BEFORE THE MISSOURI GAMING COMMISSION
STATE OF MISSOURI

Meeting
May 28, 2014
10:00 a.m.
Central Office
3417 Knipp Drive
Jefferson City, Missouri

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

I. Call to Order 4:2

II. Motion to Nominate and Elect Vice Chairman 4:13

III. Consideration of Licensure of Level I/Key Applicants
A. Resolution No. 14-025 5:22

IV. Consideration of Rules and Regulations
B. Final Orders of Rulemaking 7:22
   1. 11 CSR 45-1.090 - Definitions
   2. 11 CSR 45-4.230 - Supplier's License Criteria
   3. 11 CSR 45-5.190 - Minimum Standards for Electronic Gaming Devices
   4. 11 CSR 45-5.225 - Request for Gaming Devices and Associated Equipment Approval

V. Consideration of Waiver of Licensure For Institutional Investor
C. Black Rock, Inc.
   1. Resolution No. 12-056 12:7

VI. Adjournment 13:24
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Central Office
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COMMISSIONERS PRESENT (TELEPHONICALLY):

Darryl T. Jones, Vice-Chairman
Suzanne Bocell Bradley
Diane C. Howard

REPORTED BY:
Patricia A. Stewart
RMR, RPR, CCR 401
3432 West Truman Boulevard, Suite 207
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573-636-7551
COMMISSIONER JONES: Good morning everyone.

COMMISSIONER HOWARD: Good morning.

COMMISSIONER BRADLEY: Good morning.

COMMISSIONER JONES: Angie, would you call the roll.

MS. FRANKS: Commissioner Howard.

COMMISSIONER HOWARD: Present.

MS. FRANKS: Commissioner Bradley.

COMMISSIONER BRADLEY: Present.

MS. FRANKS: Commissioner Jones.

COMMISSIONER JONES: Present.

Next order of business. Could we get a motion to nominate and elect a Vice-Chairman for the Commission?

COMMISSIONER BRADLEY: I would like to move to nominate Darryl Jones as Vice-Chairman of the Missouri Gaming Commission.

COMMISSIONER HOWARD: I will wholeheartedly second that motion, selfishly I might add.

COMMISSIONER JONES: Do we have any opposition to that?

COMMISSIONER HOWARD: The silence is deafening.

COMMISSIONER JONES: Well, saying that,
Angie, could we get a roll call.

MS. FRANKS: Commissioner Howard.

COMMISSIONER HOWARD: Approve.

MS. FRANKS: Commissioner Jones.

COMMISSIONER JONES: Approve.

MS. FRANKS: Commissioner Bradley.

COMMISSIONER BRADLEY: Approve.

MS. FRANKS: By your vote you've elected Darryl Jones as Vice-Chairman of the Gaming Commission.

VICE-CHAIRMAN JONES: Well, all right. Thank you. Thank you for your confidence in me, Suzanne and Diane. Thank you.

COMMISSIONER HOWARD: You're quite welcome, Vice-Chair.

COMMISSIONER BRADLEY: We appreciate your serving.

VICE-CHAIRMAN JONES: Well, thank you again. All right. Item III on the agenda, Consideration of Level 1/Key Applicants.

EXECUTIVE DIRECTOR STOTLEMYRE: Lieutenant Mark Bielawski will present.

LIEUTENANT BIELAWSKI: Good morning, Vice-Chairman and Commissioners.

VICE-CHAIRMAN/COMMISSIONERS: Good morning.

LIEUTENANT BIELAWSKI: Missouri State Highway
Patrol investigators, along with Gaming Commission financial investigators, conducted comprehensive background investigations on multiple Key and Level I applicants.

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

The following individuals are being presented for your consideration: Thomas J. O'Brian, Chief Executive Officer, Interblock USA; Peggy Jean Antoinette Pepper, Chief Information Officer, Pinnacle Entertainment, Incorporated; Amanda Josephine Schmitt, Internal Auditor, St. Jo Frontier Casino; Robert Frank Del Rossi, Director of Sales and Marketing, Tech Art Manufacturing, Incorporated.

The results of these investigations were provided to the Gaming Commission Staff for their review and you have all related summary reports before you.

Thank you.

