BEFORE THE MISSOURI GAMING COMMISSION

Meeting
October 31, 2018
10:00 a.m.
3417 Knipp Drive
Jefferson City, Missouri

BEFORE: Herbert M. Kohn, Chairman
Brian Jamison, Vice Chairman
Thomas Neer, Commissioner
Richard F. Lombardo, Commissioner
Daniel P. Finney, III, Commissioner

Reported by:
Patricia A. Stewart, CCR 401
Alaris Litigation Services
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AGENDA

I. Call to Order 4:4

II. Consideration of Minutes
   A. September 26, 2018 7:4

III. Consideration of Relicensure of Certain Class B Licenses
   B. IOC-Cape Girardeau, LLC
      * Presentation by Applicant 8:4
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      * Public Comment 22:17
      * Investigative Summary 22:24
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      * Staff Recommendation 25:2
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   C. St. Louis Gaming Ventures, LLC (Hollywood Casino)
      * Presentation by Applicant 26:4
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IV. Consideration of Relicensure of Certain Suppliers
   D. Bally Technologies, Inc.
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V. Consideration of Licensure for Level I/Key Applicants
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VI. Consideration of Disciplinary Actions
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   G. HGI-Mark Twain, LLC
      1. DC-18-09758:1
   H. IOC-Kansas City, Inc.
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   I. Tropicana St. Louis, LLC
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AGENDA

VII. Consideration of Rules and Regulations

   J. Proposed Amendments 73:25
      1. 11 CSR 45-4.420 - Occupational License
      2. 11 CSR 45-7.130 - Nongambling Hours
      3. 11 CSR 45-9.102 - Minimum Internal Control Standards (MICS) - Chapter B
      4. 11 CSR 45-9.106 - Minimum Internal Control Standards (MICS) - Chapter F
      5. 11 CSR 45-9.109 - Minimum Internal Control Standards (MICS) - Chapter I
      6. 11 CSR 45-9.116 - Minimum Internal Control Standards (MICS) - Chapter P
      7. 11 CSR 45-9.117 - Minimum Internal Control Standards (MICS) - Chapter Q
      8. 11 CSR 45-30.020 - Advertising
      9. 11 CSR 45-40.030 - Commission Approval of Procedures

VIII. Motion for Closed Meeting under Sections 313.847 and 313.945, RSMo., Investigatory, Proprietary and Application Records and 610.021(1), RSMo, Legal Actions, (3) & (13) Personnel and (14) Records Protected from Disclosure by Law76:1

(Start time: 10:00 a.m.)
CHAIRMAN KOHN: Good morning everybody.
AUDIENCE:   Good morning.
CHAIRMAN KOHN: I will call the October 31, 2018 Missouri Gaming Commission meeting to order.
Angie, please call the roll.
MS. FRANKS: Commissioner Finney.
COMMISSIONER FINNEY: Present.
MS. FRANKS: Commissioner Lombardo.
COMMISSIONER LOMBARDO: Present.
MS. FRANKS: Commissioner Neer.
COMMISSIONER NEER: Present.
MS. FRANKS: Commissioner Jamison.
COMMISSIONER JAMISON: Present.
MS. FRANKS: Chairman Kohn.
CHAIRMAN KOHN: Present.
So today is a special day. You're probably all thinking, well, of course it is. It's Halloween day, night, whatever, but that's not what I'm thinking about. And then so you may be thinking, well, of course it's a special day. There is only six days to the mid term. That's not what I'm thinking about.
Today is a special day because it is the birthday of our Executive Director Bill Seibert, and I was told that if I announce that, he would be
embarrassed. So now to complete the embarrassment, please join me and sing happy birthday to Bill.

(SANG HAPPY BIRTHDAY.)

EXECUTIVE DIRECTOR SEIBERT: Thank you.

CHAIRMAN KOHN: Is there anything else we can do to further embarrass you?

EXECUTIVE DIRECTOR SEIBERT: That's adequate embarrassment. Thank you.

CHAIRMAN KOHN: We have completed our task. So ready to begin. Bill.

EXECUTIVE DIRECTOR SEIBERT: The first order of business is presentations made by Deputy Director Tim McGrail.

