial. So once
18 they were denied they knew they didn't have another shot
19 of getting on.

20 So that right there has been very beneficial
21 for us. It also allows us to control other issues and
22 control ingress and egress to the casino. So it was a
23 great move on our part, and I believe the Commission
24 feels -- or the agents at the property feel the same.

25 Again, you know, our admissions aren't as

1 high as River City, but I will say, you know, given our
2 admissions, we have ID'd over 500,000 more. We've ID'd
3 1.2 million of our customers, and that's out of
4 7.6 million patrons. And although there has been
5 26 underage admitted, the success rate is 99.9 percent.

6 So again, they've done an amazing job given
7 our location. And the guests who are down there in and
8 around the Landing either are enjoying the
9 establishments there or the game across the street at
10 the dome. They always try to get in. So we quickly
11 identify them and move them along or give them to the
12 agents to process.

13 DAP, disassociated persons, continue to be a
14 focus of ours. We continuously train and it will always
15 be a top priority for us, and we will ensure that they
16 don't get mailings in their mailbox.

17 As you go into the development agreement that
18 Jack mentioned earlier, these are just some of the
19 highlights that we've done since our last presentation.

20 We've given \$6 million to the National Blues
21 Museum, which has been fulfilled. I currently sit on
22 that board. The CityArchRiver Project which is underway
23 and hopefully will be completed by the end of October
24 2015 for the 50th anniversary is well under its way.
25 And then we work closely with the St. Louis PD and hot

1 spotting.

2 And finally the Great Rivers Greenway Project
3 has been taken care of, and quite honestly, Susan
4 Trautman, who is the President of the GRG, sits on our
5 CID board, which was a requirement for us down at
6 Lumiere. So we look forward to continuing that
7 partnership with Great Rivers Greenway.

8 And then we have our charitable
9 contributions. You know, we've given nearly 9.9 million
10 since January 2012, and we will continue to be a partner
11 and a great corporate citizen in the City of St. Louis,
12 and we'll look to continue to develop new and better
13 ways to support.

14 This is just a little letter from Mayor Slay.
15 Jeff Rainford will be up here in a minute to speak on
16 his behalf, and they obviously support Lumiere Place.

17 And again, Captain Cagle (phonetic sp.), Greg
18 Cisna and myself and several of our managers meet with
19 him on a regular basis to ensure that we're doing
20 everything we can to ensure that that's a safe
21 environment for our guests and our patrons, our team
22 members.

23 MR. GODFREY: Any questions for Jeff?

24 COMMISSIONER JONES: Yeah, a couple of them.
25 I guess I'll go.

1 Jeff, you know, thank you for the --
2 congratulations for the award. I saw that in the
3 presentation. So congratulations.

4 MR. BABINSKI: Thank you.

5 COMMISSIONER JONES: You kind of, like,
6 skipped over that.

7 MR. BABINSKI: Yeah. I didn't want to talk
8 about myself.

9 CHAIRMAN HATCHES: He was hoping somebody
10 else would say that, and he did. So congratulations.

11 COMMISSIONER JONES: I fell right into it.
12 Okay.

13 MR. BABINSKI: Yes. I don't like to brag
14 about myself, but, yeah, I was recognized as Top 100
15 St. Louisans by Small Business Monthly, which obviously
16 somebody that we've done business with nominated me.

17 COMMISSIONER JONES: Well, congratulations
18 again on that.

19 I'm interested in the relationships that
20 you're establishing with some of the MBE/WBEs. Will
21 those be retained through this transition?

22 MR. BABINSKI: Yes, absolutely. First and
23 foremost I sit on the Minority Business Council. That
24 name is changing because they're no longer going to be
25 associated with national. It was the St. Louis Minority

1 and Supplier Development Council. So I work closely
2 with them.

3 Neil had mentioned Edmond Brown, ELB, which
4 we currently do business with and I sit on the board
5 with.

6 So we are looking to grow those and continue
7 those relationships, and I will remain on the board
8 after they have basically divested themselves of the
9 National Minority Supplier and Development Council.

10 COMMISSIONER JONES: What about the
11 transition going through the purchasing, repurchase,
12 selling and all of that? Now, I don't know if you can
13 disclose anything, but I'm just hoping that that
14 relationship is retained.

15 MR. BABINSKI: Yes. You know, our
16 relationship and our goal is to ensure that we continue
17 best practices and everything that we've done in here,
18 meaning that, you know, we're going to continue to focus
19 on increasing our minority spend, developing those
20 businesses and ensuring that -- you know, now, we won't
21 have, you know, the Pinnacle portfolio, which is sixteen
22 properties. We will now have the Tropicana portfolio,
23 which is eight properties.

24 So we'll look to developing and send them out
25 there. We'll work to continue to develop. And as I

1 mentioned, you know, professional services is something
2 we didn't do because we have a corporate agreement with
3 the marketing agency before. We now will be partnering
4 with the St. Louis firm to help develop and market
5 Lumiere Place.

6 COMMISSIONER JONES: Thank you.

7 Jack, I have to commend you. We've gone
8 through several years to gather this stuff, and I'd like
9 to commend you and the team and the increase in the
10 minority/women spend over the years. The numbers look
11 great.

12 Cheryl, thank you for auditing them.

13 But I knew Jack was going to present some
14 great numbers anyway. They were going to be honest
15 numbers.

16 MR. GODFREY: Thank you, Commissioner Jones.
17 We've been through several meetings, and it's always a
18 pleasure to appear in front of you and have our
19 discussions.

20 COMMISSIONER JONES: Okay. Okay.

21 CHAIRMAN HATCHES: Did you get that reporter?

22 THE COURT REPORTER: Yes.

23 CHAIRMAN HATCHES: That's not the way I
24 remember.

25 I just have one comment for you and also Neil

1 that I should have mentioned earlier.

2 Many times -- just specifically in your
3 MBE/WBE numbers, many times we can look at a year and --
4 because your numbers have been going up like this maybe
5 won't occur, but you look at a year and you see that the
6 numbers are really, really -- the spend is really up.

7 And all I ask is that you work with Cheryl
8 and let us know in advance if these numbers are up
9 because you have some special projects going on that
10 went to an MBE/WBE, which means that maybe next year or
11 the next quarter it's not going to look like that.

12 Don't wait until that occurs to let us know.
13 Let us know prior to, so it's not a shock, and then --
14 you know, because then if you come in, you'd be
15 explaining, and that's just not the position that you
16 want to be in given the growth that you've had.

17 MR. GODFREY: Good advice. Thank you.

18 CHAIRMAN HATCHES: And I do really like the
19 layout of your presentations. They're easy to read. I
20 mean, it helps -- it looks good first and then you get
21 down to the data, but it looks good and we appreciate
22 that. It's easier to read for us, and we can get a good
23 visual.

24 MR. GODFREY: Thank you.

25 And I was remiss in calling out Jeff's award.

1 I don't want to be remiss in calling out our
2 Vice-President of Strategic Sourcing for Pinnacle, Jeff
3 Danis, that I would like to have stand again.

4 Jeff drives our strategic sourcing for the
5 entire company. Jeff supervises Josh who does such a
6 wonderful job. And Jeff has really driven this from a
7 corporate perspective. Sometimes he doesn't get the
8 credit he deserves, but that's the gentleman in
9 Las Vegas. And he and I talk frequently. He talks
10 frequently with Jeff and Neil and all of the other
11 general managers of our properties.

12 And I can assure you that it's a big
13 initiative for Pinnacle, and Jeff is the guy that is
14 driving that from the strategic sourcing.

15 CHAIRMAN HATCHES: Thank you, Jeff.

16 COMMISSIONER JONES: Yes. Thank you.

17 CHAIRMAN HATCHES: Any other questions?

18 COMMISSIONER BRADLEY: Chairman Hatches.

19 CHAIRMAN HATCHES: Yes.

20 COMMISSIONER BRADLEY: This is Suzanne
21 Bradley. And I also want to say, I appreciate having
22 all these materials beforehand, because, you know, it
23 was a last-minute decision that I had to be by
24 telephone.

25 Having all this information here in front of

1 me and I'm going along with it, just like you guys are,
2 on my iPad, and having all that and having it laid out
3 the way it is has been extremely helpful and helps me
4 participate better. So I thank you.

5 CHAIRMAN HATCHES: And I'm sure our
6 internal staff had a lot to do with the way this is laid
7 out. I know you guys did a good job, but you just
8 followed.

9 MR. BABINSKI: Absolutely. Absolutely.

10 CHAIRMAN HATCHES: Let's spread it around.

11 Okay.

12 MR. GODFREY: Yes, I'd like to call up Jeff
13 Rainford to speak on behalf of the City of St. Louis,
14 and I expect that Jeff will confirm that we've been good
15 partners and --

16 MR. RAINFORD: I guess we'll find out.

17 CHAIRMAN HATCHES: Let's not set it up too
18 much. We may be in for a surprise.

19 MR. RAINFORD: No. No surprises, Jack.

20 Thank you.

21 And Darryl was teasing Jeff a little bit
22 about the award he won. We have a great relationship
23 with him. We do have challenges, especially over the
24 years, less lately, but about public safety, and Jeff
25 and his predecessors have all been accessible to us, and

1 we've had a great relationship on the ground at
2 Lumiere Place.

3 I am here to speak on behalf of our mayor,
4 Francis Slay, and the St. Louis Development Corporation,
5 which is led by Otis Williams.

6 And recently, and much more so in the coming
7 months, you're going to hear a lot about the City of
8 St. Louis and St. Louis County partnering with each
9 other in the past and maybe even reconciling together in
10 the future.

11 And as we do that, we will be talking -- the
12 mayor and I and others will be talking about what you
13 and we have accomplished here as one of the things as an
14 example of what the City and the County can get done
15 when they do it together.

16 I have been in the mayor's office since the
17 mayor got elected more than twelve years ago, so I was
18 there when your predecessor came to see us.

19 And he came and said that it was time for the
20 next license and that he felt that the next license
21 should be on the St. Louis Riverfront.

22 And, of course, he was basically preparing
23 the mayor to get ready to go on that because in the past
24 the City had had somewhat of a checkered past when it
25 came to selecting gaming companies.

1 And shortly thereafter -- and that was Kevin
2 Mullally, your predecessor, and Kevin was a visionary
3 and was really thinking ahead.

4 Likewise, Buzz Westfall came to the mayor and
5 said, listen, Lemay is a very impoverished area and I
6 really have to have a casino there, and I know you and
7 Kevin and the Gaming Commission are collaborating
8 together. Can we somehow come together on this?

9 And the mayor understood what that meant, and
10 he understood that that meant that the City might not
11 get as much revenue in a collaboration if it went alone.
12 It might have meant that the City didn't get quite as
13 many amenities.

14 And he also understood that the City was
15 really setting up what eventually was going to be a
16 competitor with the casino that ultimately was going to
17 be at the St. Louis Riverfront.

18 But the mayor to his credit, Kevin to his
19 credit, this Commission to its credit decided that we
20 are all going to work together, and the result of that
21 was a joint RFP that led first to Lumiere Place and then
22 eventually to River City and benefits for people of the
23 City of St. Louis and benefits for the people of
24 St. Louis County.

25 And going forward, as we see fewer lines and

1 the necessity of fewer lines and we start thinking about
2 each other less as, you know, what is good for the City
3 is bad for the County and vice versa, we're going to
4 look at a partnership, and the vision and the leadership
5 that you-all were a big part of that led to this as an
6 example of what we can accomplish together.

7 We are still -- even though with this
8 partnership we probably got a little bit less than we
9 would have had we gone alone, we are still very, very
10 satisfied with the outcome for the City of St. Louis
11 itself.

12 And with the performance of Lumiere Place, it
13 is a first-rate product. It offers an amenity for our
14 visitors, both conventioners and tourists. They employ
15 about 1,200 people. You saw their record of minority
16 participation, which is very important to the mayor.
17 They have kept or exceeded all of their promises.

18 When we first talked to them, we were talking
19 about somewhere in the neighborhood of \$260 million in
20 investment. That are now at about \$580 million in
21 investment.

22 And again, you have seen and visited Four
23 Seasons Hotel. We are very, very proud. I remember
24 when they came to see us the first time and said a Four
25 Seasons, I thought they were kidding, you know, that

1 they were going to operate a Four Seasons Hotel in the
2 City of St. Louis.

3 I was, like, well -- because you have to
4 remember at the time that the City was a very different
5 place than it is today.

6 And they were one of the first people -- one
7 of the first companies to make an investment like that,
8 and you're starting to see more and more of that and
9 have in the City of St. Louis. But we're very proud
10 that Four Seasons is in the City.

11 And as far as their commitment to the
12 \$50 million, the development agreement said that they
13 would cause \$50 million in development, and while we
14 have -- you know, there was a little bit of a delay, we
15 are very pleased with the outcome.

16 The investment in housing, the investment in
17 CityArchRiver, which is the mayor's No. 1 development
18 priority, is now just beginning construction and it will
19 be finished in October of 2015, and you're going to see
20 a major transformation of the Arch grounds and the area
21 around the Arch grounds.

22 People don't even -- can't -- their minds are
23 going to be blown away by the changes that they're going
24 to see, and Pinnacle was a part of that.

25 They've made an investment with the -- by

1 giving the Cherrick lot to Green Rivers Greenway, our
2 hiking and biking trails commission. They've made, as
3 you've heard, an investment in a new Blues museum. And,
4 you know, this \$500,000 in hot spot policing is no small
5 matter.

6 As Jeff was talking, it is not an accident
7 that crime on Laclede's Landing and the area around the
8 casino is going down and going down dramatically.

9 We will not be satisfied, Jeff will not be
10 satisfied and Lumiere will not be satisfied until that
11 is not even something that we even have to talk about.

12 And so the mayor -- when we were wrapping up
13 the negotiations over the 50 million, the mayor said,
14 how about a direct investment into our police
15 department, so that will be \$100,000 a year for overtime
16 and we will place police officers where -- using data
17 where we think the crime is occurring, and it's modern
18 policing.

19 You may have seen one of the IBM commercials,
20 because IBM is sort of taking a little bit of credit for
21 Smart Policing, where the guy is going to show up and
22 he's going to rob the convenience store and the police
23 officer is already sitting there waiting for him to show
24 up.

25 And it's a little bit of hyperbole but it's

1 not that far from what hot spot policing really is.
2 It's anticipating based on crime patterns where the
3 crime is going to incur and putting the police officers
4 there ahead of time.

5 So even though our relationship -- our direct
6 relationship with Pinnacle is -- you know, we're soon
7 going to go in different directions, we believe that --
8 in fact, Pinnacle Entertainment has met or exceeded its
9 promises to the City of St. Louis.

10 We are pleased with where Lumiere Place is
11 and hopeful where it's going to be. They have --
12 again, they have added to the vitality of Downtown
13 St. Louis, more to do for our conventioners and our
14 tourists. They are hiring people.

15 And they are a company of integrity. And
16 when they have told us that they were going to do
17 things, either they did them as they said they would or
18 they sat down with us and did them to our satisfaction.

19 And for those reasons and others Mayor Slay
20 and the St. Louis Development Corporation are supporting
21 the relicensure of Pinnacle and Lumiere Place, and I
22 appreciate your time.

23 CHAIRMAN HATCHES: Thank you.

24 Any questions?

25 MR. BABINSKI: I appreciate it. Thanks.

1 MR. GODFREY: We have nothing further to say.
2 Thank you very much.

3 We do want to thank the staff, of course, for
4 the assistance that they provided in giving input to our
5 presentation and, of course, the review for renewal.

6 Always very professional, both the State
7 police and the Gaming Commission, and they're always a
8 joy to work with. So thank you. Thank you, Roger, and
9 your staff.

10 EXECUTIVE DIRECTOR STOTTLEMYRE: Thank you,
11 Jack.

12 CHAIRMAN HATCHES: And certainly my last
13 comment will be consistent with what you're saying about
14 the security and how that is going. We applaud that.
15 It means a lot to the industry.

16 And your team has done an excellent job.
17 There too, we want to thank our own State troopers and
18 our Gaming internal staff of being supported there. It
19 means a lot.

20 No further questions.

21 EXECUTIVE STOTTLEMYRE: Mr. Chairman, we'll
22 be ready for public comments if there are any.

23 MS. SCAVUZZO: Mr. Chairman, Commissioners,
24 I'm Pam Scavuzzo from Scavuzzo, Incorporated, a WBE
25 supplier of Pinnacle Entertainment.

1 And I just wanted to give my testimonial that
2 over the past two years Pinnacle Entertainment has been
3 a key business partner for Scavuzzo, Incorporated.

4 Together we have built a business
5 relationship that is reciprocal in every sense of the
6 word.

7 Last December we acquired their core meat
8 bid, which tripled our sales growth with them over the
9 course of a month. With the acquisition of the core bid
10 we also grew from a local food service supplier to a
11 regional supplier covering 15 states.

12 In the spring of 2013, with the purchase of
13 Ameristar by Pinnacle, our sales and coverage area
14 continued on the same growth curve.