EXECUTIVE DIRECTOR STOTTLEMYRE:

Mr. Vice-Chairman, Staff recommends approval of Resolution No. 14-025.

VICE-CHAIRMAN JONES: Any comments from the Commission?
COMMISSIONER HOWARD: I have none.

VICE-CHAIRMAN JONES: Can we get a motion for approval?

COMMISSIONER HOWARD: I'll move for approval of Resolution No. 14-025.

COMMISSIONER BRADLEY: Second.

VICE-CHAIRMAN JONES: It's been moved and seconded.

Angie, call the roll.

MS. FRANKS: Commissioner Howard.

COMMISSIONER HOWARD: Approve.

MS. FRANKS: Commissioner Jones.

VICE-CHAIRMAN JONES: Approve.

MS. FRANKS: Commissioner Bradley.

COMMISSIONER BRADLEY: Approve.

MS. FRANKS: By your vote you've adopted Resolution No. 14-025.

VICE-CHAIRMAN JONES: Item IV on the agenda, Consideration of Rules and Regulations.

EXECUTIVE DIRECTOR STOTTLEMYRE: Mr. Ed Grewach will present.

MR. GREWACH: Thank you.

These four items on the agenda are final orders of rulemaking. They all relate to a project to change the manner in which the approval of software and
games was made by independent testing laboratories.

Prior to this change the manufacturer submitted the software to the ITLs and the laboratory would then issue the approval.

After the change the manufacturer will still submit the software to the ITL but the ITL will then send a report to the Missouri Gaming Commission and the MGC will review and approve this software.

Section 5.190 also clarifies a prior provision in the rule which stated that pursuant to the statute all gaming devices had to pay back 80 percent during the lifetime of the game.

That term, lifetime of the game, led to some disagreement and confusion, and the change now quantifies the lifetime of the game as 10 million handle pulls.

These proposed amendments and proposed rules were first on the January 2014 Commission agenda. There was a public hearing on April 9th, 2014. We received comments there, as well as written comments, from Bally Technology. You'll see those comments set forth in the final order of rulemaking.

Some of the changes we did make -- some of the responses we did make changes in response to. Others we did not. And they're in the final order.
You'll see our reason for not making any changes pursuant to the comments made by Bally Technology. If the Commission approves these, they will take effect on September 30th, 2014.

VICE-CHAIRMAN JONES: Okay. Any comments from the Commission?

COMMISSIONER HOWARD: I have none.

COMMISSIONER BRADLEY: I have none.

VICE-CHAIRMAN JONES: Ed, I have one. What are our standards? What are our processes or procedures for approving or disapproving, you know, lifetime technology with some of these licenses?

MR. GREWACH: Mr. Chairman, with your permission I'd like to turn that question over to Todd Nelson.

MR. NELSON: Good morning. Good morning, Vice-Chair.

VICE-CHAIRMAN JONES: Good morning, Todd.

MR. NELSON: How are you doing?

So currently what happens today is the manufacturer will take a product to an independent test lab that we have and they will get it certified. Previous to about a year ago the ITLs, independent test labs, would submit -- would issue a
letter on behalf of the Commission and approve it and
then we were at a reactive type of position.

Since then we've instituted procedures to
where we have to review all those letters prior to them
being approved. With this new system we've created, now
the manufacturer will bring those certification letters
and supporting documentation like PAR sheets. That's
the math on the game. And we will review those to make
sure that we agree with what has been done.

VICE-CHAIRMAN JONES: So do we have the
standard where it had to -- the game of chance has to
pay back X amount, so after we go through all of the
testing or after the ITL does the testing they'll say,
okay, it's 92.78 and our standard may be 92.8? Is it
something like that? Do we set a criteria?

MR. NELSON: Yes. Yes, we do.

VICE-CHAIRMAN JONES: And it has to meet this
criteria as a minimum?

MR. NELSON: Yes, we do have a criteria. We
have a criteria that is listed within our Code of State
Regulations. We have criteria listed in our Minimum
Internal Controls, our statutes, and then we also have
test standards through one of the ITLs.

They created a standard to which a lot of the
other jurisdictions conform to, and we also conform to
that as well.

VICE-CHAIRMAN JONES: Okay.

Well, that's it. That's all I had.

Anyone else?

Can we get a motion to approve?

COMMISSIONER BRADLEY: Can these be done all at once?