DEPUTY DIRECTOR MCGRAIL: Good morning. I have two presentations for date of service, and the first one is for team member Maggie White. As most of you know, Maggie is our Chief Financial Analyst. She and her staff do a lot of work as far as going out, especially on the casinos, the suppliers, the key businesses as far as making sure of the finances and that they are suitable for licensure. She spends a lot of time traveling, so we don't get to see her that often, so we want to make sure we recognize her today for five years of service with the Missouri Gaming Commission.
So thank you.

(Applause.)

CHAIRMAN KOHN: Congratulations, Maggie.

MS. WHITE: Thank you.

CHAIRMAN KOHN: I don't know how we'd get along without you. Thank you.

DEPUTY DIRECTOR MCGRAIL: The other is for 20 years of service and it's for Ted Smith. If Ted would stand up and come forward.

Ted is one of our managers in our IT Department. He also handles a lot of the audio/visual on Commission days. So we rely a lot on Ted to make sure our systems are up and working, also so that you can get access to it as well.

So for 20 years, recognizing Ted for all of the work that he's done. So thank you, Ted.

(Applause.)

DEPUTY DIRECTOR MCGRAIL: Thank you.

CHAIRMAN KOHN: Thank you.

Ted is also the person who, when we Commissioners screw up our iPads, we call Ted and he fixes them.

So thank you.

MR. SMITH: Thank you.

CHAIRMAN KOHN: We also have a Highway Patrol
presentation. Captain --

        EXECUTIVE DIRECTOR SEIBERT: We don't.

        CHAIRMAN Kohn: We don't have.

The first order of business is the
consideration and vote on the minutes of the meeting of
the September 26, 2018 meeting.

        Is there a motion to approve?

        COMMISSIONER JAMISON: I move to approve.

        COMMISSIONER NEER: Second.

        CHAIRMAN Kohn: Angie.

        MS. FRANKS: Commissioner Finney.

        COMMISSIONER FINNEY: Approved.

        MS. FRANKS: Commissioner Lombardo.

        COMMISSIONER LOMBARDO: Approved.

        MS. FRANKS: Commissioner Neer.

        COMMISSIONER NEER: Approved.

        MS. FRANKS: Commissioner Jamison.

        COMMISSIONER JAMISON: Approved.

        MS. FRANKS: Chairman Kohn.

        CHAIRMAN Kohn: Approved.

        MS. FRANKS: By your vote you've adopted the
minutes of the September 26, 2018 meeting.

        CHAIRMAN Kohn: Mr. Seibert.

        EXECUTIVE DIRECTOR SEIBERT: The next order
of business is the consideration of relicensure of
certain Class B licensees.

Mr. Lyle Randolph, General Manager, will make a presentation and any introductions.

MR. FULLER: Good morning, Chairman Kohn, Commissioners, Executive Director Seibert, Tim and staff.

My name is Barron Fuller. I'm Senior Vice President of Operations for Eldorado Resorts. It's our honor to be standing here today in front of you requesting the approval of the relicensure of our Class B riverboat license in Cape Girardeau, Missouri.

With me today I have Lyle Randolph. Lyle is the Vice President and General Manager of the property down there, and Lyle will be responsible for that presentation.

Lyle has some members of his key management staff with him, and he will introduce those members to you, in addition to the Honorable Mayor Fox from Cape Girardeau who is along today too.

I'd also like to recognize a couple of general managers that are in the audience from Eldorado Resorts.

Brian Marsh is the Vice President and General Manager at our Lumiere Place in St. Louis, and Brian is the most recent addition to the Eldorado family coming
across with the acquisition of -- our Tropicana acquisition at the beginning of month, which has gone very smooth over the last 30 days.

And Tony Rohrer is our Vice President and General Manager at our Kansas City Isle of Capri property.

At this point we'd like to recognize happy birthday to Bill, and Isle of Capri Cape Girardeau had its sixth birthday yesterday, which we're very proud of, and I know Lyle is anxious to talk about what is going on at Cape Girardeau.

So unless there is any questions for me, I am going to turn it over to Lyle.