15 With hard work, innovation, aggressive
16 pricing and a thoughtful business plan we expect this
17 relationship will continue to grow.

18 We work with several other gaming companies,
19 Caesars Entertainment, Penn Gaming, Isle of Capri,
20 Incorporated and Affinity Gaming, which are all great
21 business partners.

22 We believe that Pinnacle Gaming has been the
23 catalyst in this region, trusting us with major portions
24 of their food service needs and paving the way for
25 others to follow. As a result of their trust, other

1 gaming companies have opened the doors for us.

2 We would like to take this opportunity to
3 thank all of the gaming companies that support WBE and
4 MBE-owned enterprises, and we look forward to continued
5 growth with those business relationships.

6 CHAIRMAN HATCHES: Thank you.

7 EXECUTIVE DIRECTOR STOTTLEMYRE: If there is
8 no further public comment, we have the investigative
9 summary by Trooper John Masters.

10 TROOPER MASTERS: Good morning, Mr. Chairman,
11 and Commissioners. I'm Trooper John Masters from the
12 Missouri State Highway Patrol Gaming Commission.

13 On May 2 applications for the renewal of the
14 Class A license of Pinnacle Entertainment, Incorporated
15 and the Class B riverboat gaming licenses for Casino One
16 Corporation, doing business as Lumiere Place Casino, and
17 PNK (River City), LLC doing business as River City
18 Casino, were received by the Missouri Gaming Commission.

19 Upon receipt suitability investigations were
20 initiated by the Missouri State Highway Patrol's Gaming
21 Division and Missouri Gaming Commission financial
22 investigators.

23 The two Class B applicants set for renewal
24 today are wholly owned subsidiaries of the parent
25 company, Pinnacle Entertainment, which is headquartered

1 in Las Vegas, Nevada.

2 Highway Patrol investigators conducted
3 financial and criminal background checks on the three
4 companies, as well as associated key persons and Level I
5 personnel. MGC financial investigators also conducted a
6 financial analysis of each company. No discrepancies or
7 concerns have been noted.

8 City, County, State and Federal officials
9 were contacted regarding any concerns with casino
10 operations. No issues, concerns or negative information
11 was received.

12 The results of our investigation were
13 provided to the Missouri Gaming Commission Staff for
14 their review and specific details related to these
15 findings are contained within a comprehensive summary
16 report in your possession.

17 CHAIRMAN HATCHES: Thank you.

18 EXECUTIVE DIRECTOR STOTTLEMYRE: Cheryl
19 Bonner will now present.

20 MS. BONNER: Good morning, Mr. Chairman,
21 Commissioners.

22 CHAIRMAN/COMMISSIONERS: Good morning.

23 MS. BONNER: On March 5th, 2013 the Missouri
24 Gaming Commission Staff conducted a 100 percent audit of
25 the MBE/WBE records for the Class B licensees River City

1 and Lumiere Place Casino. The results of our audit and
2 specific details related to those findings are contained
3 within the comprehensive summary report in your
4 possession.

5 CHAIRMAN HATCHES: Are you done?

6 MS. BONNER: I'm done, unless you have any
7 questions.

8 EXECUTIVE DIRECTOR STOTTLEMYRE:

9 Mr. Chairman, if there is no questions, we're ready to
10 make a recommendation on the resolution.

11 We're doing good.

12 CHAIRMAN HATCHES: This is going too smooth.

13 COMMISSIONER JONES: Cheryl usually makes a
14 presentation that takes about 35, 40 minutes.

15 CHAIRMAN HATCHES: You're just saying we
16 already gave it to you; you should have read it?

17 COMMISSIONER HOWARD: Cheryl, thank you for
18 providing us all of the information in advance.

19 CHAIRMAN HATCHES: Which supports what we've
20 seen in their presentation.

21 EXECUTIVE DIRECTOR STOTTLEMYRE: It does.

22 CHAIRMAN HATCHES: We like to tie those two
23 things together.

24 EXECUTIVE DIRECTOR STOTTLEMYRE:

25 Mr. Chairman, the first resolution staff recommends

1 approval on would be No. 13-100 and that's for Pinnacle
2 Entertainment, Incorporated, the Class A licensee.

3 CHAIRMAN HATCHES: Chair would entertainment
4 a motion.

5 COMMISSIONER JONES: Move for the approval of
6 13-100.

7 COMMISSIONER BRADLEY: Second.

8 CHAIRMAN HATCHES: Moved and seconded.

9 Any discussion?

10 Angie, would you call the roll, please.

11 MS. FRANKS: Commissioner Howard.

12 COMMISSIONER HOWARD: Approve.

13 MS. FRANKS: Commissioner Jones.

14 COMMISSIONER JONES: Approve.

15 MS. FRANKS: Commissioner Bradley.

16 COMMISSIONER BRADLEY: Approve.

17 MS. FRANKS: Chairman Hatches.

18 CHAIRMAN HATCHES: Approve.

19 MS. FRANKS: By your vote you've adopted
20 Resolution No. 13-100.

21 EXECUTIVE DIRECTOR STOTTLEMYRE: Staff
22 recommends approval of Resolution No. 13-101. That is
23 the Casino One Corporation, Lumiere.

24 CHAIRMAN HATCHES: Chair would entertain a
25 motion.

1 COMMISSIONER JONES: Move for the approval of
2 Resolution No. 13-101.

3 COMMISSIONER BRADLEY: Second.

4 CHAIRMAN HATCHES: Moved and seconded.

5 Any discussion?

6 Angie, call the roll.

7 MS. FRANKS: Commissioner Howard.

8 COMMISSIONER HOWARD: Approve.

9 MS. FRANKS: Commissioner Jones.

10 COMMISSIONER JONES: Approve.

11 MS. FRANKS: Commissioner Bradley.

12 COMMISSIONER BRADLEY: Approve.

13 MS. FRANKS: Chairman Hatches.

14 CHAIRMAN HATCHES: Approve.

15 MS. FRANKS: By your vote you've adopted
16 Resolution No. 13-101.

17 EXECUTIVE DIRECTOR STOTTLEMYRE: And Staff
18 recommends approval of Resolution No. 13-102, which is
19 the Pinnacle River City.

20 CHAIRMAN HATCHES: Chair would entertain a
21 motion.

22 COMMISSIONER JONES: Move for the approval of
23 Resolution No. 13-102.

24 COMMISSIONER BRADLEY: Second.

25 CHAIRMAN HATCHES: Moved and seconded.

1 Any discussion?

2 Angie, would you call the roll, please.

3 MS. FRANKS: Commissioner Howard.

4 COMMISSIONER HOWARD: Approve.

5 MS. FRANKS: Commissioner Jones.

6 COMMISSIONER JONES: Approve.

7 MS. FRANKS: Commissioner Bradley.

8 COMMISSIONER BRADLEY: Approve.

9 MS. FRANKS: Chairman Hatches.

10 CHAIRMAN HATCHES: Approve.

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

12 Resolution No. 13-102.

13 EXECUTIVE DIRECTOR STOTTLEMYRE:

14 Mr. Chairman, that concludes our relicensure of the
15 Pinnacle Entertainment, Incorporated and their Class B
16 licensees.

17 CHAIRMAN HATCHES: Congratulations. Thank
18 you.

19 EXECUTIVE DIRECTOR STOTTLEMYRE: We are now
20 ready to go to tab J, which would be the IOC-Cape
21 Girardeau, LLC licensing, if you're ready to do that or
22 if you want to take break, however you want to handle
23 that.

24 If everybody is good, we'll go.

25 CHAIRMAN HATCHES: Suzanne, are you okay?

1 COMMISSIONER BRADLEY: I'm here. Let's roll.

2 EXECUTIVE DIRECTOR STOTTLEMYRE: Mr. Barron
3 Fuller will present, please, and introduce whoever he
4 has with him.

5 CHAIRMAN HATCHES: Okay. We're ready.

6 Mr. Fuller.

7 MR. FULLER: Good morning, Chairman,
8 Commissioners, Roger, Staff.

9 My name is Barron Fuller. I'm the
10 Regional Vice-President of Operations for Isle of Capri
11 Casinos and the Acting General Manager for the Isle of
12 Cape Girardeau for the last six months. It is my
13 pleasure to be here today.

14 Today marks a very special day for us. It
15 marks the one-year anniversary of the opening of our
16 casino in Cape Girardeau.

17 So many of us were down there last year about
18 this time with some cold ears and some cold hands
19 waiting to get in.

20 EXECUTIVE DIRECTOR STOTTLEMYRE: They were
21 really cold that day.

22 MR. FULLER: Yeah. Yeah.

23 So we're happy celebrating that one-year
24 anniversary today.

25 So I want to take my hat off to Neil and Jeff

1 and the Pinnacle team for the process they put forward
2 in relation to the minority and women-owned enterprise
3 spend. They did a good job on that side of it. So
4 congratulations to those guys.

5 Before we get going I'd like to make some
6 announcements with some staff that I brought up from
7 Cape with me today. If they could please stand when I
8 announce their names, please.

9 Mark Hanko. Mark is our Director of Human
10 Resources. Ginger Albrecht, Director of Finance. Susan
11 Poe is our Compliance Officer. And Kristie Lane is our
12 Employment Manager.

13 We also have Sandra Marks with us from
14 Marks & Associates, some City officials, and Arthur
15 Porter, also with Marks & Associates too.

16 Jill Alexander is our Senior Director of
17 Corporate Communications, and we have Elizabeth
18 Tranchina, our Vice-President of Legal Affairs, with us
19 too.

20 And we also have some city officials from
21 Cape Girardeau, Mayor Harry Rediger. And Harry will
22 bring up his staff and introduce his staff when he does
23 his presentation later.

24 In regards to our development agreement, we
25 feel we're in full compliance with our development

1 agreement, including a pre-opening commitment to
2 improvements made to the Broadway corridor, which leads
3 Broadway down to the Riverfront and eventually to the
4 casino.

5 A special note of recent. The last five and
6 a half years this whole area has been kind of star-
7 struck with the filming of the movie Gone Girl, with Ben
8 Affleck in that area.

9 The other commitments involved an improvement
10 to the site itself, a \$128 million site. Traffic flow,
11 looking at traffic flow, infrastructure, electrical,
12 plumbing and things in regards to that which we met.

13 Other projects funded through gaming revenues
14 include wayward signage. The picture on the left
15 depicts some new lighting that was just recently
16 completed, Main Street, bringing the Broadway corridor
17 down to the casino with matching lighting of the entire
18 project itself.

19 Some other projects, our space design study
20 for a police station, and some other playground
21 equipment at some of the parks and infrastructure
22 improvements, and the mayor will expound upon those in
23 much greater detail I'm sure later in his presentation.

24 Isle of Capri reports on a fiscal year. I'll
25 have a slide that kind of normalizes everything at the

1 end of the next two slides as we talk through our AGR.

2 So our fiscal year '13 started last year when
3 we opened and then it ended on April 28th of 2013. We
4 actually did over \$35 million in AGR during that six-
5 month timeframe. Fiscal year '14 started April 29th and
6 it will end April 27th of 2014, and thus far through the
7 five months we've done over \$24 million in AGR and we're
8 trending outwards 58 million.

9 Some eyes on that, what have we done since
10 opening since March -- or October 30th of last year,
11 looking at the eleven months of performance.

12 Our admission counts are at 1.3 million for
13 the fiscal year, fiscal year '13. Thus far through
14 fiscal year '14 we're just over 813,000, trending
15 towards the 1.9 million mark.

16 Now the summary. To get to the summary, what
17 have we done over the last eleven months. Admission
18 counts have been over 2.1 million, with a total AGR of
19 over \$60 million. Trending outwards the twelve months
20 of that AGR would be somewhere right around 64 to
21 \$65 million.

22 We've talked economy. I think we heard
23 economy a little bit from the Pinnacle team earlier.

24 The one thing that we're seeing in
25 Cape Girardeau is our admission counts have been pretty

1 healthy. Our spend per visit -- or our spend per patron
2 has been down a little bit. So comparatively when we
3 put some studies together we kind of looked at our
4 performance at our Boonville property. So taking the
5 performance for the Boonville property for the eleven
6 months this year, their win per patron is averaging
7 right around 77.89. If you take that by our patron
8 counts, that would put us somewhere in the range of
9 \$76 million.

10 So we'll continue to driving admittance and
11 working on that share of wallet through these kind of
12 funky economic times.

13 Capital investments. Through the help of
14 Mother Nature, a little bit of Mother Nature on our
15 side, the help of the Missouri Gaming Commission, the
16 City of Cape Girardeau and our contractors, we were able
17 to open three months ahead of our schedule, last
18 October, with a \$128 million investment. We're proud of
19 that.

20 Looking at capital investment moving forward
21 over the next twelve months, just generalized
22 maintenance capital, putting back into the project since
23 it's a brand new property.

24 Hiring practices. Isle of Capri has always
25 been fully committed to the hiring of a diverse

1 workforce.

2 These are some of our recruitment efforts.
3 We kind of like to talk about our upward mobility and
4 how the Isle has always focused on servant leadership,
5 upward mobility, leadership developments and things on
6 that side of it.

7 Some great success stories when we opened our
8 casino in Cape Girardeau as we look at the Isle
9 corporation as a team.

10 Our Human Resources Manager actually started
11 at our small property in Marquette, Iowa in the early
12 '90s as a cage cashier and now she's the Human Resource
13 Manager at our property in Cape Girardeau.

14 Our Slot Manager actually started as a
15 cocktail waitress at that same property in Marquette,
16 Iowa, and she is now our Slot Manager in Cape Girardeau.

17 so those are two stories that I'm very proud
18 of because I happened to be the general manager at the
19 time when those two people started in those introductory
20 positions and they eventually rolled into upward
21 management positions.

22 So in regards to minority management level
23 team members at Cape Girardeau. 12.5 percent of our
24 team members are minorities within our management ranks,
25 and over 50 percent of our management team are females.

1 Other success stories. Looking at upward
2 mobility right now, what we're focusing on in
3 Cape Girardeau with the help of Kristie Lane. Kristie
4 is kind of teaming up the upward mobility as we look at
5 that.

6 In May our Security Manager's position was
7 open, and that's about the time I arrived on the
8 property, and I knew we needed a good, seasoned Missouri
9 veteran in there from the securities standpoint, so we
10 brought down Deb Mayne from Boonville, who had worked in
11 security as a manager in Boonville for many years,
12 brought her into the team.

13 She needed to solidify her team around her,
14 and when she did that for the improvement of her
15 supervisory level team members, she thus filled those
16 positions with four either females or minorities into
17 those positions.

18 We have some great success stories to talk
19 about our culinary side, when we grow our culinary
20 talent. We've hired a new executive chef in the last
21 three months, Ray Leung.

22 We challenged Ray with two things. No. 1 was
23 to improve the quality of our food, and secondly and
24 more importantly was to focus on our team to give them
25 the attention that they needed.

1 Ray has a focus on one of our sous-chefs
2 right now, Rosebud Palmaro (phonetic sp.) to eventually
3 grow her into an executive chef, so she's on a strong
4 career path. She's taken many of our back-of-the-house
5 females and minorities, taken them from Level I
6 positions up to Cook IIIs or bakers.

7 We moved 90 percent of our baking product
8 in-house. We bake 90 percent of the stuff with the
9 ladies in the back in the kitchen. Some good success
10 stories on that side.

11 Three of our management team members out of
12 our marketing team are recent SEMO grads. They're both
13 all three females, landed in the marketing positions and
14 the promotions, advertising, and our guest service
15 experience manager is also a SEMO grad.

16 Employment demographics. 19.58 percent of
17 our team members are minorities versus Cape Girardeau
18 City of 12.7. In regards to females, 50.4 percent are
19 females at Isle of Cape Girardeau, with 51.7 being the
20 City of Cape Girardeau statistic.

21 88 percent of our team members reside within
22 the state of Missouri.

23 Payroll and benefits. We've expended over
24 \$14 million in payroll and benefits to our team members
25 over the past eleven months.

1 In regards to diversity, I had the pleasure
2 of being here last June when we were hearing the
3 relicensure of our properties in Boonville,
4 Caruthersville and Kansas City, and we were talking
5 about our MBE/WBE spend at that time.

6 I was in the audience, and the guys were
7 going through their programs. You called me to the
8 podium and asked me if I had a similar program in Cape.

9 I made that commitment to you that we had
10 something bigger and better in the works and that we're
11 working through something with Marks & Associates.

12 So at this time I'd like to call up Sandra
13 Marks to talk through that program.

14 MS. MARKS: Thank you, Barron. Thank you
15 all.

16 I've been before some of you, but I want to
17 tell you a little bit about Marks & Associates.

18 Marks & Associates is a business and
19 workforce development firm. We started over 25 years
20 ago. I'm 100 percent owner of the company.

21 And as a result of some very recent
22 opportunities within our company, I've expanded my
23 capacity to now have over eight consultants in our
24 St. Louis office working on some very high-profile
25 projects.