EXECUTIVE DIRECTOR STOTTLEMYRE: They can be done all at once, yes.

COMMISSIONER BRADLEY: I'll make a motion to approve the Final Orders of Rulemaking, 11 CSR 45-1.090, 45-4.230, 45-5.190 and 45-5.225.

COMMISSIONER HOWARD: And I'll second that motion.

VICE-CHAIRMAN JONES: Okay. Moved and seconded.

Angie, will you call the roll.

MS. FRANKS: Commissioner Howard.

COMMISSIONER HOWARD: Approve.

MS. FRANKS: Commissioner Jones.

VICE-CHAIRMAN JONES: Approve.

MS. FRANKS: Commissioner Bradley.

COMMISSIONER BRADLEY: Approve.

MS. FRANKS: By your vote you've adopted the Final Orders of Rulemaking, 11 CSR 45-1.090, 4.230,
VICE-CHAIRMAN JONES: All right.

Item V on the agenda.

EXECUTIVE DIRECTOR STOTTLEMYRE: The Consideration of Waiver of Institutional Investors, and Ms. Martha LeMond will present.

MS. LEMOND: Good morning, Mr. Vice-Chair and Commissioners.

VICE-CHAIRMAN/COMMISSIONERS: Good morning.

MS. LEMOND: Behind Tab C is the resolution regarding a waiver of licensure for institutional investors holding and/or requesting to hold publicly traded interests of up to 20 percent in gaming licensees.

The investor has submitted a request for a waiver to hold interest in multiple licensees in compliance with 11 CSR 45-4.

The submitted waiver request certifies the holding is for institutional investment purposes only, with no intent to be involved in the management or operation of the licensee.

Because the holdings may exceed the 10 percent threshold for which the Executive Director may grant a waiver, this resolution is before the Commission today. Resolution No. 14-026 is for Black
Rock, Inc.

If you have any questions, I'd be happy to try to answer them.

VICE-CHAIRMAN JONES: Any questions from the Commission?

COMMISSIONER BRADLEY: No.

VICE-CHAIRMAN JONES: Okay. Can we get a motion to approve?

COMMISSIONER HOWARD: I'll make a motion to approve Resolution No. 14-026.

COMMISSIONER BRADLEY: Second.

VICE-CHAIRMAN JONES: Angie, would you call the roll.

MS. FRANKS: Commissioner Howard.

COMMISSIONER HOWARD: Approve.

MS. FRANKS: Commissioner Jones.

VICE-CHAIRMAN JONES: Approve.

MS. FRANKS: Commissioner Bradley.

COMMISSIONER BRADLEY: Approve.

MS. FRANKS: By your vote you've adopted Resolution No. 14-026.

VICE-CHAIRMAN JONES: All right. Thank you.

Roger, anything else?

EXECUTIVE DIRECTOR STOTTLEMYRE: The next item we have on the agenda would be the adjournment.
VICE-CHAIRMAN JONES: First meeting, seven minutes. It's a record.

COMMISSIONER HOWARD: I think we made an excellent choice.

COMMISSIONER BRADLEY: I make the motion to adjourn so we'll keep right on record.

COMMISSIONER BRADLEY: And I'll second that.

VICIE-CHAIRMAN JONES: All right. Angie, call the roll.

MS. FRANKS: Commissioner Howard.

COMMISSIONER HOWARD: Approve.

MS. FRANKS: Commissioner Jones.

VICE-CHAIRMAN JONES: Approve.

MS. FRANKS: Commissioner Bradley.

COMMISSIONER BRADLEY: Approve.

MS. FRANKS: All right. Meeting is adjourned.

WHEREIN, the meeting concluded at 10:08 a.m.
CERTIFICATE OF REPORTER

I, Patricia A. Stewart, RMR, RPR, CCR, a Certified Court Reporter in the State of Missouri, do hereby certify that the testimony that appears in the foregoing transcript was taken by me to the best of my ability and thereafter reduced to typewriting by me; that I am neither counsel for, related to, nor employed by any of the parties to the action in which this hearing was taken, and further that I am not a relative or employee of any attorney or counsel employed by the parties thereto, nor financially or otherwise interested in the outcome of the action.

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Patricia A. Stewart
CCR No. 401