CHAIRMAN KOHN: Thank you.

MR. FULLER: Thank you.

MR. RANDOLPH: Thanks, Barron.

Good morning Chairman, Commissioners and staff.

I'm Lyle Randolph. As Barron mentioned, I'm the General Manager and Vice President of Isle Casino there in Cape Girardeau. I'm also proud to be a Missourian. I grew up down in New Madrid County, a graduate of the University of Missouri in Columbia, and I'm approaching my 24th year in the gaming industry in Missouri and very proud what the industry has been able
to provide for me and for my family and to see all of
the positive changes that have taken place.

I'm also proud to be here representing the
379 strong Isle Casino team members there in
Cape Girardeau and talk a little bit about the successes
we've had since we opened six years ago and since our
license renewal four years ago.

Joining me today are four important members
of our team. First we have Ginger Albrecht. Ginger is
our Director of Finance. She's a native of Salem,
Missouri. She's a Navy veteran. Ginger worked in the
St. Louis market for 15 years before joining the Isle
team in Cape Girardeau in 2012.

Next we have Roger Eledge. He's the Director
of Casino Operations. Roger has been in gaming for
24 years as well. We started down in Caruthersville.
He was a slot tech and I was a surveillance agent back
when they opened the property down there. Roger is also
a Navy veteran. He navigated submarines before coming
into the gaming industry.

Mark Hanko is our Director of Human
Resources. Mark started his career at the Golden Nugget
in Atlantic City almost 38 years ago, and he joined the
team in Cape Girardeau when it opened in 2012.

Finally we have Susan Poe who is our
Compliance Officer. Susan has been with the Isle for 22 years, having started as a cage cashier at the company's property in Bettendorf, Iowa.

Isle Casino participates in the home-dock city agreement with the City of Cape Girardeau and continues to fulfill the requirements of the agreement. The casino has made payments to the City for the Riverfront Economic Development Fund. That was prefunded prior to opening with a quarter million dollars for wayfinding signage and so forth. The casino continues to pay on a monthly basis three-tenths of 1 percent of gross gaming revenue to this fund. The total fund payments since our last relicensing are over $775,000.

I will also say that the City has been very successful in leveraging these funds, driving significant economic development for the downtown area. As a matter of fact, this past weekend we had the first downtown hotel in Cape Girardeau in 50 years opened up. A Courtyard by Marriott opened up in a historic building. And if you make your way to Cape Girardeau, you'll see a lot of the development that really has been spurred by not only the casino but other things that the City has done and really a success story.
The initial capital investment in Cape Girardeau was $128 million. Since that time we have spent nearly 9 million additional on maintenance capital, and we anticipate spending 1 to $2 million annually ongoing for additional maintenance at the property.

There is no significant crime activity to report. When the property opened, it was an area that really had some challenges and some -- an old -- the old shoe factory that was there, a lot of dilapidated buildings around that. And so that was taken and really revitalized that part of town. We continue to nurture an outstanding relationship with the local county and State law enforcements to deter any future criminal activity.

You'll notice in your packet I think Chief of Police Wes Blair provided a letter on the effects of gaming on local crime stats, reporting there has been no increase in crime or calls as a result of the operation there in Cape Girardeau.

Underage gaming. Isle practices a strict identification policy and provides ongoing training for our team in the effort to assist in detection of underage gamblers. We utilize electronic ID checkers and utilize a bounty hunter program to reward employees.
Since the last relicensing security has checked approximately 391,000 customer IDs, of which almost 3,000 were denied entrance. We do have -- it's a college community, so we do have folks that are coming in from Oklahoma and from other states, international students, that don't understand you have to be over 21. So they will come in thinking they only need to be 18, so those will be stopped.

CHAIRMAN KOHN: Can I interrupt you for one second?

MR. RANDOLPH: Sure.

CHAIRMAN KOHN: I'm curious about the bounty hunter program. Of course we visited your casino and were very impressed with everything.

So these are people beyond the people at security? So they get by your security and then they're found out by somebody else, one of your other employees?

MR. RANDOLPH: Yes.