1 Our St. Louis clients include BJC HealthCare
2 and a very large project that we're involved in with
3 them over the next ten years. Washington University has
4 been my client for 15 years. We continue to help them
5 with their vendor development program, and also
6 certainly our relationship with the Cortex Research Park
7 has just begun and some of the things that we're looking
8 to do to help them.

9 But in October two years ago we were
10 introduced to Isle of Capri, and at that time it was
11 under the construction side. We were brought in and
12 introduced by S. M. Wilson, one of the partners on the
13 construction of the casino in Cape Girardeau.

14 And we were essentially brought in because of
15 our emphasis as a business development firm and in
16 particular our focus on minority business development,
17 recognizing some disparities I see across various
18 industries, not just casino industry but health care
19 industry, educational industry in terms of the
20 availability of minority-owned firms versus women-owned
21 firms and also the kinds of businesses that minorities
22 tend to go into and the ability to get into those
23 industries.

24 So we started working with all four of the
25 properties as a result of our relationship on the casino

1 project.

2 So we started with the casino project in
3 October of 2011, but in October of 2012 the Isle of
4 Capri corporate office expanded our relationship at a
5 corporate level, and at that point we became the
6 business development consultants for each of the four
7 Missouri properties.

8 The first phase of our engagement was to work
9 with all four properties to do a SWOT analysis of their
10 current spend analysis, as well as looking at what they
11 bought and who they're currently buying from.

12 I then did an analysis of all of the
13 minority/women-owned firms certified in the state of
14 Missouri, as well as the City of St. Louis, the City of
15 Kansas City and also the various certifying agencies,
16 our relationships with the various councils and the DBE
17 program office in St. Louis.

18 And we were looking at essentially supply and
19 demand, trying to be sure that where there were
20 opportunities to do business with minority- and women-
21 owned firms, the Isle of Capri was doing so. Where
22 there were barriers, my firm was to look at how to
23 remove those.

24 And I learned a lot about the casino industry
25 in that process. And I have to tell you, I'm a

1 St. Louis City girl. So I certainly knew a lot about
2 Kansas City and I certainly knew about Cape Girardeau,
3 particularly the home of SEMO. That's what I thought of
4 Cape Girardeau at that time.

5 But I have to admit, I had never been to or
6 seen Boonville or Caruthersville, Missouri, and so I had
7 to learn a lot about those communities, and they're
8 beautiful communities but they're very new to me in
9 terms of what kind of businesses were there.

10 And my focus was really initially on trying
11 to find minority-owned businesses in Cape Girardeau, in
12 Boonville and in Caruthersville and Kansas City,
13 but certainly recognizing those three, with the emphasis
14 on Cape.

15 I looked at the types of things that I had
16 found out that the casinos, in particular Isle of Capri,
17 purchased. Food and beverage being in many cases 30 to
18 50 percent of their purchasing, and often those items
19 being bought either from a local supplier or from a food
20 distributor.

21 I looked at the maintenance supplies that
22 they bought, typically again bought from distributors.
23 I looked at the marketing and the direct mail services
24 and the printing services and how they bought that.

25 And then also how was construction procured

1 after you finished a facility, how do you get to the
2 maintenance side.

3 So we had a chance to really get an idea of
4 what the situation was and recognize it because of where
5 the Isle of Capri properties were located, in particular
6 Cape Girardeau and Boonville and Caruthersville, but
7 certainly Cape as a new property.

8 But we had to remove some barriers, some
9 being geographic, because many of the MBE firms that I
10 worked with for years are located in St. Louis or
11 Kansas City or other areas like that but certainly did
12 not necessarily service these areas.

13 We also had some economic barriers to
14 overcome in their terms of their ability to be
15 competitive and still service these geographic areas,
16 and then some relationship issues that were very similar
17 to what we saw in the case of the construction side.

18 What you see here just for a summary, bullets
19 of our entire plan, that involves a lot of what the
20 casino properties were already doing, but my firm adding
21 the vendor development side.

22 We're going to have to create some vendors
23 and in some cases we're going to have to look at
24 existing vendors and encourage them to look regionally
25 as opposed to just in their local markets.

1 So this kind of highlights, and I just want
2 to bring you to the last bullet about celebrating
3 successes, because there are some successes that we had
4 not just in terms of what the properties were already
5 doing with the vendors they had but in particular what
6 happened in the Cape project on the construction side.

7 The photo up at the top is actually
8 B. E. Scaise Construction, who the Isle of Capri took
9 with them to Tunica, Mississippi to be recognized to the
10 American Gaming Association as their minority vendor of
11 the year.

12 And for them that was exciting. They were
13 humbled to think of themselves in that regard, but I
14 also really appreciated being given the exposure they
15 received on a national level as a result of their
16 recognition.

17 But we have some other vendors, and we wanted
18 to get them all to come with us but they had businesses
19 to run. So as a result of that I want you to really
20 hear firsthand from some of them, because I've been
21 before you this time now three times and I didn't want
22 to sound like a broken record to share what I think we
23 did for these businesses, so we asked them to come in
24 and share it with you. So I'm going to show a very
25 brief video.

1 (VIDEO STARTS)

2 MR. PORTER: (Inaudible) is a corporate
3 mandate or a corporate culture. And Isle of Capri has
4 adopted a culture that is very open to diversity.

5 MS. MARKS: And the exciting thing when you
6 look at the Isle of Capri is, first, that they've looked
7 at policy and they looked at things they've done over
8 the years, and they really now invited us as part of
9 their team to focus in on vendor development.

10 And that's unique because we really recognize
11 the Missouri market in particular as it relates to
12 casinos. We really need to develop businesses that fit
13 within the strategic areas of what casinos buy.

14 And those businesses need to be owned by
15 local firms, small firms, minority-owned firms, women-
16 owned firms, veteran-owned firms, all of the different
17 types of diversity that really exist in this
18 marketplace.

19 To do that we're going to have to match
20 supply and demand, and the Isle of Capri is ready for
21 that. They're ready to think out of the box.

22 Many of the diverse vendors do not really
23 know each other or know the corporations that they
24 really want to do business with.

25 MR. DAVIS: The business has to be tight.

1 You have to provide a quality service and needless to
2 say, because they're an industry of counting, your
3 numbers have to be right.

4 MR. BROWN: (Inaudible) some of the myth
5 about doing business with a minority vendor.

6 MR. HAYES: You're a small vendor being known
7 to the gaming industry tends to be a challenge.

8 MS. MARKS: They don't often understand how
9 those companies do business, what they buy, when they
10 buy it, why they buy it, and that becomes a challenge
11 when they're trying to break into that area.

12 You know, when we first started it was
13 important to us to build relationships particularly with
14 some of local firms that are already in Cape Girardeau,
15 and one opportunity was in the plumbing area.

16 MR. PORTER: We had B. E. Scaise, who is a
17 local minority firm, come and work with River City
18 Mechanical, which is a larger firm that had the complete
19 contractor plumbing.

20 MR. CHEUNG: Isle of Capri has treated us
21 very well. We are thankful and grateful that they asked
22 for minority participation and give the minority company
23 a chance to succeed at what they do.

24 MR. HAYES: Basically we assisted the prime
25 contractor, Sachs Electric, in installing various light

1 fixtures toward the end of the project.

2 MR. DAVIS: We're a very unique business
3 model, in that we are a -- our NACE codes allow us to be
4 a distributor, a wholesale distributor of electrical
5 supplies, as well as a contractor. So our business
6 model is to supply and install.

7 So the way Isle and Marks & Associates
8 particularly helped me is that I was able to distribute
9 a considerable amount of material and I was involved in
10 that installation of that same material I distributed.
11 So it took advantage of both aspects of TD4.

12 Through the help of Isle representatives
13 and Marks & Associates in working on the casino in
14 Cape Girardeau, we were able to establish a relationship
15 with a supplier called Cape Electrical.

16 Cape Electrical and TD4 continue to do work
17 today, and we're actually looking at opportunities not
18 just locally but also nationally.

19 MR. CHEUNG: As a result of our relationship
20 with Isle of Capri, we were able to do some jobs with
21 the Lumiere Casino here at the -- at their hotel and
22 also at the casino, and we have also started talking
23 with Ameristar to perhaps start doing some jobs for them
24 as well.

25 So these are the direct result of our

1 involvement with Isle of Capri.

2 MR. HAYES: Has added to our breadth of
3 experience in the gaming industry. We have now worked
4 at the Lumiere Place. We have worked at Isle of Capri
5 and now we have worked -- currently still working at
6 Hollywood Casinos.

7 So that's probably in that in total dollar
8 value probably over \$6 million worth of work.

9 MR. BROWN: Through ELB's relationship with
10 Grainger, it's going to allow us to distribute our
11 products not only to the casinos that are located in the
12 state of Missouri but to all of the Isle of Capri
13 facilities throughout the network.

14 MS. MARKS: Isle is --

15 SPEAKER: Diverse.

16 SPEAKER: Inclusive.

17 SPEAKER: A mentor.

18 SPEAKER: Engaged.

19 SPEAKER: Innovative.

20 SPEAKER: A partner.

21 MR. CHEUNG: In our line of work a good flush
22 is always better than a full house.

23 (VIDEO CONCLUDED.)

24 MS. MARKS: The next slide is really the
25 final spend results for the construction site that I

1 know you've seen before but again we want you to hear
2 from some of the companies.

3 The MBE spend was completed at 10 percent of
4 the total construction costs, and the WBE spend at close
5 to 3 percent, 2.65, on the total construction spend of
6 \$66.7 million.

7 For us it was also really an opportunity to
8 expose many of the Cape contractors to the concept of
9 what is referred to as commercially useful function.

10 And so part of -- I want to recognize Arthur
11 Porter on my team, who is really the man on the ground,
12 if you will. Arthur was there, who spent -- attended
13 all of the project meetings throughout the construction
14 of the project to make sure that the minority/women-
15 owned firms were managing their own work, that they were
16 being paid in a timely manner.

17 Isle of Capri and the contractors worked
18 together, actually put together a quick pay program.
19 For many of them that would have been a huge barrier in
20 terms of them being able to complete their work.

21 And they also spent a lot of time working
22 together on their relationships, to see what would
23 happen after the casino was built. Will those
24 relationships continue?

25 So I applaud Arthur for the help that he

1 provided as my ambassador in Cape, but that's what it
2 takes for these companies to grow. They have to be able
3 to have access to capital. They have to be able to have
4 relationships that last beyond one project, and that is
5 exactly what we think is a result of the work that was
6 done together with the help of Isle of Capri.

7 Barron is going to speak a little bit about
8 the operational spending trends since the casino has
9 opened, but I want to thank for your time. I want to
10 thank Isle of Capri for what they've done for our
11 company to allow us now as a professional service firm
12 to really show what we can do to develop these rural
13 vendors.

14 It's an opportunity that I've wanted for
15 years, and I now finally have clients who are serious
16 about diversity and really want to take it to another
17 level.

18 I'll still be here standing right behind
19 Barron. If there are additional questions, I'll be glad
20 to come back up if you'd like.

21 MR. FULLER: Thanks, Sandra.

22 As you allude from Sandra's plan, we have a
23 plan, we're committed to that plan and it's a
24 partnership between Marks & Associates, but also the
25 ball is back in our court as the Isle of Capri to

1 execute that plan.

2 So as we look at our spend through quarters
3 one -- quarters one and two is audited and quarter three
4 is unaudited. Our WBE spend is well over 24 percent,
5 migrating up to 27 percent, with our MBE spend starting
6 less than 1 percent in quarters one and two and then
7 coming up over 1 percent, almost 1 1/2 percent, in
8 quarter three.

9 Looking at vendors that we formed
10 relationships, ELB Enterprises, Data Safety Supply,
11 Success Promotions. Future vendors down the road,
12 Taylor Sausage Company, Andy's Seasonings on that side.

13 So we have a plan, we're fully committed to
14 the plan, and we think that when we reveal our numbers
15 in quarter four, that they'll be well over that
16 2 percent MBE spend.

17 In regards to responsible gaming, the Isle of
18 Capri has always been committed to responsible gaming.
19 We conduct compulsive gaming training annually and in
20 all of our new hire orientations.

21 We participate in the AGA's responsible
22 gaming education week, including the 888-BETSOFF numbers
23 in all of our advertisements, including all of our
24 billboards. We promote the staffwide DAP program and
25 self-exclusion program, both which exclude all patrons

1 from all Isle of Capri properties nationwide.

2 And exclusively we have documented a bounty
3 hunter program in Cape Girardeau, where our team members
4 are rewarded with a \$100 bonus for identifying any DAP
5 patron that they may find on the gaming floor.

6 We've had success on this program already.
7 Some of our dealers actually came down from the market
8 out of St. Louis. They worked in that market.

9 One of them identified somebody who had
10 actually DAP'd themselves in that market and was playing
11 at Cape Girardeau, and we caught that DAP on the gaming
12 floor.

13 Continuing with the disassociated patrons
14 program. We have a strict identification policy. We
15 list all of the DAP players in our player tracking
16 system, cross-reference the IDs against attempts to join
17 the Players Club, check cashing, credit and debit card
18 advances, any transaction at the cage or wins of a
19 taxable jackpot.

20 We're also fully committed to responsible
21 gaming in regard to keeping underage gaming -- underage
22 gamers off our gaming floors.

23 Again, we have a strict identification
24 policy, requiring anyone appearing to be under the age
25 of 35 to produce identification. We have the Veridocs

1 electronic ID system, two of them at our turnstile
2 system. We conduct underage gaming training for all
3 employees at new hire orientation and annually
4 thereafter, and inclusive of fraudulent identification
5 training.

6 And thanks to the Missouri Gaming Commission.
7 They help us with that training, unless it's been done
8 two or three times, to help our team conduct that
9 training.

10 Just like the DAP program, we have a bounty
11 hunter program for our team members for anybody that may
12 catch a minor on our gaming floor.

13 So of the million patrons that have entered
14 our turnstiles this year, we have ID'd over 150,000 of
15 them. We have had three minors gain access to our
16 gaming floor. One inadvertently was a baby that was
17 hidden with her mother. One was from a patron who came
18 in with his father who had an ID from idchief.com.

19 Anybody versed on those IDs, they're very
20 hard to catch. They check through the Veridocs system.
21 The troopers on the property even had a hard time
22 telling that that one was a fraudulent ID.

23 The other one was a patron that had her
24 sister's ID and gained access to the gaming floor.

25 In regards to the last two, our staff itself

1 caught those patrons on the floor. They identified them
2 and understood that they weren't 21 years of age and
3 brought it to everybody's attention.

4 Charitable contributions over the last eleven
5 months have been in excess of \$60,000. Keeping pace
6 with the direction of our founder, Bernie Goldstein.
7 Bernie was very committed to giving back to his
8 communities, specifically giving back to river
9 communities. Bernie was also intimate with river
10 communities.

11 We volunteered over 700 hours in the City of
12 Cape Girardeau, Great Strides, Alzheimer's Walk, Muscular
13 Dystrophy, United Way.

14 Many of our top management sit on boards
15 within Cape Girardeau and participate in different
16 activities throughout the community on that side of it.

17 We most recently hosted the Old Town Cape
18 Girardeau charity dinner and the Pink Up Cape breast
19 cancer awareness luncheon, where the proceeds from that
20 benefit went to females who otherwise couldn't pay for
21 mammograms.

22 At this time I will call up Mayor Harry
23 Rediger from the City of Cape Girardeau.

24 MAYOR REDIGER: Thank you, Barron, for the
25 introduction.

1 Good afternoon. We are afternoon now.

2 CHAIRMAN/COMMISSIONERS: Good afternoon.

3 MAYOR REDIGER: Chairman Hatches, members of
4 the Commission, Roger, good to see you again.

5 Again, my name is Harry Rediger. I am the
6 Mayor of Cape Girardeau. I have with me today our City
7 Manager, our City Manager Scott Meyer, and our Police
8 Chief Wes Blair.

9 Thank you for allowing me this time to share
10 with you my insights of Isle Casino-Cape Girardeau.

11 Three years ago I stood before you asking to
12 bring a casino to Downtown Cape Girardeau. At that time
13 I explained that this license is not just about jobs and
14 tax revenues, although they are very important.

15 I explained that this license was about
16 bringing people back to one of the most historic
17 downtowns in our state, a place where General Ulysses
18 Grant once stood and directed troops in the Civil War, a
19 downtown worth preserving.

20 I believe our goal is well on its way to
21 being accomplished.

22 You awarded the license to our city in 2010,
23 and I thank you so very much for that. The site where
24 Isle now sits was once home to a Florsheim shoe factory,
25 as well as many blighted and/or abandoned buildings.

1 Today we have a new and improved Main Street,
2 allowing traffic to easily move through our eastern
3 corridor.

4 The site is home to a beautiful casino, which
5 embraces not only our river heritage but also includes
6 sewing machines and shoe boxes as a reminder of the shoe
7 factory.

8 Our gaming partner, Isle of Capri Casinos,
9 took an interest in our history and in our downtown.
10 Isle Casino-Cape Girardeau has, in fact, been opened a
11 year today as previously been mentioned.