So this would be any team member that identifies someone that is underage or is a potential on the DAP list. And a lot of times it will be because they have personal knowledge of this person in the community. You know, it's a relatively small community. So they may know that this is, you know, a friend or a relative or someone that they've known that is underage
or that they saw previously get denied or something of that nature.

And once that's identified the -- you know, we want everyone to be on the lookout regardless of what position they're in.

CHAIRMAN KOHN: So how often does that happen?

MR. RANDOLPH: So it happens probably four to five times a year we have someone beyond the security staff that finds -- locates somebody on the floor.

CHAIRMAN KOHN: Okay. All right. Thank you.

MR. RANDOLPH: Isle Casino is an active member of the Missouri Alliance to Curb Problem Gaming through the Missouri Gaming Association. We conduct annual Compulsive Gaming Training and participate in the annual Responsible Gaming Week. In addition we utilize that bounty hunter program as I talked about to reward employees for identifying DAPs on the floor.

And again that's the same situation. You may have someone that has iden-- you know, been someone signed up for the DAP list and then that information is out there for our team members. They may identify someone that tries to return.

From a charitable contribution standpoint, we're very proud of this. Isle has contributed over
$700,000 total in cash and in-kind donations during the licensure period. Our team members also volunteered over 15,000 hours for charitable and community events and personally donated over $63,000 to charitable organizations.

Really our folks live in the community, many of them grew up there, and they have a vested interest in seeing their community successful.

There is just a few pictures. As you can see, we participated in Laundry Baskets Full of Love. We annually help support the Master's Organization Tournament. Our team members maintain the Roadside Clean Up area on Main Street there in Cape Girardeau. We do annual drives for the SEMO Food Bank and for Toys for Tots.

I'm also proud of really their involvement with volunteerism. The Boys & Girls Club basketball benefit, Relay For Life, Alzheimer's, the Polar Plunge for Special Olympics are just a few examples. The team also enjoys, down in the bottom right, participating in local parades with our local Samba Band. We get out and we like to have a good time and participate in those type of events.

One of the things that I am most proud of is the Missouri Veteran's History Project. This is where
we help document the story of the State's veterans. And we really maintain the southeast chapter of that organization. We record and interview -- interviews with veterans, Missouri veterans, provide a copy to them, and then preserve that copy at both the State Historical Society and the Library of Congress. And all of that is done at no cost to the veteran.

Here you can see I was interviewing a gentleman, a World War II veteran, that was telling a story and showing off his awards that he was given for his service during World War II.

The economic impact on the Cape Girardeau area. Gaming revenue continues to fund projects in Cape, including the City just built a new police station, a $2.6 million facility, fire station improvements and added an additional new fire station, among many other projects that benefited the community.

Employment demographics. Isle continues our focus on hiring and promotion of minority and women. Isle Casino minority employment is 21.3 percent versus Cape County is 11.3. Isle Casino has 57.1 percent females in management.

We also hold -- we hold an annual Upward Mobility program where we identify candidates that are groomed for success as leaders. We've had
38 participants in the last three years, in which eleven
females and six minorities out of that were promoted up
as supervisors out of that program.

From a vendor diversity standpoint Isle
continues to make local and diverse vendor selection a
priority. We've experienced solid growth with our spend
in minority purchases since the last relicensing.

We continue to make positive strides. So far
in 2018 we're at 7.32 percent on the MBE percentage and
15.58 percent on the WBE. Looking back at the prior
licensed period, this is a significant increase.

On the left is Maria Wade. She's the owner
of Pacific Rim. We buy a lot of our specialty food for
our buffet and our other outlets from Pacific Rim.

CHAIRMAN KOHN: It's also a pretty
significant decrease in the WBE from '16 to '17.

MR. RANDOLPH: Yes. We had a couple
specific -- a marketing vendor that dropped that was a
large spend that was a shift, and we're working to try
to find other vendors to fill that gap. So that 2016
drop to '17, it was related to one particular marketing
vendor.

We also put together a Supply Diversity
Strategic Plan and are focused on the continuous
execution of that plan. As part of this we have a
monthly diversity call with all of the Missouri Eldorado properties where we discuss development of new vendors. We also attend vendor fairs where we’ve -- we just did this this past month in September, but we attend all of them that are out there in the state.

The picture here, we have Mary and Robert Gentry, owners of the Corner Grocery. And this is the kind of stories that I think are really impactful.

This couple, they make fantastic chocolates and fudge and gourmet candies in their business in downtown Cape, and we feature those in our buffet. They make some fantastic bourbon balls that we put on the buffet for Sunday brunch.

And even though those numbers may not be strong, but when you think about a small business and we're purchasing about 3 to $400 per week in their candies, it certainly makes a big difference for their business, and as we try to look for more of those that we can bring onboard.

As we kind of wrap up, it's a little difficult to see. I also wanted to mention that earlier this month the casino was recognized for his efforts to support Missouri Reserve and National Guard service men and women. We're happy to be recognized, but really more honored that so many of our team members choose to
play the vital role of serving our country. And so we're proud to receive that honor.

Thank you for your time, and if there is any questions, I'd be happy to answer those.

At this time I am pleased to introduce the City of Cape Girardeau Honorable Mayor Bob Fox.

CHAIRMAN KOHN: Good morning, Mr. Mayor.

MAYOR FOX: Good morning. And happy to be here and happy birthday. I won't ask how many. I'm sure I'm a lot older.

COMMISSIONER JAMISON: A lot.

MAYOR FOX: I'm honored to be here as the mayor of Cape Girardeau to speak on behalf of Isle Casino and what they've done for our community.

They're a great partner not only -- I mean, you saw how many of their employees are involved in all different aspects of what goes on in Cape Girardeau, charitable and all other causes, and they've been a great partner to our downtown redevelopment, which has just been unbelievable in the last ten years, and even more so the last five years with the opening of the new hotel.

Projects funded from the casino through July 1st, 2014 to June 10, 2018 that total $14 1/2 million. And we've used those for a lot of
capital improvements, not for ongoing expenses, innovations. We spent almost $3 million of that for radio interoperability between our police and fire departments and the rest of the State and county, which has been a big, big thing for our public safety.

They've been a very helpful partner to our Chamber of Commerce, to our downtown organization Old Town Cape. The Chamber of Commerce moved their first Friday coffees there a couple years ago, and the attendance has just almost tripled. It's a great venue and they've been a great partner with our chamber.

They've been a great partner with Old Time Cape as I mentioned. Every year they have a fundraiser, which is an annual Charles L. Hudson auction, to raise -- the biggest fundraiser for Old Town Cape and what they do for our downtown area. The attendance there has doubled and the money raised has just -- this last year was unbelievable.

We've seen no increase in crime or calls for service. You've got an explanation of that from our police chief. And we have a great, great relationship with them. We want to continue that.

So I'm just happy to be here and say what a great partner they are to Cape Girardeau.

Any questions?
CHAIRMAN KOHN: Thank you, Mayor.

As I said a minute ago, we visited your city and the casino down there. In fact, we stayed at the new Drury --

MAYOR FOX: The Drury Plaza.

CHAIRMAN KOHN: We're very impressed with everything we saw, and you have a great city.

MAYOR FOX: That's a great -- Drury Plaza and the convention center is a great way the public-private partnership went together to build that, and that's just an example of a lot of things happening there.

When you come back -- and I know you will -- stay at the Marriott Downtown, because it is a beautiful old building that's been restored.

CHAIRMAN KOHN: Any questions of Mayor Fox?

COMMISSIONER JAMISON: No, sir.

MAYOR FOX: Thank you all.

COMMISSIONER NEER: One quick comment.

The only disappointing thing about Cape as far as I'm concerned, I went to school there in the mid '60s. When we went back, I went over to visit my old apartment building. It's a parking lot.

MAYOR FOX: It's a parking lot.

You went to SEMO in the mid '60s?

COMMISSIONER NEER: Yes.
MAYOR FOX: So did I.

COMMISSIONER NEER: Look at us now.

MAYOR FOX: Yeah, I know.

COMMISSIONER JAMISON: A building can only last so long.

MAYOR FOX: You have to have more parking, and there is no doubt about that.