12 We've already seen many of the benefits. As
13 you saw in the presentation, our Broadway corridor, the
14 front door to Downtown Cape Girardeau, has been
15 revitalized. Parking lots have been built.

16 Way finding signs appear throughout the city
17 to help visitors not only find the casino but other
18 downtown attractions.

19 We have new warning sirens, playground
20 equipment, a dog park, new street lighting projects,
21 youth sports improvements and are planning a walking
22 trail, lighting and widening projects, community gardens
23 in the spring and an accelerated tree planting project.

24 We also have a revenue sharing policy with
25 our neighboring cities and county.

1 This year's sharing funds enhanced those
2 cities and county expanded warning siren projects.

3 Our Council has also restricted a percentage
4 of the revenues to a Legacy Fund and an Innovation Fund.

5 Since we have our police chief with us today,
6 I should also add that prior to the casino being
7 constructed, this part of town always presented a
8 challenge to our police department. Today citizens are
9 often seen walking on new sidewalks along North Main
10 Street.

11 The casino has brought not only gaming to our
12 city but restaurants and entertainment as well. The
13 Farmer's Pick Buffet has been well received, and the
14 deck at Keller's has become the place to be on a warm
15 night.

16 Many events have taken place in the event
17 center, including concerts and fundraising events for
18 many local organizations, including Old Town Cape and
19 Pink Up Cape.

20 I am well aware with my retailing background
21 of the various challenges and opportunities that are
22 always present during the first year of operation of any
23 new business, several changes in staffing and marketing.

24 But the opening year of Isle Casino has met
25 our City's revenue expectations. We look forward to

1 growth in the coming years and look forward to Isle as a
2 long-standing corporate partner in the City of
3 Cape Girardeau.

4 Our City Manager, Scott Meyer, will now
5 present a short PowerPoint with more of the specifics of
6 our first year's partnering with Isle, and following
7 that any of the three of us would be glad to answer any
8 Commission questions.

9 Thank you.

10 CHAIRMAN HATCHES: Thank you.

11 MR. FULLER: Scott.

12 MR. MEYER: Well, thank you. I'm not here to
13 reiterate -- restate everything that the mayor already
14 said.

15 Obviously we're excited about what is
16 happening in Cape Girardeau as a result of Isle of Capri
17 coming to our town.

18 I really would like everyone to remember the
19 picture there on the right because we'll come back to
20 that.

21 The development of the Broadway corridor has
22 been an important part of this first year and one that
23 really is going to pay big dividends in the full -- in
24 years to come.

25 I'm going to use each of the categories that

1 we were asked to address, and we have all that
2 information in front of you, but really rather than just
3 reiterate it and read it to you, I also want to talk
4 really in terms of relationships, because I think that's
5 really what it comes down to is our relationship.

6 The first part, the development agreement, is
7 where our relationship with the Isle of Capri started.
8 It was really a legal document that says if you do this,
9 we do this and if you don't, what is going to happen.

10 And when we were negotiating that, it was,
11 you know, some hard -- hard negotiations, but we really
12 were getting to know each other.

13 And near the end, as we were going through
14 those final items, I remember one day saying, well, you
15 know, this has been difficult but we hope our
16 relationship will be such that we'll never have to get
17 it out, and indeed that is what's happened.

18 Our relationship has developed and they've
19 gone above and beyond the development agreement and
20 everything has really been easy. And it really has
21 been a partnership, not a legal arrangement, in order to
22 take -- a give and take. So that's a real big part of
23 developing that relationship.

24 As Isle began to build the casino, the
25 relationship furthered through corporate citizenship has

1 already been mentioned. They were involved with making
2 presentations to service organizations, involved with
3 Old Town Cape and various auctions and things to reach
4 out to the community and become a part of the community.

5 The relationship got warmer and the City was
6 beginning to stand up and take notice, as well as our
7 citizens.

8 This year they stepped up in a big way on
9 Independence Day. We had a veterans group that found
10 themselves unable to financially carry our 4th of July
11 celebration as they had committed to do. Isle stepped
12 up at the last moment and made a huge contribution to
13 make that happen.

14 So corporate citizenship has been important
15 to that relationship.

16 Economic impact has been important, hundreds
17 of new jobs, the use of local suppliers, a downtown
18 anchor, increase in downtown traffic.

19 Everything went very well. The weather
20 cooperated and the economic impact of the construction
21 moved forward and, of course, also in the operation.

22 Our law enforcement has been a safe and
23 secure transition. As the mayor talked about, the area
24 really has improved in its safety and security, and our
25 relationship that our police chief and the security

1 folks have, as well as our fire chief, is second to
2 none. They're always eager to work and work together on
3 the safety and security of our -- of our whole
4 community, as well as that particular area.

5 The second relationship I want to talk about
6 is really our city. Our city is a very conservative
7 city. And so when we brought gaming to our city, it had
8 a bit of a different feel to it maybe than it would have
9 everywhere.

10 There really was a lot of interest in how are
11 we going to take care of the money, what are we going to
12 do with the money, how are we going to go about
13 leveraging it into the future.

14 So our Council took a very deliberative and
15 contemplative direction and came up with a direction
16 that I wanted to share with you today and talk about how
17 important that is for our community.

18 They established a casino fund with the
19 different accounts that I'll go through. Every cent is
20 transparent and accounted for. We have a special fund
21 and it's all transparent and it's on our website and
22 people can go and look and see where we are on that.

23 It is a -- we spend most money as a spend as
24 you go. We don't spend out ahead or commit to a project
25 until we have the project in our hands.

1 And we spend none of the money on operating
2 expenses or reoccurring expenses. In case something
3 would happen and the revenue is temporarily taken away,
4 that would put us in a bad spot. So we made a
5 commitment early on, and our Council has been great in
6 holding to that, not to spend any of it on any
7 reoccurring costs for our city.

8 We had a 61 percent yes vote when we voted.
9 I think our town has seen that through this conservative
10 use of the funds that this can be a very positive in our
11 community.

12 As I talked about earlier, we really have
13 four different funds. One of them is the as promised,
14 what our obligation is, our Legacy Foundation. This is
15 an endowment. This is money for the future. Our
16 capital improvement, which was the most of it, and
17 innovation.

18 Our obligation is 3 percent off the top, just
19 goes to other communities. It's broken up by population
20 with two adjacent cities in our county, and they use
21 that -- I think the mayor mentioned also, it's being
22 used this year for sirens, for the safety of those.

23 The other obligation is our Riverfront Fund.
24 This is money above and beyond what is required by law,
25 that the Isle stood up and said we want to make sure

1 that the downtown continues to thrive, and they put
2 additional money on the table, which we match, and then
3 that money is to be used for the betterment of the
4 downtown area and capital, as well as operations. This
5 is the one where operations can be used.

6 But it's money that continues to invest in
7 our downtown and a great fund above and beyond, and we
8 appreciate Isle's commitment to do that and take a
9 leadership role in that.

10 Our Endowment Fund is an interesting fund
11 that actually sets aside at least 10 percent each year
12 of the money and says if there is something that happens
13 in the future, they can do that.

14 If it builds up enough, we might start
15 actually pulling off some of the interest and using it,
16 but it looks toward the future and says this is the type
17 of conservative approach that we want to have to the use
18 of these funds.

19 The biggest portion, again, is the capital --
20 it is our capital improvement program. We have a lot of
21 unfunded needs in our capital improvement need. We
22 still have a lot of unfunded needs.

23 But over the years we're going to use our
24 regular prioritization project to prioritize city
25 projects, in order to move our city forward and help

1 take the burden off of our citizens for having to fund
2 those in the future, and this will also have the biggest
3 visual impact.

4 Kind of a favorite of mine is the Innovation
5 Fund. We said how can we leverage the funds we have in
6 order to help government to be more efficient and more
7 effective?

8 So we established an Innovation Fund, which
9 we're using to do projects that actually reduce some of
10 our reoccurring costs.

11 So one of the examples we have is that we are
12 moving to electronic tickets in our police department.
13 We currently have people that get those written tickets
14 and have to hand put those into the computer systems.
15 Those will go away and our reoccurring cost will go
16 down.

17 So this is the way government gets more
18 efficient, more effective in what we do. We'll actually
19 be able to better track those tickets, and it helps our
20 court system, really makes us more efficient.

21 We also did energy conservation and have
22 several other projects on deck as that money comes in.

23 These have been talked about. These are some
24 of the capital projects that have happened. The mayor
25 already mentioned those, so I'll keep moving through

1 those.

2 Economic development. We really have an
3 emphasis of using a good portion of the monies that we
4 get from the casino with an eye toward economic
5 development.

6 We did a citizen survey recently and they
7 said the No. 1 focus should be on continuing to create
8 jobs and help entrepreneurs and private investors create
9 jobs in our community.

10 So we went out and purchased a business park.
11 We also have been co-marketing. We're a regional hub of
12 the area. We're using the casino in co-marketing to
13 help bring more of that regional driving and impact and
14 tourism to our community, which is a big driver, and
15 then the downtown access really -- talked about it
16 earlier, how Broadway has changed us. It really has
17 revitalized.

18 Again, leveraged this money to make our
19 downtown more vibrant. We have seen more businesses
20 move in. We've seen existing businesses redoing their
21 storefronts, and it really is an exciting time to see
22 the leverage of this money be used to help our community
23 actively.

24 Affirmative action, and a lot has been said
25 about this. I actually come out of the -- I worked for

1 the Highway Department and the University with
2 contractors all of the time, and I can tell you that the
3 impact of this is really significant.

4 And our contractors really needed somebody to
5 partner with them, as was pointed out, to help them to
6 learn how to do this. I think they had wanted to. But
7 they really needed somebody to go through it step by
8 step, and that has made a big difference in my talkings
9 with them, and I think that is going to have a real
10 lasting impact in our community as well, and we're glad
11 that's happening.

12 The last slide is about revenue sharing, and
13 this really talks and gives a map of how we've added now
14 more sirens throughout our entire county through this
15 program, and the City of Jackson, Scott City and our
16 county added those. We added several.

17 And now if you just happen to think back a
18 few years to Joplin, what a great quality of life and
19 safety and security that that means for our community.

20 Thank you so much for your time. I hope I
21 didn't take up too much of it.

22 MR. FOWLER: Thank you, gentlemen. Thank
23 you, Commission.

24 There is one individual that I haven't
25 mentioned yet, and I think he's probably thinking I

1 forgot him, but I inadvertently left him until the end.

2 We have Lyle Randolph with us. Lyle is
3 currently our Vice-President and General Manager of our
4 Caruthersville property, and Lyle is the soon-to-be
5 General Manager of the Cape Girardeau property, so
6 Cape Girardeau will be in good hands.

7 I will be able to continue with my new
8 Vice-President role to have some say in that but it's
9 going to be in good hands with Lyle. I have assured the
10 mayor and the Staff of that, and we're headed for a good
11 direction on that side of it.

12 So unless there is any further questions, we
13 respectfully request the relicensure of our Class B
14 gaming license for Isle of Capri-Cape Girardeau.

15 CHAIRMAN HATCHES: Anything from the police
16 chief?

17 POLICE CHIEF BLAIR: Yes, sir.

18 CHAIRMAN HATCHES: Any comments from you?
19 I'd like to make sure we give you a chance.

20 POLICE CHIEF BLAIR: Well, I never pass on an
21 opportunity to talk, so that works out well.

22 I've actually only been the Police Chief in
23 Cape Girardeau for three months. I just transplanted
24 here from Texas to take that position.

25 And as soon as I got on board, Isle of Capri

1 reached out to me and said, you know, we've got a good
2 relationship with your department. We want to continue
3 on that and how we can work together, and they've been
4 nothing but a great partner with us.

5 CHAIRMAN HATCHES: Thank you.

6 MR. FULLER: Thank you everyone.

7 EXECUTIVE DIRECTOR STOTTLEMYRE: Next would
8 be any public comment that we might have.

9 If there is no public comment, the
10 investigative summary will be Sergeant Sammy Seaton.

11 MR. SEATON: Mr. Chairman, Commissioners,
12 good afternoon. I'm Sergeant Sam Seaton, Missouri
13 Highway Patrol's Gaming Division.

14 On June 28, 2013 an application for the
15 renewal of a Class B license for IOC-Cape Girardeau,
16 LLC, doing business as Isle Casino-Cape Girardeau, was
17 received by the Missouri Gaming Commission.

18 Upon receipt, suitability investigations were
19 initiated by the Missouri Highway Patrol's Gaming
20 Division and Missouri Gaming Commission financial
21 investigators.

22 Highway Patrol investigators conducted civil
23 and criminal background checks on the company, as well
24 as the associated key and Level I personnel. MGC
25 financial investigators conducted a financial analysis

1 of the company. No significant discrepancies or
2 concerns have been noted.

3 City, County, State and Federal officials
4 also having regulatory authority over IOC-Cape were
5 contacted regarding any concerns they might have with
6 the casino operations. No issues, concerns or negative
7 information was revealed.

8 The results of our investigation were
9 provided to the Missouri Gaming Commission staff for
10 their review and specific details related to those
11 findings are contained within the comprehensive summary
12 in your possession.

13 Thank you.

14 CHAIRMAN HATCHES: Thank you.

15 EXECUTIVE DIRECTOR STOTTLEMYRE: Cheryl
16 Bonner, please.

17 MS. BONNER: Mr. Chairman, Commissioners, on
18 August 20th, 2013 the Missouri Gaming Commission staff
19 conducted a 100 percent audit of the MBE/WBE records for
20 the Class B licensee Isle of Capri-Cape Girardeau.

21 The results of our audit and specific details
22 related to those findings are contained within the
23 comprehensive summary report in your possession.

24 I would be happy to entertain any questions.

25 CHAIRMAN HATCHES: Go ahead.

1 COMMISSIONER JONES: Ms. Bonner, I'm looking
2 at the numbers presented in your report and also the
3 numbers presented by Isle of Capri, and I do have a
4 serious problem with the MBE spend, and I'm not too sure
5 what your program is to get that.

6 The construction, it went from 10.1 percent
7 during the construction. Now for your MBE spend you're
8 down to, like, .41 percent.

9 I'm just doing some of the numbers. That
10 means maybe about \$90,000 that we're spending with
11 minorities, with minority-owned firms.

12 Help me to understand that, Ms. Marks, you
13 and your team.

14 You know everyone in the state of Missouri
15 and probably the state of Illinois. Help me to
16 understand why we can't get minorities on board in Cape.

17 MS. MARKS: Can I?

18 One of the things, as you mentioned earlier
19 too, the focus has been on the MBE side from the
20 beginning with us, because we recognize that, like you
21 say, we know all of the firms certainly in St. Louis and
22 the Illinois area, and a lot of the barriers had to do
23 with those firms being able to service Cape.

24 ELB Janitorial is a good example. He's
25 located in East St. Louis. He started a conversation a

1 year ago with Cape, really at the result of a vendor
2 fair that he attended, along with me, that was actually
3 held by Lumiere.

4 All of the minority firms that I was familiar
5 with and certainly all of the ones that Lumiere was
6 familiar with were introduced to Cape.

7 Some had already been working with
8 Caruthersville and Boonville. So they began to share
9 with me as part of the consulting side what their
10 barriers were to being able to go around the state and
11 still competitive. And the biggest issue is the
12 distribution side, the cost that is involved.

13 Now, to Edmond Brown's credit, he was able to
14 really look at how to establish relationships with two
15 of their major distributors, Ecolab and Grainger, to
16 address that issue.

17 So as a result of that you're going to see a
18 very substantial increase in his particular area going
19 to the future quarters, because that came into place
20 probably -- I don't know -- two, three weeks ago.

21 MR. FULLER: Yes.

22 MS. MARKS: He went through his own process
23 of being sure that he could do that and being able to
24 deliver, being able to service.

25 But the ultimate plan for us is that he might

1 actually get enough business in Cape to actually set up
2 a satellite in Cape. At the end of the day we want to
3 see these firms possibly do enough business to come into
4 Cape Girardeau and be there, because that's really the
5 only way they can be profitable.

6 They mentioned Taylor Sausage. You're
7 probably familiar with them. They've been in the
8 marketplace for years. Taylor Sausage sells into
9 Schnucks and the various grocers. They don't sell
10 normally directly to corporations.

11 They were introduced to the Isle by me, and I
12 talked to them about how could they do that. They said
13 their biggest challenge was distribution.

14 So we're starting to think about how can we
15 get the products from St. Louis from these minority-
16 owned manufacturers to Cape, but also how can we
17 establish a Cape operation so it really is local jobs.

18 At the end of the day if we're just bringing
19 them there but they're not necessarily building a base
20 there, then we have another issue we need to address.

21 So there are some challenges, that I think
22 you're going to see a big difference going into the next
23 quarter.

24 COMMISSIONER JONES: But you being the
25 business development and coming off of the presentation

1 of Pinnacle. They established a relationship in
2 professional services; i.e., the marketing -- the end of
3 the contract -- the national contract that they had in
4 Las Vegas. They established one in St. Louis with Fuse.