COMMISSIONER NEER: It's the corner of North and Pacific.

MAYOR FOX: I know where that is.

Thank you. I appreciate it.

CHAIRMAN KOHN: Any other questions or reminisces?

Thank you, Mayor.

MAYOR FOX: You're welcome.

CHAIRMAN KOHN: Mr. Seibert.

EXECUTIVE DIRECTOR SEIBERT: Next would be public comments, if there are any public comments. And if not, the investigative summary provided by Corporal John Masters.

CORPORAL MASTERS: Good morning, Mr. Chairman and Commissioners.

CHAIRMAN/COMMISSIONERS: Good morning.

CORPORAL MASTERS: IOC-Cape Girardeau submitted a relicensing application to the MGC on
May 4th, 2018 for the renewal of its Class B gaming license which is scheduled to expire today.

Investigators from the Missouri State Highway Patrol and MGC conducted an investigation of IOC-Cape, which consisted of feedback from affected local and State governmental agencies, a financial analysis, an examination of disciplinary actions, litigation and business credit profiles, as well as a review of key persons associated with the company. There were no issues, concerns or negative information discovered.

The findings of this investigation were provided to the MGC staff, and investigating officers are present to answer any questions you might have.

Thank you.

CHAIRMAN KOHN: Thank you.

Any questions?

COMMISSIONER NEER: No, sir.

COMMISSIONER JAMISON: No.

CHAIRMAN KOHN: Thank you very much.

Mr. Seibert.

EXECUTIVE DIRECTOR SEIBERT: Next will be the MBE/WBE compliance review by Ms. Cheryl Bonner.

MS. BONNER: Good morning, Mr. Chairman and Commissioners.

On July 12th, 2018 the Missouri Gaming
Commission staff conducted a 100 percent audit of the MBE/WBE records for the Class B licensee Isle of Capri-Cape Girardeau. The results of our audit and specific details related to those findings are included in the summary report in your possession.

CHAIRMAN KOHN: Any questions?

So you have no concern about that WBE drop?

MS. BONNER: No. I think -- well, the problem was their total spend for 2000-- let me get this right.

They had a decrease in total spend for 2017, which made the number kind of go down. So I'm not really concerned about it. When their spend changes, it kind of changes -- it fluctuates the percentages. So I'm not really concerned about that.

COMMISSIONER LOMBARDO: But year-to-date 2018 is actually up from 2017 total?

MS. BONNER: Correct. Correct.

COMMISSIONER LOMBARDO: Okay.

CHAIRMAN KOHN: Any other questions or comments?

Thank you very much.

Is there anyone from the public who would like to make a comment at this time?

Okay. Then we're ready for the staff
recommendation, Mr. Seibert.

EXECUTIVE DIRECTOR SEIBERT: Staff does recommend approval.

CHAIRMAN KOHN: Is there a motion to approve Resolution 18-053?

COMMISSIONER LOMBARDO: Motion to approve.

COMMISSIONER FINNEY: Second.

CHAIRMAN KOHN: Discussion on the motion? Angie.

MS. FRANKS: Commissioner Finney.

COMMISSIONER FINNEY: Approved.

MS. FRANKS: Commissioner Lombardo.

COMMISSIONER LOMBARDO: Approved.

MS. FRANKS: Commissioner Neer.

COMMISSIONER NEER: Approved.

MS. FRANKS: Commissioner Jamison.

COMMISSIONER JAMISON: Approved.

MS. FRANKS: Chairman Kohn.

CHAIRMAN KOHN: Approved.

MS. FRANKS: By your vote you've adopted Resolution No. 18-053.

CHAIRMAN KOHN: Mr. Seibert.

EXECUTIVE DIRECTOR SEIBERT: Next will be the consideration of relicensure of certain Class B licensee. Mr. Michael Jerlecki, General Manager of
Hollywood Casino, will present and make any
presentations that are necessary.

CHAIRMAN Kohn: Good morning, Mr. Jerlecki.

MR. JERLECKI: Good morning.

And happy birthday as well. You're never too young to be sung the song happy birthday. It's always a lot of fun.

Thank you to all of the Commissioners today for having us here for requesting approval of our Class B license. Chairman Kohn, Vice-Chairman Jamison, Commissioners Neer, Lombardo, Finney, Executive Director Seibert, thank you to all of you.

What I'd like to do is just introduce myself and a few of my colleagues that have attended this meeting today.

My name is Mike Jerlecki. I'm the Vice President and General Manager of Hollywood Casino & Hotel in St. Louis. I have been at that property for about ten months. I arrived in December of last year.

And prior to that I worked in multiple gaming jurisdictions throughout the country, Nevada, New Mexico, Louisiana, Illinois, Indiana, Michigan and now Missouri. So hopefully this is home and I can call it home for a long period of time.

Today with me I have three colleagues from
the casino. First is Chris Bruno. He's our Vice President of Finance. Second is Lowell Jacobson. He is our Vice President of Casino Operations. And third is Kevin Meyer. He is our Director of Compliance.

Three other gentlemen that are here with me today is the Honorable Mayor Mike Moeller, the City Administrator Jim Krischke, as well as City Council member Jim Carver.

So the first slide I would like to call your attention to is just a brief property overview for some of you that may not have been at our property in some period of time.

Penn National Gaming acquired the property in 2012 and rebranded the property to the Hollywood Casino-St. Louis. Our gaming floor consists of roughly 2,000 electronic gaming devices or slot machines, 63 table games and a 20-table poker room. We have a two-tower hotel with 502 rooms and 47 luxury suites. We also employ roughly 1,100 team members.

Some of the logos you'll find there on the slide of some of our restaurant offerings, the Hops House, Charlie Gitto's, Final Cut which is our steakhouse, Phat Tai which is our Asian offering, and then our buffet and grill as well.

In terms of our Development Agreement,
Hollywood Casino-St. Louis has satisfied all requirements of that Development Agreement. For our casino we have the .5 tourism -- percent tourism tax, the 3.5 convention and sports tax, as well as the 3.75 percent convention and tourism tax. The dollar amounts there you'll find are what was paid in terms of those taxes from '15 through year today -- actually Q3 for 2018.

Throughout the past number of years the casino has also contributed in excess of $20 million to the creation of the Howard Bend Levee District, and we've also spent money on an additional levee near our property and other property -- other developments in terms of levees and the land surrounding our casino.

Our adjusted gross gaming revenue performance, over the past few years, that slide there shows 2015, '16, '17 and then year to date through '18. As you'll see, Hollywood Casino has consistently outperformed the market in terms of growth, and that's happened really through the last few years.

This year we're right in that flat to zero to 1 percent range as well in terms of gaming revenue growth for our property.

Capital investment at the property. For the last four years or so, since our last licensing hearing,
there is 2015, '16, '17, anywhere from 5 to $12 million. That number fluctuates annually. Some of the big fluctuations were caused by some major renovations to the Hotel Towers. Those monies also include -- unfortunately they include monies that we had to spend to repair some sink holes on our property.

2018, which was -- this year we're tracking to spend roughly 4 1/2 to $5 million as far as capital investment. In 2019, as of right now our plans for 2019 include as typical some new slot machines. We're also looking at an entire new surveillance system for our property. We've got quotes and bids for that. So we're excited about that coming online fairly soon.

We're also looking at a restaurant refurbishment that will cause us to spend some significant capital dollars, and we're also looking at different things on property, cooling towers, some nonexciting maintenance that we have to do to the building, but those are things that we unfortunately have to do.

And these are just a few pictures of our Hotel Tower and the renovation. The top three pictures are of our Rodeo Tower and the bottom picture is our Sunset Tower.

In terms of crime statistics for the
property, these are stats that include the arrests as reported by the Maryland Heights Police Department.

As you can see, 2018 year-to-date we're tracking about 77, so we should be slightly less than the last few years. In terms of those statistics and different things that we've done as far as security enhancements at the property, to help reduce those or possibly eliminate those -- I'm not sure we could ever get to the point where all of those would be eliminated, but we'll all try our darndest.