5 Are you entertaining anything like that?

6 MS. MARKS: We looked at that same thing.
7 Also direct marketing. We know some minority firms that
8 are doing that. We know a minority printer. So we're
9 looking at those same things.

10 We actually -- part of our plan is as it
11 relates to the casinos, the other casinos, is working
12 with them to find out who they are using and then
13 talking to those vendors and say would you be willing to
14 service Cape, Boonville, Caruthersville,
15 Kansas City, and if that's a problem, what can we do to
16 remove that? So, yeah, we're looking at everybody that
17 is currently doing business in any other casino.

18 COMMISSIONER JONES: Because I really have an
19 issue with that number.

20 MS. MARKS: Yeah, I do. Yes. That's why I
21 hope they brought me here.

22 COMMISSIONER HOWARD: It's hard for me to
23 believe that the University doesn't have an active
24 minority business owner program where you've got a
25 business, a State agency of that size. It's just

1 difficult for me to believe that there aren't any --

2 MS. MARKS: The State in the past had a
3 program. They're going through a disparity study to
4 make sure they have requirements.

5 But certainly SEMO has a program. Many
6 programs are construction based. A lot of times that's
7 where they think about it. When you leave out
8 construction --

9 COMMISSIONER HOWARD: I mean operation based.
10 It's a huge operation that does business every day, a
11 tremendous size operation.

12 MS. MARKS: Again, their minority firms that
13 are doing business with them, we certainly want to know
14 who they are.

15 COMMISSIONER HOWARD: I would think it takes
16 a lot to run that operation every day that is educating
17 12,000 students.

18 MS. MARKS: They're very similar to
19 Washington University where I say I've been for
20 15 years.

21 Washington University, on the nonconstruction
22 side, even after 15 years, with the exception of
23 computer supplies and janitorial supplies -- and
24 janitorial is the ELB Janitorial. Computer supplies is
25 Worldwide Technology. After that they continue to try

1 to identify firms that can sell into the University at
2 the volumes that they have.

3 COMMISSIONER HOWARD: Those vendors are there
4 doing business every day, you know, and there isn't
5 anything that isn't three miles away from each -- three
6 miles away from each other, three minutes away from each
7 other.

8 A six-minute rule in Cape, you know. You get
9 from one end of town to the other in six minutes.
10 That's the rule.

11 MS. MARKS: Yes, we're working on it.

12 COMMISSIONER JONES: I like what the
13 Commissioner is saying about that. I mean, there
14 should be some mechanism or some program where you can
15 develop someone from scratch locally from the City of
16 Cape Girardeau.

17 MS. MARKS: Yes.

18 COMMISSIONER JONES: It seems like Pinnacle
19 has done that, to where they've gotten someone on board
20 and they grew their business, and that's a local
21 business.

22 And again, you should have some minorities
23 doing business with the school, with the University.
24 That should be an option then to grow that business
25 locally, so you don't have the distribution issues that

1 you have. You can knock that barrier out of the way.

2 MS. MARKS: Yeah. One of the things that
3 we're working on with the properties is a reverse vendor
4 fair that we're looking at doing, where we essentially
5 bring these firms in and invite also any of the local
6 minority/women-owned firms who are in Cape, and then
7 we've asked SEMO and the hospital and Drury Inn to
8 consider being partners with that.

9 When we came down to the vendor fair
10 before -- we were part of the vendor fair where SEMO
11 was there. I met their purchasing agent. Again, at
12 that time they were talking mostly construction, but we
13 said if we work together, we can make it economically
14 feasible for people to stay in Cape because they'd have
15 more than one customer. So that's definitely --

16 COMMISSIONER JONES: So why should I approve
17 the license? I mean, I don't hear a serious commitment.
18 I mean, the numbers speak for themselves. Why should I do
19 it?

20 MR. FULLER: You have a serious commitment
21 from the Isle of Capri. I think that -- hopefully my
22 track record has proven for my commitment as long as
23 I've been in this state, and I'm going to give you that
24 commitment that we're committed to this program.

25 I think that we can work through the

1 University and we can work through the health care
2 industry in Cape Girardeau, which are two of the largest
3 industries in there, and from -- as far as we're going
4 to move the needle on food and we're going to move the
5 needle from a marketing standpoint.

6 We're finding on the food standpoint, we're
7 buying things from minority companies but we're getting
8 them through a vendor, whether it's U.S. Food, Sysco,
9 Reinhart, things like that.

10 So what we need to do is reach out to the
11 University, reach out to the hospitals and say, hey,
12 we're all buying these like items. Can we set up a
13 distribution channel where we're buying directly from
14 the vendor rather than bringing them in from a different
15 procurement vendor.

16 So we're committed. You have our word.

17 COMMISSIONER JONES: One last question.

18 At the onset of this project we made -- the
19 Commission made everything transparent, and when we were
20 down listening to the public in Cape, I mean, it was
21 kind of ugly.

22 Now, a couple years later, what is the
23 sentiment now? What is the community sentiment about
24 this develop there?

25 MR. FULLER: Well, from my regard -- and I'll

1 let the mayor speak to it.

2 I've lived in Cape for the last six months.

3 I've grown up in river communities in Wisconsin.

4 I'm proud to say in the last six months what

5 I've seen happen in this community, that the City is

6 putting this money to work rather than sitting on it.

7 That makes me proud. So that's what I'm seeing.

8 COMMISSIONER JONES: Right. I guess you

9 weren't there when we went through the public hearings

10 and everything else. So the mayor was probably --

11 MAYOR REDIGER: I was there.

12 COMMISSIONER JONES: Right.

13 MAYOR REDIGER: I was there.

14 As we went through the initial phase of

15 investigating the license and recruiting different

16 potential partners for the license, we had considerable

17 backlash from our citizens about that type of business

18 in our community based on its longstanding history, and

19 we are, as mentioned before, a very conservative

20 community.

21 So we did, as we had said, took it to a vote

22 of the community, with considerable opposition from the

23 religious community and so forth.

24 We got a 61 percent vote, which

25 Chairman Mathewson at that time mentioned it on that

1 December 1st as I sat in that chair before I knew where
2 this was going.

3 It meant a lot to us -- I think it meant a
4 lot to the Commission -- that 61 percent vote of our
5 community. Now, there is 39 percent that were opposed
6 at that point in time.

7 When we opened Isle, and in the one year that
8 Isle has been open, we have had -- I have had nothing
9 but praise from our community, our citizens, our
10 religious community as to the partnership that has been
11 created, as to the blighted area that's been corrected,
12 as to the crime that has been reduced in that particular
13 area, as to the partnership through United Way through
14 Old Town Cape. Broadway is a very visible part of that.

15 But our citizenry, I can report to you and to
16 the Commission, is very enthusiastic about this new
17 industry for our Cape Girardeau area and our region and
18 very supportive of the Council, of staff and of the
19 community in moving forward.

20 I can assure you that I've had very little,
21 if any, of my own religious background and my friends --
22 they have become enthusiastic of what this industry can
23 do to bring our community forward into the future with
24 the help of the Isle of Capri.

25 A lot of that I give credit to the Isle of

1 Capri in how they've reacted and assisted us and become
2 partners with us in the past year.

3 COMMISSIONER JONES: Thank you, Mr. Mayor.
4 Thank you for being steadfast on that because I was
5 there and, like I said, you know, the public hearings
6 were rather, you know, ugly and stuff.

7 So I'm glad we're able to -- you were able
8 to, I guess, garner that support from that 39 percent
9 that were opposed to it.

10 And, Mr. Fuller, you as well for your support
11 and everything else. So it was a good deal.

12 MAYOR REDIGER: Thank you.

13 MR. FULLER: Thank you.

14 EXECUTIVE DIRECTOR STOTTLEMYRE:
15 Mr. Chairman, at this time I'd like to make a
16 recommendation of approval of Resolution No. 13-103, the
17 relicensure of Isle of Capri Cape Girardeau.

18 CHAIRMAN HATCHES: Okay. Chair would
19 entertain a motion.

20 Hearing none . . .

21 COMMISSIONER HOWARD: I'll move for the
22 approval of Resolution No. 13-103.

23 COMMISSIONER BRADLEY: Second.

24 CHAIRMAN HATCHES: Moved and seconded.

25 Any further discussion?

1 Angie, would you call the roll, please.

2 MS. FRANKS: Commissioner Howard.

3 COMMISSIONER HOWARD: Approve.

4 MS. FRANKS: Commissioner Jones.

5 COMMISSIONER JONES: Approve.

6 MS. FRANKS: Commissioner Bradley.

7 COMMISSIONER BRADLEY: Approve.

8 MS. FRANKS: Chairman Hatches.

9 CHAIRMAN HATCHES: Approve.

10 MS. FRANKS: By your vote you've adopted
11 Resolution No. 13-103.

12 CHAIRMAN HATCHES: Congratulations.

13 Where are we now?

14 EXECUTIVE DIRECTOR STOTTLEMYRE: The next
15 item on the agenda is the Hollywood Casino St. Louis,
16 the relicensure.

17 CHAIRMAN HATCHES: We probably should take a
18 real quick break. How about that?

19 (A RECESS WAS TAKEN.)

20 CHAIRMAN HATCHES: Okay. Thanks so much for
21 the break. Let's get going.

22 Mr. Stottlemire.

23 EXECUTIVE DIRECTOR STOTTLEMYRE: Okay. The
24 next item on the agenda is the St. Louis Gaming
25 Ventures, LLC, the Hollywood Casino in St. Louis.

1 Mr. Tony Carlucci is going to present, and he
2 can introduce the folks that he has with him.

3 MR. CARLUCCI: Good afternoon, Mr. Chairman,
4 Commissioners --

5 CHAIRMAN/COMMISSIONERS: Good afternoon.

6 MR. CARLUCCI: -- Mr. Stottlemire and staff.

7 It's a pleasure today to be in front of you,
8 looking forward to it. Saturday will be almost a year
9 since we've -- well, Saturday will be a year. It's
10 almost a year. Saturday will be a year.

11 And it's been an interesting year between
12 tornados and construction and the different things that
13 have happened with our surveillance system and pollers
14 going down.

15 EXECUTIVE DIRECTOR STOTTLEMYRE: Have you
16 slept?

17 MR. CARLUCCI: I'm sorry?

18 EXECUTIVE DIRECTOR STOTTLEMYRE: I just
19 wondered if you slept over that period of time at all.

20 MR. CARLUCCI: Some. Some.

21 They didn't tell me about all of this when I
22 took the job to be honest with you.

23 CHAIRMAN HATCHES: Have they offered you a
24 different job?

25 MR. CARLUCCI: If I don't do better, soon.

1 I'm only joking, Mr. Chairman.

2 Really, to be honest with you, the
3 construction, I really underestimate how hard it is
4 to -- I think it's a lot easier to open a casino than it
5 is to, you know, change one. I found that out the hard
6 way.

7 So it's a been a long year. Not that I had a
8 lot of hair to start with but I have a lot less now, a
9 little more gray and feeling a little bit old.

10 But one thing I do want to commend is the
11 staff, Roger. It's been outstanding working with your
12 staff, so thank you very much.

13 EXECUTIVE DIRECTOR STOTTLEMYRE: Thank you.

14 MR. CARLUCCI: With that said, I have Joelle
15 Shearin, my Assistant General Manager today.

16 I should stand this way.

17 Jeff Hendricks, my Director of Compliance.

18 I look like I'm doing a dance here.

19 And Bernadette Hanson. She's my new Chief
20 Financial Officer.

21 At the end of the presentation I'm also going
22 to have Mayor Mike Moeller from Maryland Heights come up
23 and say a few words on our behalf.

24 I just want to say that really it's an honor
25 to be in front of you today and applying for our

1 relicense, and with that said I'm going to turn it over
2 to Bernadette Hanson, our CFO.

3 CHAIRMAN HATCHES: Thank you.

4 MS. HANSON: Moving right along.

5 Chairman Hatches, Commissioners, I'd like to
6 thank you, first of all, for allowing us to present to
7 you today, and we will start with a status update on the
8 development agreement that was originally entered into
9 in 1995 with the City of Maryland Heights.

10 We have satisfied or in compliance with that
11 agreement. There have been some modifications and
12 updates to the agreement. They occurred in 2006 and
13 then again in 2011. They involved some of the
14 landscaping improvements that were to be made to the
15 property.

16 With the transition that occurred with
17 Hollywood the agreement was deferred until 2012 and '13,
18 and we have approached it in four phases.

19 Phase I was completed in 2012. It involved
20 landscaping around the thorough-tran at the property.
21 Phase II and III was deferred until 2013.

22 And the 2000-- the first -- or Phase II of
23 2013 was completed in the first quarter. Phase III, it
24 will be completed before the end of this year. It
25 involves the planting of trees in the outer area and

1 then one part of the meridian.

2 Phase IV of the agreement will be completed
3 in 2014, and then we will be in complete compliance with
4 any of the modifications that have occurred.

5 Going to our AGR performance.

6 With Hollywood taking over in November of
7 2013, 2012 there was no budget issued for that period of
8 time, but in 2013, as you can see, we are reflecting
9 similar numbers to the other properties, that the
10 softness of the market has impacted our performance
11 compared to our expectations. When we look at
12 admissions performance, we see the same type of trend.

13 With that I will turn it over to Joelle, who
14 is our capital investment.

15 MS. SHEARIN: Good afternoon, Mr. Chairman,
16 Commissioners. It's good to be here. I'm the Assistant
17 General Manager.

18 As Tony mentioned, we are coming up on our
19 one-year anniversary, kind of like Isle with that. And
20 although Isle opened and pretty much completed their
21 construction, that was when we were just starting ours.

22 It's been a challenging year to say the
23 least, but certainly there is light at the end of the
24 tunnel. We will be completed before the end of the
25 year. So we're very excited about what 2014 does bring.

1 And I do want to echo Tony's comments with
2 the staff. On a daily, weekly basis we've had to submit
3 requests for slot machines, table game moves to
4 accommodate the construction, walls going up one week
5 and then coming down the next week and requiring some
6 changes as that goes along, as we sustain our current
7 operations and continue to provide a service to our
8 customers and allow our employees a place to work.

9 So again, the staff has been tremendous and
10 responsive to all those requests, and we couldn't do it
11 without that happening.

12 In terms of, you know, some of the pictures
13 we wanted to show, both the before, some of the during
14 construction and some of the after and the renderings
15 that are coming about with a lot of that construction.

16 Here in terms of the capital improvements,
17 the previous branding had a cityscape on the entrances
18 in the Paseo. There is certainly not much area in the
19 Paseo and the casino floor that we haven't touched
20 during this process.

21 And here is just pictures of the Hollywood
22 signage that will be over -- it's currently above both
23 of our entrances as we speak now.

24 And further pictures and renderings of our
25 entrances. It brightened, made it much bolder, lighter

1 entrances as they approach.

2 The response from our customers has been very
3 positive as they continue to see the phases completed as
4 we have gone through the process.

5 The one entrance on Sunset side is completed
6 now, with the exception of some wall and some lighting,
7 and the other entrance on the Rodeo side is under
8 construction. We're luckily able to open on the
9 weekends to accommodate volume and flow. That works
10 very well as we get the turnstiles back up and
11 operational.

12 Our slot floor, we've touched every aspect of
13 that from the bottom all of the way up. We put in all
14 new carpeting to refresh that, which we desperately
15 needed happening.

16 We provided all new slot bases, which
17 enhances the look of everything. And then over 2013 and
18 14 we will have replaced and refreshed 600 of our slot
19 machines, which represents almost a third of our slot
20 floor.

21 So we were in need of just a refresh of our
22 slot product to remain competitive and provide also for
23 a better experience for our customers. And then, of
24 course, provide signage which further enhances the look
25 of a casino floor.

1 We brought in new table games, the actual
2 tables and layouts, as well as improved the facade to
3 the cage cashier location, which we have two of them.

4 We've enhanced and remodeled both beverage
5 casino bar locations. The one on the top left is our
6 Sunset side and that has been completed and opened.

7 Saturday with all of the football games and
8 the baseball game it was standing room only, because
9 we've got several monitors that are available, which
10 again provides a good experience to our customers and
11 our employees.

12 The one on the bottom left will be the one
13 that will be completed on the Rodeo side. It has been
14 an ongoing construction project for months, and it will
15 be done towards the end. It's pretty significant.

16 The bottom right picture is what we
17 affectionately call our lemonade stand. It is our
18 temporary bar location, just to continue to service our
19 guests in a limited aspect at least in that location.

20 Here is just a breakdown of our capital
21 investment for this year. 63 million related to the
22 actual remodeling project, 7 million just ongoing
23 maintenance, would include some of the slot product, as
24 well as just the infrastructure that is necessary to
25 maintain the rest of the facility.

1 120,000 to the landscaping in accordance with
2 the development project that Bernie just mentioned.

3 Fortunately or unfortunately we did the
4 Phase II at the beginning of the year, which included
5 the trees on the parkway. The tornado came in, knocked
6 a lot of those out, but we're happy that most of them
7 did survive and we were able to replant them and get
8 them back up and running again, so to speak, so they can
9 continue their growth, because it was unfortunate that
10 it took a lot of those out, but they're young enough
11 that they are looking like they're going to bounce back.

12 For a total investment of approximately
13 70.1 million.

14 We will see a similar maintenance capital
15 budget for 2014. That's one thing that Penn does
16 believe in is continuing to reinvest in the product and
17 continue to maintain a safe, a clean and a good product
18 for the customers.

19 In terms of our employee demographics, we
20 have a very diverse, loyal, hard working workforce.
21 Approximately 1,252 employees here, with 90 percent of
22 them residing in Missouri, and approximately 44 percent
23 being female.

24 A very diverse group like I mentioned. Of
25 the 1,252, most of -- a lot of that, believe it or not,

1 is of a minority, more so than their surrounding area.
2 Approximately 42 percent is a minority versus the other
3 local area being more like a 30 percent.

4 And of the group, the 1,252 employees, I am
5 proud to say 160 still are day one employees. And they
6 are not shy about -- they're proud of that and they will
7 tell you that.

8 Since I've gotten there, they will let you
9 know that I have been here for 14 years and they love
10 working there, and it's such a good feeling to know
11 that, you know, we've been up and running since the mid
12 '90s and yet they continue to still want to work for the
13 property.

14 And we continue to hope to maintain those
15 employees even after we took over, and that they still
16 believe in what they do and provide a good customer
17 service to the customers.

18 We do have an expected budget of payroll of
19 about \$44 million in 2013, 30 of that being just
20 salaries and wages and the remainder is your paid time
21 off, benefits, health insurance, those kinds of things.

22 And here is our breakdown of our average
23 annual compensation currently of our hourly, our
24 supervisors and then our management team.

25 And with that I'll let Jeff speak to you

1 about the remaining compliance issues.

2 MR. HENDRICKS: Good afternoon, Chairman,
3 Commissioner. My names is Jeff Hendricks. I'm the
4 Compliance Director of Hollywood-St. Louis.

5 Today we'll be discussing our diversity
6 supplier program, the responsible gaming program, as
7 well as some charitable initiatives from Hollywood.

8 Hollywood is committed to involving and
9 growing minority and women-owned business in the
10 purchasing process. This commitment has been recognized
11 both by the St. Louis Minority Supplier Development
12 Council for participation in The Billion Dollar Impact
13 Program, which measures the impact of M and WBEs across
14 the St. Louis region, as well as testimonials by some of
15 our vendors, includes testimony for growing business,
16 textile manufacturers to approximately \$200,000 in 2013.

17 As we go through the numbers here in a
18 moment, we're going to be focusing on the efforts of our
19 supplier diversity program. That is a formal program
20 adopted after approval by both our corporate entity and
21 by our general manager. That program is attached to the
22 last five pages of the presentation for your reference.

23 There is three keys to this program that we
24 think have been instrumental in improving our M/WBE
25 supplier percentages.

1 One, we committed to increasing our
2 attendance at regional supplier diversity events.
3 Secondly, we're going to be hosting an annual M/WBE
4 supplier fair on the property in 2014.

5 And then thirdly we've instituted a mandatory
6 diverse vendor bid on all contracts for service valued
7 over \$3,000.

8 CHAIRMAN HATCHES: Can I ask you a question
9 for now or later?

10 MR. HENDRICKS: Certainly.

11 CHAIRMAN HATCHES: Tell me again when you're
12 doing this supplier diversity thing.

13 MR. HENDRICKS: We're still putting down the
14 final date. We think it's going to be April of 2014..

15 CHAIRMAN HATCHES: Okay. Thank you.

16 MR. HENDRICKS: Certainly.

17 The first slide shows our percentage of spend
18 and total spend for minority business entities. Over
19 the past year we spent \$1.8 million with minority
20 business entities.

21 Just a few notes about these numbers. The
22 Q4 numbers reflects only two months of operation due to
23 the transition from prior ownership, and the Q3 numbers
24 are unaudited. However, the remaining numbers on that
25 slide do agree to the information presented by Cheryl

1 Bonner from the MGC staff.

2 When you look at the numbers, you will see a
3 trend where we started out. In Q4 there was some
4 fluctuation in our numbers in Q1 and Q2, and there was
5 subsequent improvement and reversal of that trend in Q3
6 of 2013. This trend is also shown in our WBE spend
7 numbers.

8 In total we were able to spend \$3.7 of WBEs
9 over the past year. And again, those two caveats do
10 apply.

11 When the property was implementing the
12 supplier diversity program earlier this year, we noticed
13 the fluctuation that you can see in Q1 and Q2. We
14 identified the reasons for that fluctuation and found
15 ways to improve upon it.

16 Earlier this year the property had several
17 one-time expenses associated with the start-up that we
18 were not able to repeat in prior quarters, which caused
19 an inflation in Q1 and then deflation in the prior
20 quarters.

21 However, noticing both those one-time
22 expenses and also some business changes, where we had to
23 cease doing business with vendors based on service and
24 product issues, we implemented the supplier diversity
25 program and were able to find new ways to increase our

1 diverse supplier spend percentages.

2 Yes, Chairman.

3 CHAIRMAN HATCHES: Just give us an example of
4 a couple of those issues you had with the buyers.

5 MR. HENDRICKS: Certainly.

6 So we did business with two marketing
7 vendors. We found that the product wasn't being
8 delivered timely and we were having issues with the copy
9 on the product itself. Some was our direct mail
10 vendors.

11 And given the sensitivity of those items, we
12 wanted to move away from those vendors. However, we
13 were able to look at our existing contracts and move
14 items from nondiverse vendors to diverse vendors to make
15 up for that.

16 Some examples of that include finding diverse
17 vendors to buy our reoccurring food costs from, and also
18 with those mandatory bids in place we were able to find
19 minority and diverse business entities that can perform
20 larger-scale contracts of projects.

21 Specifically there is about \$200,000 of work
22 being done in our parking lot and also our parking
23 garage that we were able to institute in Q3 to move
24 those percentages in the right direction.

25 CHAIRMAN HATCHES: Thank you.

1 Cheryl, do you track with those concerns?

2 MS. BONNER: (Nods head.)

3 CHAIRMAN HATCHES: Thank you.

4 MR. HENDRICKS: Moving on to our responsible
5 gaming training.

6 Responsible gaming training is mandatory for
7 all team members. At Hollywood-St. Louis we want our
8 guests to be able to have fun and also play responsibly,
9 and we think that the best way to ensure that is by
10 training our team members appropriately.

11 So team members are trained during
12 orientation on responsible gaming and go through an
13 annual responsible gaming training refreshing every year
14 thereafter.

15 The program focuses on those four areas
16 described above. The problem and compulsive gambling
17 component absolutely addresses the state exclusion and
18 our responsibilities towards disassociated persons.

19 Many of the concepts discussed by other
20 licensees here today are also in place at the property.

21 We use the MGC web.lookup for processing of
22 any type of check cashing or credit card advance, as
23 well as all taxable jackpots.

24 The core of this program is that all team
25 members of Hollywood are responsible for identifying the

1 issues and making sure that our guests are playing
2 responsibly.

3 It's not just the responsibility of a
4 security officer or a dealer. It's everyone on the
5 property needs to be watching out for those concepts.

6 Given the importance of this program, the
7 property instituted the Responsible Gaming Committee.
8 The Responsible Gaming Committee is chaired by our
9 General Manager Tony Carlucci. It meets quarterly, and
10 it's also staffed by all of our executive team members
11 and the senior staff members.

12 The purpose of this committee is to
13 continually review our responsible gaming concepts and
14 improve upon the effectiveness.

15 For our guests, they can access responsible
16 gaming information at any location where they can get
17 currency, so those include such items as 188-BETSOFF
18 help line materials. There is also some materials that
19 discuss the odds associated with some of our casino
20 games.

21 And the goal of this program is to make sure
22 that we not only are offering the best possible casino
23 but we're doing it in the most responsible manner
24 possible.

25 The next two slides highlight some of the

1 charitable contributions from the property. We donate
2 both monetary sums and in-kind donations.

3 Some of the examples you can see up there
4 include providing transportation for the Pattonville
5 Fire District for some of their annual training, as well
6 as the property goes to the annual run/walk for
7 arthritis, which raises money for an arthritis charity.

8 A unique charitable initiative that we
9 launched this year was based on National Responsible
10 Gaming Education Week.

11 During Responsible Gaming Education Week the
12 property tried to increase the message available to our
13 guests and the community about the importance of
14 responsible gaming.

15 During that time we reached out to our fellow
16 properties in the St. Louis area and was happy to
17 announce that all four properties jointly donated
18 \$2,500, and we were able to raise \$10,000 to Provident
19 in St. Louis. Provident is the organization that runs
20 the 888-BETSOFF help line, which is a key component of
21 our responsible gaming message.

22 These are kind of the highlights of our
23 charitable initiatives.

24 I'm going to turn the presentation back over
25 to Tony Carlucci. If you have any questions, I'd be

1 happy to answer them for you.

2 CHAIRMAN HATCHES: Thank you.

3 MR. CARLUCCI: Mr. Chairman, Commissioners,
4 obviously as I watched the Pinnacle presentation today,
5 they're clearly the leaders in the MBE spend and the --

6 CHAIRMAN HATCHES: I'm sorry?

7 MR. CARLUCCI: -- in the minority spend and
8 the women spend, clearly Pinnacle Entertainment is the
9 leaders in how to do this.

10 So looking at that -- and I know, Neil
11 Walkoff, you deserve congratulations. I for one am not
12 at all worried about calling Neil up. We're competitors
13 when it comes to revenue, but we don't need to be
14 competitors when it comes to this.

15 And he's never made me feel that way by the
16 way. Nothing but congratulations.

17 CHAIRMAN HATCHES: It's coming.

18 MR. CARLUCCI: Yes.

19 (Laughter.)

20 MR. CARLUCCI: What I'm trying to out, and if
21 you were to ask me today, what can I do to make our
22 spend better, the answer is quite simple just sitting in
23 this room all day.

24 Neil, expect a phone call from me because I
25 can sure use your help. And I mean that. Because why

1 reinvent the wheel?

2 Clearly if you watch the Pinnacle
3 presentation today, that's the play book. They're
4 better than us at this right now. I've been new to this
5 state. I've only been here for a year.

6 Rather than -- at least not -- you know, the
7 way I look at things is let me take something that is
8 working. My best ideas have come from stealing. It's
9 how I got this job maybe in the first place. I don't
10 care.

11 But, I mean, you know, that play book is
12 there. I was watching their presentation today. It was
13 obviously impressive.

14 So my commitment to you before calling the
15 mayor up is I want to start there. They're ahead of us.
16 Right? And in this thing we're all in this as an
17 industry. We're in it together.

18 So I plan on following a lot of things that
19 Pinnacle Entertainment has already done because they
20 clearly have results. So that's going to be my
21 commitment to all of you and then improve on that, but
22 we're going to start there.

23 CHAIRMAN HATCHES: You got a lot of work to
24 do.

25 MR. CARLUCCI: Oh, I know.

1 COMMISSIONER JONES: Well, Mr. Carlucci, I am
2 impressed that you -- you know, you're on that page and
3 you acknowledge your shortfalls on that, and, again, not
4 reinventing the wheel and reaching out to Neil, I am
5 very impressed with that.

6 And I want to commend you on that statement
7 because we're all in this industry together, so we can
8 all kind of share ideas and things.

9 But thank you, sir, for that statement.

10 MR. CARLUCCI: You're very welcome.

11 CHAIRMAN HATCHES: And I think one of the
12 things I'd like to say at this point is you being --
13 you're here asking to be relicensed today and you come
14 back again -- how many -- next year?

15 We don't want to wait until next year to hear
16 how you're doing there with the WBE/WBE spends.

17 MR. CARLUCCI: Absolutely.

18 CHAIRMAN HATCHES: So we're going to have a
19 time where we're going to ask you to come back and share
20 with us what you're doing, because I think waiting a
21 year is going to be too long.

22 COMMISSIONER HOWARD: Cheryl is hiding under
23 her chair.

24 CHAIRMAN HATCHES: Well, I just want to make
25 sure that everybody knows that we are that concerned and

1 we'd like to see something maybe -- you know, we'll
2 determine. We'll give you enough notice.

3 MR. CARLUCCI: Sure.

4 COMMISSIONER HOWARD: That's only fair to
5 you. It really is only fair to you that you don't need
6 to be on the hot seat a year from now with us having
7 serious concerns.

8 So it's only fair to you that if there are
9 issues of concern -- and I think it's the same with Cape
10 as much as -- I hate to admit that. We have concerns
11 about Cape's situation as well. So we need -- these
12 are -- a year from now is not the time for us to be
13 looking at it.

14 You know, it's nice that we have good staff
15 that can be keeping us apprised during this year.

16 MR. CARLUCCI: I'm 100 percent on board.
17 Mr. Chairman, Commissioners, I 100 percent agree. And
18 we need to start tomorrow. There is no problem with
19 that whatsoever. Clearly we need to improve.

20 With that said, with your permission I'd like
21 to call Mayor Mike Moeller, our mayor of Maryland
22 Heights.

23 MAYOR MOELLER: Thank you.

24 Commission and staff, thank you for allowing
25 me to speak this afternoon.

1 Since I was invited to attend this meeting I
2 have given some thought to the recent history of
3 Maryland Heights. We've seen a lot of changes, but
4 without any question the introduction of casino gambling
5 ranks among one of the very significant events in our
6 City's short history.

7 Before 1997 our government had enough money
8 to make ends meet, but as a young city -- we
9 incorporated in 1985 -- there were a lot of things we
10 wanted to accomplish to help our residents that we could
11 not do without raising taxes. Never a popular thing.

12 We approved two casinos, Player's Island and
13 Harrah's. Harrah's ultimately bought out Player's,
14 making us the home dock to one large casino, which
15 became Hollywood Casino when it was sold to Penn
16 National last year.

17 Looking back over the past 16 years, I can
18 say that the casino delivered what was promised, and the
19 problems that the critics predicted never materialized.

20 From the start we made the conscious decision
21 to be cautious with gaming taxes coming to our city.
22 Until the recent economic downturn, only a modest
23 percentage went toward day-to-day operations, with one
24 exception.

25 We use gaming revenue to fully fund trash,

1 recycling and yard waste collection for our residents.

2 The City Council's policy has been to invest
3 about two-thirds of gaming tax into capital
4 improvements, like repaving streets, replacing
5 deteriorated curbs and gutters, installing sidewalks in
6 residential areas and widening roads in our industry
7 parks.

8 We have also invested in projects that
9 benefit the region as a whole, including more than
10 \$40 million to the construction of the four-lane
11 Maryland Heights Expressway to alleviate traffic
12 pressure from the interstate highway that crosses
13 through our city.

14 We put \$5 million toward the innovative new
15 diverging diamond interchange at Dorsett and 270. That
16 interchange has dramatically improved traffic flow at
17 that intersection and has helped support a major
18 expansion of Edward Jones in our city.

19 And most recently we invested more than
20 \$4 million in the extension of Maryland Heights
21 Expressway south to 141, to finish the long planned and
22 much needed outer belt.

23 The completion of this highway last year has
24 increased accessibility throughout the region, and we
25 believe it will continue to spur additional economic

1 development throughout North, West and South St. Louis
2 County in decades to come.

3 Since 1997 Maryland Heights has received more
4 than \$200 million in gaming revenue. We have been able
5 to provide our residents and our businesses with a very
6 high level of service and the kinds of things
7 municipalities are expected to provide, police
8 protection, streets, sidewalks, bridges and parks.

9 And it is in large part because of the casino
10 that we're now moving ahead with construction of a new
11 \$30 million community center, which will be built
12 without having to place an additional tax burden on our
13 residents or the businesses.

14 Now, the critics' forecast for the most part
15 have not come to pass. We have not seen the predicted
16 growth in crime. In fact, overall crime rates in
17 Maryland Heights have dropped significantly over the
18 past decade.

19 Our hospitality industry, with the casino as
20 a major draw, has continued to prosper and grow. We now
21 host nearly 10 million visitors every year and about
22 15,000 more people work in Maryland Heights today than
23 they did 16 years ago. So it's pretty obvious that our
24 overall economy has not been harmed by the presence of
25 the casino.

1 Now, our relationship with Harrah's, that
2 spanned more than a decade. While Hollywood has only
3 been part of our city for just a year, but in that short
4 time they're made it a top priority to invest not only
5 in the casino but the community as well.

6 Soon after taking ownership of the casino
7 Hollywood began major renovations that are expected to
8 total about \$25 million when they are completed at the
9 end of this year.

10 But their investments extend well beyond
11 their property lines. As the largest employer in
12 Maryland Heights, Hollywood is a model corporate
13 citizen, providing good jobs with benefits.

14 Hollywood has become a mainstay of the
15 Maryland Heights Chamber of Commerce and the Maryland
16 Heights Convention and Tourism Board. They support a
17 wide range of local organizations and charities and are
18 active in many ways in our community. We are proud to
19 have them in Maryland Heights.

20 Over the last several years we have had to
21 increase our use of gaming tax revenue to support city
22 services. While we've had to reduce or delay plans for
23 some future capital projects, we have not had to face
24 the difficult decisions that many of the other cities in
25 our state are struggling with.

1 With these benefits to our city and our
2 region, I urge you to renew Hollywood's license.

3 Also I brought with me our Chief of Police,
4 Bill Carson. If you have any questions for him, we'd be
5 happy to answer them.

6 Thank you.

7 CHAIRMAN HATCHES: Any questions from the
8 Commissioners?

9 COMMISSIONER JONES: Mr. Mayor, that is a
10 great exchange, that Dorsett and 270. I travel that.

11 MAYOR MOELLER: Yes.

12 COMMISSIONER JONES: And I didn't realize
13 that that was gaming revenue for that --

14 MAYOR MOELLER: Absolutely.

15 COMMISSIONER JONES: -- but that is a great
16 exchange. It took me a little while to navigate it,
17 though, since I was going -- you know, you go down --

18 MAYOR MOELLER: Driving on the wrong side of
19 the street.

20 COMMISSIONER JONES: Right. Right. But it
21 is a great exchange.

22 MAYOR MOELLER: And we were worried about
23 that when --

24 COMMISSIONER JONES: Me driving?

25 MAYOR MOELLER: No. When Mo-DOT proposed it,

1 we're going, you know, we're going to have a bunch of
2 head-on collisions.

3 In fact, the chief and I were just talking
4 about that on the way up, that we don't have the number
5 of traffic accidents or calls there at that intersection
6 that we did in the past and it moves well at rush hour.

7 CHAIRMAN HATCHES: Okay. Thank you.

8 MR. CARLUCCI: I'm getting old because I
9 laugh at your joke and I pulled a muscle in my side. So
10 it comes with age or maybe this past year.

11 But with that said, that concludes our
12 presentation. I'm happy to answer any questions. If
13 not, thank you for the opportunity to come before you
14 today, and my commitment is we will improve
15 significantly.

16 CHAIRMAN HATCHES: As I said, we're going to
17 give you the opportunity to come before us again before
18 next year.

19 MR. CARLUCCI: That would be great.

20 EXECUTIVE DIRECTOR STOTTLEMYRE: This would
21 be the time for public comment if there is any.

22 Thank you.

23 At this time I'd have Sergeant Gary Davidson
24 present the investigative summary.

25 SERGEANT DAVIDSON: Good afternoon,

1 Mr. Chairman and Commissioners and staff.

2 CHAIRMAN/COMMISSIONERS: Good afternoon.

3 SERGEANT DAVIDSON: If I could indulge you
4 for just a second.

5 I too would like to echo your thoughts at the
6 beginning of the meeting in reference to the three
7 financial investigators retiring.

8 I've enjoyed a few years with them, and the
9 expertise and knowledge that they brought from their
10 prior employment to the Commission and to our
11 investigations in a whole I think has been a very
12 important part.

13 And so, again, I would like to thank you
14 personally from my relationship with Larry and Bill and
15 Rolland, give them my thanks because they've been very
16 beneficial to the Commission and also the Missouri
17 Highway Patrol.

18 So thank you.

19 St. Louis Gaming Ventures, LLC, doing
20 business as Hollywood Casino St. Louis, and referred to
21 as Hollywood, submitted a relicensing application to the
22 Missouri Gaming Commission on June 3rd, 2013 for renewal
23 of its Class B riverboat gaming license which is
24 scheduled to expire on November 30th, 2013.

25 You will find the resolution for Hollywood

1 under Tab K in your book.

2 Hollywood's parent company, Penn National
3 Gaming, Incorporated, referred to as Penn, is not due
4 for renewal of its Class A riverboat license until
5 February 2014.

6 Penn holds 100 percent ownership in St. Louis
7 Gaming Ventures, LLC, which is a Delaware limited
8 liability company formed on July 11, 2012.

9 Hollywood Casino St. Louis, a Missouri
10 corporation, is 100 percent owned by and is a subsidiary
11 of St. Louis Gaming Ventures, LLC.

12 St. Louis Gaming Ventures, LLC submitted an
13 original application to the Missouri Gaming Commission
14 for its Class B licensure on June 6, 2012 and was
15 initially approved for a Class B license by the
16 Commission on October 24, 2012, in accordance with the
17 terms and conditions set forth in Resolution No. 12-101.

18 Missouri State Highway Patrol background
19 investigators, working in conjunction with Missouri
20 Gaming Commission financial investigators, conducted an
21 investigation into the suitability of Hollywood to
22 operate as a Class B licensee.

23 The investigation included, but was not
24 limited to, criminal, financial and general character
25 inquiries of associated key and Level I personnel, to

1 include where they lived, worked and frequented.

2 The City of Maryland Heights, as well as
3 State and Federal agencies which have regulatory
4 authority over Hollywood, were also contacted. There
5 were no issues, concern or negative information
6 discovered.

7 The findings of this investigation was
8 provided to the Gaming Commission staff for their review
9 and you possess a detailed summary report before you.
10 Those investigators that conducted the investigation are
11 here and available to entertain any questions you might
12 have at this time.

13 Thank you.

14 CHAIRMAN HATCHES: Thank you.

15 EXECUTIVE DIRECTOR STOTTLEMYRE: Thanks.

16 Ms. Cheryl Bonner.

17 MS. BONNER: Mr. Chairman and Commissioners,
18 on August 15, 2013 the Missouri Gaming Commission staff
19 conducted a 100 percent audit of the MBE/WBE records for
20 the Class B licensee Hollywood Casino St. Louis.

21 The results of our audit and specific details
22 related to those findings are contained within the
23 comprehensive summary report in your possession.

24 CHAIRMAN HATCHES: Thank you.

25 You could just mail that in probably. We've

1 come a long way.

2 EXECUTIVE DIRECTOR STOTTLEMYRE:

3 Mr. Chairman, at this time Staff would recommend
4 approval of Resolution No. 13-104, Hollywood Casino
5 St. Louis Gaming Ventures, LLC.

6 CHAIRMAN HATCHES: Chair would entertain a
7 motion.

8 COMMISSIONER JONES: Move for the approval of
9 Resolution No. 13-104.

10 COMMISSIONER BRADLEY: Second.

11 CHAIRMAN HATCHES: Moved and second.

12 Any further discussion?

13 Angie, would you call the roll, please.

14 MS. FRANKS: Commissioner Howard.

15 COMMISSIONER HOWARD: Approve.

16 MS. FRANKS: Commissioner Jones.

17 COMMISSIONER JONES: Approve.

18 MS. FRANKS: Commissioner Bradley.

19 COMMISSIONER BRADLEY: Approve.

20 MS. FRANKS: Chairman Hatches.

21 CHAIRMAN HATCHES: Approve.

22 MS. FRANKS: By your vote you've adopted
23 Resolution 13-104.

24 CHAIRMAN HATCHES: Thank you.

25 Congratulations. We'll see you soon.

1 EXECUTIVE DIRECTOR STOTTLEMYRE:
2 Mr. Chairman, the next item on the agenda is
3 Consideration of Disciplinary Action.

4 Mr. Ed Grewach will present.

5 MR. GREWACH: Thank you.

6 I would like to present Items L and M
7 together. They arise out of the same event.

8 We have a requirement that requires the
9 casinos to purchase gaming supplies and equipment from
10 licensed suppliers.

11 During a compliance audit of Isle of Capri-
12 Kansas City we became aware of the fact that they had on
13 March 29th, 2012 purchased a super controller, which is
14 a device that calculates progressive jackpot amounts
15 from an unlicensed supplier, S&J Enterprises.

16 We then did a more detailed study of their
17 expenditures and also found a CPU and main boards that
18 were purchased on three different dates from another
19 unlicensed supplier, America Gaming and Electric.

20 Now, Christopher Stevenson, on Item L, his
21 role in this turn of events was that he was the Director
22 of Operations. He approved the purchase of the super
23 controller without checking to see that they were a
24 licensed supplier, and the recommendation for him is a
25 one-day suspension.

1 Item M, Jean Hanson, is the Senior Director
2 of Finance. She approved the transaction of the super
3 controller after Stevenson did and also did not check to
4 ensure that it was from a licensed supplier, and the
5 recommendation for her is a one-day suspension.

6 I might also say that further down in the
7 agenda you'll see this same set of facts on the casino
8 discipline on Item P.

9 CHAIRMAN HATCHES: Are we going to take it
10 separately?

11 MR. GREWACH: Can we take it now?

12 MS. FRANKS: Sure.

13 MR. GREWACH: So we can go ahead and present
14 Item P, too, while we're on it.

15 With Item P, the casino discipline against
16 IOC-Kansas City, there were several different employees
17 that were involved in these two transactions, none of
18 whom seem to be aware of the requirement to check to
19 make sure the suppliers were licensed, and the
20 recommendation of the fine is for \$5,000.

21 CHAIRMAN HATCHES: Any questions from
22 Commissioners?

23 EXECUTIVE DIRECTOR STOTTLEMYRE: So the
24 disciplines would be DC-13-105, the first one,
25 DC-13-106, and then DC-13-628.

1 CHAIRMAN HATCHES: Chair would entertain a
2 motion at this point.

3 COMMISSIONER HOWARD: I'll move for approval
4 of DC-13-105, DC-13-106 and DC-13-628.

5 COMMISSIONER JONES: Second.

6 CHAIRMAN HATCHES: Moved and seconded.

7 Any further discussion?

8 Angie, would you call the roll, please.

9 MS. FRANKS: Commissioner Howard.

10 COMMISSIONER HOWARD: Approve.

11 MS. FRANKS: Commissioner Jones.

12 COMMISSIONER JONES: Approve.

13 MS. FRANKS: Commissioner Bradley.

14 COMMISSIONER BRADLEY: Approve.

15 MS. FRANKS: Chairman Hatches.

16 CHAIRMAN HATCHES: Approve.

17 MS. FRANKS: By your vote you have adopted
18 DC-13-105, DC-13-106 and DC-13-628.

19 CHAIRMAN HATCHES: Thank you.

20 MR. GREWACH: Item N is a preliminary order
21 of discipline against Barry Tate, who was the Chief of
22 Security at Lady Luck Caruthersville.

23 Both the rules and the Minimum Internal
24 Controls require that an EMS First Responder be on duty
25 at all times that the boat is in operation, and further

1 provide that that person not be assigned to any duties
2 that would prevent them from immediately responding to a
3 medical emergency.

4 On April the 17th, 2013 there was only one
5 EMT assigned on the boat. Tate allowed that person to
6 be assigned to a key escort. And at the time she was on
7 the key escort there was a patron at the turnstile that
8 experienced a medical emergency. They called the EMT
9 but she could not leave the key escort unattended.

10 It was approximately five minutes before she
11 was relieved and was able to respond to the patron at
12 the casino turnstile.

13 And the recommendation for Mr. Tate is a
14 three-day suspension.

15 CHAIRMAN HATCHES: A perfect example of why
16 we have that rule.

17 MR. GREWACH: Exactly.

18 CHAIRMAN HATCHES: A perfect example.

19 Any questions?

20 Chair would entertain a motion.

21 COMMISSIONER JONES: Move for the acceptance
22 of DC-13-384.

23 COMMISSIONER BRADLEY: Second.

24 CHAIRMAN HATCHES: Moved and seconded.

25 Any discussion?

1 Angie, would you call the roll, please.

2 MS. FRANKS: Commissioner Howard.

3 COMMISSIONER HOWARD: Approve.

4 MS. FRANKS: Commissioner Jones.

5 COMMISSIONER JONES: Approve.

6 MS. FRANKS: Commissioner Bradley.

7 COMMISSIONER BRADLEY: Approve.

8 MS. FRANKS: Chairman Hatches.

9 CHAIRMAN HATCHES: Approve.

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

11 DC-13-384.

12 MR. GREWACH: Item O is a preliminary order
13 of discipline against Bally Technologies.

14 On September 26, 2012 Bally shipped a game
15 with unapproved software to Hollywood St. Louis Casino,
16 and the recommended fine is \$10,000.

17 CHAIRMAN HATCHES: Any questions from the
18 Commissioners?

19 Chair would entertain a motion.

20 COMMISSIONER HOWARD: Move for approval of

21 DC-13-627.

22 COMMISSIONER JONES: Second.

23 CHAIRMAN HATCHES: Moved and seconded.

24 Any further discussion?

25 Angie, would you call the roll, please.

1 MS. FRANKS: Commissioner Howard.

2 COMMISSIONER HOWARD: Approve.

3 MS. FRANKS: Commissioner Jones.

4 COMMISSIONER JONES: Approve.

5 MS. FRANKS: Commissioner Bradley.

6 COMMISSIONER BRADLEY: Approve.

7 MS. FRANKS: Chairman Hatches.

8 CHAIRMAN HATCHES: Approve.

9 MS. FRANKS: By your vote you've adopted
10 DC-13-627.

11 MR. GREWACH: Item Q is a preliminary order
12 of discipline directed to IOC-Cape Girardeau.

13 On October 31st, 2012 an IOC corporate
14 employee, who was a system analyst for the Accounting
15 Department, was assisting at the Fan Club counter.

16 She observed a long line at the turnstiles
17 and in an attempt to alleviate that line directed six
18 patrons to enter through the employer access gate;
19 therefore, bypassing the turnstiles, and the recommended
20 fine is \$2,500.

21 CHAIRMAN HATCHES: All of her efforts from a
22 customer service perspective. There was another way to
23 do it.

24 MR. GREWACH: She did. And obviously again
25 this is a case where, you know, in response to the

1 notice of investigation she said, well, I wasn't aware
2 of that rule.

3 And also there were security guards there
4 that didn't intercept those persons or correct the
5 action.

6 CHAIRMAN HATCHES: Any questions?

7 Chair would entertain a motion.

8 COMMISSIONER JONES: Move for the approval of
9 DC-13-629.

10 COMMISSIONER BRADLEY: Second.

11 CHAIRMAN HATCHES: Move and seconded.

12 Any further discussion?

13 Angie, would you call the roll, please.

14 MS. FRANKS: Commissioner Howard.

15 COMMISSIONER HOWARD: Approve.

16 MS. FRANKS: Commissioner Jones.

17 COMMISSIONER JONES: Approve.

18 MS. FRANKS: Commissioner Bradley.

19 COMMISSIONER BRADLEY: Approve.

20 MS. FRANKS: Chairman Hatches.

21 CHAIRMAN HATCHES: Approve.

22 MS. FRANKS: By your vote you've adopted
23 DC-13-629.

24 CHAIRMAN HATCHES: Thank you.

25 MR. GREWACH: Item R is a preliminary order

1 of discipline directed to IOC-Cape Girardeau.

2 There is a large semi-circular steel door on
3 a track that separates the Lone Wolf Bar and gaming
4 floor on one side from the Keller's and Farradays
5 Restaurant on the other.

6 And on November 1st, 2012 a contractor was
7 working on the lock mechanism and left that door space
8 open for approximately a three-and-a-half-hour time
9 period while that work was going on.

10 The door at that time it was open was not
11 attended by security and that allowed 14 patrons to
12 enter and 16 patrons to exit, and none of whom went
13 through the turnstiles or had IDs checked.

14 And that we did send, as we do in the normal
15 course, a letter asking for a response within 14 days.

16 The response from Isle of Capri property was
17 that they did not know that the contractor had left the
18 door open. When they found out, they had issued
19 sanctions against the contractor for doing that.

20 They claim that they were, of course, right
21 at the, you know, time of opening, and that they at
22 first agreed with our numbers of the 14 entries and
23 15 exits. They then claimed in their response to the
24 14-day letter that upon further review they believe only
25 9 persons entered through that doorway during the time

1 and only 3 exited.

2 Our response to that as the staff was that
3 this issue of this door was an issue from the
4 construction phase on, emphasizing to them that it had
5 to stay closed because if not it left an unattended
6 entrance into the casino floor.

7 There also became discussions in the hours of
8 their liquor license operation, because if the Lone Wolf
9 Bar is only accessible from the gaming floor, it can
10 have longer operating hours. If it's accessible through
11 the Keller and Farradays Restaurant, then it would have
12 to have the shorter normal liquor license.

13 So this is a discussion that was had with
14 them throughout the course of this, and the recommended
15 fine is \$10,000.

16 CHAIRMAN HATCHES: Any questions from the
17 Commissioners?

18 Chair would entertain a motion.

19 COMMISSIONER HOWARD: I move for approval of
20 DC-13-630.

21 COMMISSIONER JONES: Second.

22 CHAIRMAN HATCHES: Moved and seconded.

23 Any further discussion?

24 Angie, would you call the roll, please.

25 MS. FRANKS: Commissioner Howard.

1 COMMISSIONER HOWARD: Approve.

2 MS. FRANKS: Commissioner Jones.

3 COMMISSIONER JONES: Approve.

4 MS. FRANKS: Commissioner Bradley.

5 COMMISSIONER BRADLEY: Approve.

6 MS. FRANKS: Chairman Hatches.

7 CHAIRMAN HATCHES: Approve.

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

9 DC-13-630.

10 CHAIRMAN HATCHES: Thank you.

11 MR. GREWACH: Tab S is a preliminary order of

12 discipline directed to Ameristar Kansas City Casino.

13 On two separate occasions, November the 1st
14 and November the 2nd of 2012, an 18-year-old entered the
15 gaming floor and his ID was not checked on either
16 occasion by the security officer.

17 On the first evening when he came through, he
18 was walking through with his mother, who was walking
19 with the assistance of a walker, and was allowed onto
20 the gaming floor without his ID being checked.

21 On the second occasion, on November the 2nd,
22 he walked on to the gaming floor. The security officer
23 was busy with other patrons and did not check his ID.

24 While he was on the gaming floor two other
25 employees came in to contact with him, and those two

1 also did not check the minor's ID.

2 On the first day he was on the gaming floor
3 for three hours and nineteen minutes, and on the second
4 day he was on the gaming floor for two and a half hours.
5 He on both occasions gambled and on the second occasion
6 consumed alcoholic beverages, and the recommended fine
7 is \$5,000.

8 CHAIRMAN HATCHES: Was it the 1st or the 2nd
9 that he consumed alcohol that his mother gave him?

10 COMMISSIONER HOWARD: The 2nd.

11 MR. GREWACH: The second day. The mother at
12 the bar got the alcohol and he was standing next to her
13 and she handed him --

14 COMMISSIONER HOWARD: Two drinks.

15 MR. GREWACH: -- two drinks. Correct.

16 CHAIRMAN HATCHES: Any questions from the
17 commissioners?

18 Angie.

19 COMMISSIONER HOWARD: I didn't notice that
20 the mother was in a walker. I guess I missed that.
21 It's a good ploy.

22 CHAIRMAN HATCHES: Angie, would you call the
23 roll, please.

24 COMMISSIONER JONES: No. You have to have a
25 motion. There is no motion.

1 COMMISSIONER HOWARD: I'll move for the
2 approval of -- would you like me to move for the
3 approval?

4 CHAIRMAN HATCHES: No. I was just going to
5 go on.

6 Yeah, let's probably do it.

7 COMMISSIONER HOWARD: I'll move for the
8 approval of DC-13-631.

9 COMMISSIONER JONES: Second.

10 CHAIRMAN HATCHES: Moved and seconded.

11 Any further discussion?

12 Angie -- is it okay?

13 COMMISSIONER JONES: It's okay now.

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

16 MS. FRANKS: Commissioner Howard.

17 COMMISSIONER HOWARD: Approve.

18 MS. FRANKS: Commissioner Jones.

19 COMMISSIONER JONES: Approve.

20 MS. FRANKS: Commissioner Bradley.

21 COMMISSIONER BRADLEY: Approve.

22 MS. FRANKS: Chairman Hatches.

23 CHAIRMAN HATCHES: Approve.

24 MS. FRANKS: By your vote you've adopted
25 DC-13-631.

1 MR. GREWACH: Tab T is a preliminary order of
2 discipline directed to Isle of Capri-Cape Girardeau.

3 Our Minimum Internal Control standards
4 require the boats to provide daily security incident
5 logs and a summary of all security incidents that happen
6 on a daily basis.

7 On November the 7th, 2012 it came to our
8 attention that we had not received any of these security
9 incident logs or reports since the boat had opened on
10 October 30th. The recommended fine is \$5,000.

11 CHAIRMAN HATCHES: Questions from the
12 Commissioners?

13 Chair would entertain a motion.

14 COMMISSIONER JONES: Move for the approval of
15 DC-13-632.

16 COMMISSIONER BRADLEY: Second.

17 CHAIRMAN HATCHES: Moved and seconded.

18 Any further discussion?

19 Angie, would you call the roll, please.

20 MS. FRANKS: Commissioner Howard.

21 COMMISSIONER HOWARD: Approve.

22 MS. FRANKS: Commissioner Jones.

23 COMMISSIONER JONES: Approve.

24 MS. FRANKS: Commissioner Bradley.

25 COMMISSIONER BRADLEY: Approve.

1 MS. FRANKS: Chairman Hatches.

2 CHAIRMAN HATCHES: Approve.

3 MS. FRANKS: By your vote you've adopted
4 DC-13-632.

5 MR. GREWACH: Tab U is preliminary order of
6 discipline directed to Isle of Capri-Cape Girardeau.

7 That casino's internal control require that
8 any employee who has lost their casino access badge must
9 obtain a temporary badge from security dispatch. It
10 also requires that a log be kept of all temporary badges
11 issued.

12 On November the 29th, 2012 our agent on the
13 boat was approached by a cage cashier who had lost their
14 access badge and had been told by the property to come
15 to the MGC office to obtain a replacement or a
16 temporary.

17 Our agent told that employee that those had
18 to be issued through security dispatch. Our agent
19 accompanied the employee to the security supervisor.

20 The security supervisor said they didn't have
21 any temporary access badges and had not had any since
22 the boat had opened and they had been in the practice
23 since that time, since the opening, of issuing visitor
24 badges to employees who lost their property access
25 badge.

1 It also came to light in that conversation
2 that the property had not kept any log of temporary
3 badges issued.

4 Again, we sent them a letter requesting a
5 response within 14 days. They did respond. They
6 indicated that the error was due to both an equipment
7 malfunction and a delay in receiving supplies from a
8 manufacturer.

9 The recommended fine in this matter is
10 \$15,000.

11 CHAIRMAN HATCHES: Any questions from the
12 Commissioners?

13 Chair would entertain a motion.

14 COMMISSIONER JONES: Move for the approval of
15 DC-13-633.

16 COMMISSIONER HOWARD: I'll second.

17 CHAIRMAN HATCHES: Moved and seconded.

18 Any further discussion?

19 Angie, would you call the roll, please.

20 MS. FRANKS: Commissioner Howard.

21 COMMISSIONER HOWARD: Approve.

22 MS. FRANKS: Commissioner Jones.

23 COMMISSIONER JONES: Approve.

24 MS. FRANKS: Commissioner Bradley.

25 COMMISSIONER BRADLEY: Approve.

1 MS. FRANKS: Chairman Hatches.

2 CHAIRMAN HATCHES: Approve.

3 MS. FRANKS: By your vote you've adopted
4 DC-13-633.

5 MR. GREWACH: Thank you.

6 CHAIRMAN HATCHES: Thank you.

7 COMMISSIONER HOWARD: Thank you.

8 EXECUTIVE DIRECTOR STOTTLEMYRE:

9 Mr. Chairman, the next item on the agenda is
10 Consideration of Licensure of Level I and Key
11 Applicants.

12 Lieutenant Rex Scism will present.

13 I would also like for him to bring in the new
14 captain of the Gaming Division. Today he's Lieutenant
15 Norm Murphy but as of the 1st he will become Captain
16 Norm Murphy, and he will be the new commander of the
17 Gaming Division for the Highway Patrol. So I want to
18 welcome him.

19 I'm known him for way too long --

20 LIEUTENANT MURPHY: Yeah.

21 EXECUTIVE DIRECTOR STOTTLEMYRE: -- since he
22 was a pup. No, not really. But he was a trooper at the
23 time whenever I first knew him.

24 LIEUTENANT MURPHY: Yes, sir.

25 EXECUTIVE DIRECTOR STOTTLEMYRE: But we're

1 really happy to have him joining us and look forward to
2 our being able to work with him again.

3 LIEUTENANT MURPHY: It's a pleasure to be
4 here.

5 CHAIRMAN HATCHES: Welcome.

6 COMMISSIONER HOWARD: Thank you.

7 LIEUTENANT MURPHY: Thank you very much.

8 COMMISSIONER HOWARD: Congratulations.

9 LIEUTENANT MURPHY: Thank you.
10 Thank you, sir.

11 COMMISSIONER HOWARD: We think.

12 CHAIRMAN HATCHES: It's a tough group to work
13 with.

14 LIEUTENANT MURPHY: I know. I've worked with
15 them before.

16 CHAIRMAN HATCHES: Just so you know.

17 EXECUTIVE DIRECTOR STOTTLEMYRE:
18 Lieutenant Scism.

19 LIEUTENANT SCISM: Okay. Thank you,
20 Mr. Chairman, and Commissioners.

21 Missouri State Highway Patrol investigators,
22 along with Gaming Commission financial investigators,
23 conducted comprehensive background investigations on
24 multiple key and Level I applicants.

25 The investigations included, but were not

1 limited to, criminal, financial and general character
2 inquiries which were made in the jurisdictions where the
3 applicants lived, worked and frequented.

4 The following individuals are being presented
5 for your consideration, and there's a bunch of them.

6 CHAIRMAN HATCHES: Do you want to take them
7 all at one time?

8 LIEUTENANT SCISM: It's up to you.

9 CHAIRMAN HATCHES: Yes.

10 LIEUTENANT SCISM. All right. So the results
11 of those investigations were provided to the Gaming
12 Commission staff for their review and you have all the
13 related summary reports, as well as the comprehensive
14 list of key folks, in front of you.

15 EXECUTIVE DIRECTOR STOTTLEMYRE: I think
16 there was 21. Is that correct?

17 LIEUTENANT SCISM: Yes, sir.

18 CHAIRMAN HATCHES: We don't have to read them
19 all into the --

20 EXECUTIVE DIRECTOR STOTTLEMYRE: No.

21 We have the Resolution No. 13-105 and Staff
22 recommends approval.

23 CHAIRMAN HATCHES: Any questions?

24 Chair would entertain a motion.

25 COMMISSIONER HOWARD: I'll move for the

1 approval of Resolution No. 13-105.

2 COMMISSIONER BRADLEY: Second.

3 CHAIRMAN HATCHES: Thank you.

4 Angie, call the roll, please.

5 MS. FRANKS: Commissioner Howard.

6 COMMISSIONER HOWARD: Approve.

7 MS. FRANKS: Commissioner Jones.

8 (No response.)

9 MS. FRANKS: Commissioner Bradley.

10 COMMISSIONER BRADLEY: Approve.

11 MS. FRANKS: Chairman Hatches.

12 CHAIRMAN HATCHES: Approve.

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

14 Resolution No. 13-105.

15 CHAIRMAN HATCHES: Thank you.

16 EXECUTIVE DIRECTOR STOTTLEMYRE: The next

17 item on the agenda, Mr. Chairman, is the Consideration

18 of Rules and Regulations.

19 Mr. Grewach.

20 MR. GREWACH: Thank you.

21 Under Tab W, No. 1, is a proposed amendment

22 to 5.237, the shipping of electronic gaming devices, and

23 it just clarifies that not only is a notice required

24 prior to the shipping of those devices but they cannot

25 be shipped until they receive approval of the shipping

1 request from the Commission.

2 CHAIRMAN HATCHES: Now, we don't want to be
3 shortchanged on this item of the agenda. I'm sure for
4 the benefit of the audience they all want us to go
5 through these rule and regulation changes in great
6 detail.

7 MR. GREWACH: Can we take a vote on that?

8 CHAIRMAN HATCHES: I think I'm going to
9 exercise the Chairman's prerogative here.

10 EXECUTIVE DIRECTOR STOTTLEMYRE: I see a lot
11 of shaking of heads back there.

12 MR. GREWACH: Wait until you get to 2 and 3,
13 which are Minimum Internal Controls.

14 COMMISSIONER HOWARD: Just the titles of them
15 alone are thrilling.

16 MR. GREWACH: No. 2 is a change to Chapter K,
17 currency transaction reporting. This is a rewrite of
18 the chapter to bring it in line with some changes that
19 FinCEN, which, as you may know, is a Federal agency, the
20 Financial Crimes Enforcement Network, that is in charge
21 on a Federal level of enforcing the laws directed toward
22 money laundering.

23 Some of those changes, again changing form
24 names to come into compliance with and changing our
25 provisions to come in line with what they were required.

1 It does also add the additional requirement
2 that simultaneously -- a CTR, cash transaction report,
3 and an SAR, a suspicious activity report, are two
4 reports required by FinCEN under certain circumstances
5 to be filed.

6 This rule change also requires those changes
7 to be simultaneously delivered to our boat sergeants on
8 each boat as the boats file those two forms, the CTR and
9 the SAR, with FinCEN.

10 No. 3 is a change to Chapter S, Management
11 Information Systems.

12 We have a prior rule that gave a three-year
13 deadline, required -- it would have been three years
14 that certain systems be brought up to certain standards.

15 The change here simply, instead of just
16 saying three years, we put the specific date in here,
17 that those changes had to be accomplished by June of
18 2014.

19 EXECUTIVE DIRECTOR STOTTLEMYRE: There is
20 no question that Staff recommends approval of
21 11 CSR 45-5.237, 45-9.111 and 45-9.119.

22 CHAIRMAN HATCHES: Chair would entertain a
23 motion.

24 COMMISSIONER HOWARD: I'll go ahead and move
25 for the approval of 11 CSR 45-5.237, 11 CSR 45-9.111 and

1 11 CSR 45-9.119.

2 COMMISSIONER BRADLEY: Second.

3 CHAIRMAN HATCHES: Moved and seconded.

4 Any further discussion?

5 Angie, would you call the roll, please.

6 MS. FRANKS: Commissioner Howard.

7 COMMISSIONER HOWARD: Approve.

8 MS. FRANKS: Commissioner Bradley.

9 COMMISSIONER BRADLEY: Approve.

10 MS. FRANKS: Chairman Hatches.

11 CHAIRMAN HATCHES: Approve.

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

13 11 CSR 45-5.237, 9.111 and 9.119.

14 CHAIRMAN HATCHES: Thank you.

15 EXECUTIVE DIRECTOR STOTTLEMYRE: The next

16 item on the agenda is Consideration of Approval of

17 Change in Control.

18 Mr. Grewach.

19 MR. GREWACH: This is a petition for

20 change of control filed by Bally Gaming. Bally is a

21 licensed supplier with the State of Missouri.

22 SHFL Entertainment, Incorporated is also a licensed

23 supplier with the State of Missouri.

24 Bally has a contract that if closed would

25 make them the owner -- would make SHFL a wholly owned

1 subsidiary of Bally.

2 So that transaction required them to file
3 this petition for change of control. The Staff has
4 reviewed the contract, investigated the matter, found no
5 problems or discrepancies or concerns, in that these are
6 both licensed suppliers, already licensed with us at the
7 time of the transaction.

8 CHAIRMAN HATCHES: Thank you.

9 Any questions?

10 Mr. Stottlemyre.

11 EXECUTIVE DIRECTOR STOTTLEMYRE:

12 Mr. Chairman, Staff recommends approval of
13 Resolution No. 13-106.

14 CHAIRMAN HATCHES: Chair would entertain a
15 motion.

16 COMMISSIONER HOWARD: I'll move for the
17 approval of 13-106.

18 COMMISSIONER BRADLEY: Second.

19 CHAIRMAN HATCHES: Moved and seconded.

20 Any further discussion?

21 Angie, would you call the roll, please.

22 MS. FRANKS: Commissioner Howard.

23 COMMISSIONER HOWARD: Approve.

24 MS. FRANKS: Commissioner Bradley.

25 COMMISSIONER BRADLEY: Approve.

1 MS. FRANKS: Chairman Hatches.

2 CHAIRMAN HATCHES: Approve.

3 MS. FRANKS: By your vote you've adopted
4 Resolution No. 13-106.

5 CHAIRMAN HATCHES: Thank you.

6 MR. GREWACH: We have on the agenda a motion
7 for a closed meeting, but from my perspective from Legal
8 we don't really have any issues that need to be
9 discussed at this meeting in closed session.

10 EXECUTIVE DIRECTOR STOTTLEMYRE: We will be
11 getting the closed minutes from August 21st at our next
12 meeting.

13 CHAIRMAN HATCHES: Okay. So do we need to
14 make a motion for no close?

15 EXECUTIVE DIRECTOR STOTTLEMYRE: A motion for
16 adjournment would be in order.

17 COMMISSIONER HOWARD: I'll move to adjourn.

18 CHAIRMAN HATCHES: I'll second.

19 Angie, call the roll, please.

20 MS. FRANKS: Commissioner Howard.

21 COMMISSIONER HOWARD: Approve.

22 MS. FRANKS: Commissioner Bradley.

23 COMMISSIONER BRADLEY: Approve.

24 MS. FRANKS: Chairman Hatches.

25 CHAIRMAN HATCHES: Approve.

1 CHAIRMAN HATCHES: Thank you all.

2 WHEREIN, the Meeting concluded at 2:00 p.m.

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CERTIFICATE OF REPORTER

I, Patricia A. Stewart, RMR, RPR, CCR, a
Certified Court Reporter in the State of Missouri, do
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Patricia A. Stewart

CCR No. 401