We've upgraded our ID checking system at our casino entrances so we can retain ID and data and images of individuals that visit our property. We have and work closely with the Maryland Heights Police Department to have officers on property during peak volume times, weekends, holidays, special events.

We've updated our emergency response program to include active shooter procedures. We've also participated in the purchase of the assault rifles and gun cases for the MGC agents that are assigned to our property, as well as in our hotel we've implemented a wellness check program for hotel guests who stay in excess of 48 hours. So we will have someone check on those rooms if there is the do not disturb signs and whatnot.
We do at the property have our responsible gaming program that's been in place for a number of years. That includes mandatory training for all team members, discusses problems in compulsive gambling, how to identify those individuals or address their needs, underage gambling, alcohol consumption, responsible alcohol service for all of our team members that are involved in serving, unattended minors policy, as well as I ensure, as well as Kevin and our property leadership, ensures that our team members -- 100 percent of our team members are trained through this program.

We also have a Veridocs system that we use for ID checks at our casino entrances to help deter underage individuals from trying to gain access. We have our Responsible Gaming Committee that meets quarterly to review all incidents and evaluate the effectiveness of the program and if there is any changes that need to be made.

We also have an Employee Incentive Program that helps us identify and report patrons that may try to visit us that is on our dissociated patrons list.

This slide, our charitable contributions slide, this again is one that I'm proud of as well as far as what we've been able to accomplish.

We have a committee on property that is
basically our philanthropic committee made up of multiple different individuals from different departments that try to decide and help decide where some of these monies and our time is spent. Over the past four years you'll see that that number has increased drastically. Up until this past year, 2018, we're estimating spending roughly $135,000 on these efforts. Major organizations that we support in our area, the Ranken Jordan Pediatric Hospital, St. Louis Children's Hospital, the Alzheimer's Foundation, BackStoppers and the like. We also have 250 plus local organizations, small organizations that we absolutely consider the effectiveness of those organizations and how well they'll spend some of our money or our time that we help them with, and a few of those are identified on the board as well in terms of the Library Foundation, Maryland Heights Police Officers Association, Caring Solutions and things like that.

COMMISSIONER JAMISON: A quick question.

MR. JERLECKI: Yes.

COMMISSIONER JAMISON: I know you weren't there at the time but it doubled between '16 and '17. Do you know what that is attributable to?
MR. JERLECKI: Correct.

I believe during that time period there were monies contributed -- I'm not sure I can answer that question. I know when we look at some of the other as far as team members giving talks about what happened in a few of those years, but I would have to get back to you on what caused that significant jump during that time.

COMMISSIONER JAMISON: Okay. I was just curious.

MR. JERLECKI: Our team member giving slide.

On this slide it highlights a little bit about what our team members have done over the past few years.

And Penn National Gaming, we're a corporate sponsor, as well as our property, of the American Cancer Society, and we're committed to fundraising for the local Relay for Life Events.

And as you can see there, over the past four years there has been a significant increase throughout the years, and through '17 and '18 some of that jump included some Habitat for Humanity hurricane disaster relief that we -- and our team members supported, as well there was a team member that worked at our Las Vegas property that was injured in the October 2017 shooting that our team members helped support.
As well as one of the things that our team members decided to do and I was all for but I had to be a little cautious in terms of my involvement, because I love to golf, is we decided to start a charity golf tournament, and we conducted our last -- our first annual charity golf tournament a few months ago, and for that event we were able to raise $45,000, and that was after all expenses, to contribute to Relay for Life. And that's going to be an annual event that we're going to conduct going forward.

And that 2019 -- these numbers are reported on an August-to-August basis, so it's not a calendar year. So already this year for 2019, we've already raised that $45,000 from that golf tournament because that will go into basically next year's funds. Next year's numbers should -- it might even be close to double that. So next time I'm here and you ask that question I'll have an exact answer for you.

COMMISSIONER JAMISON: It's a golf tournament.

MR. JERLECKI: It's the golf tournament.

CHAIRMAN KOHN: We'll also ask how you did in the tournament.

MR. JERLECKI: We had a great time. How about that answer?
Our MBE/WBE spending. As you can see throughout 2015, 2016 and '17, our combined MBE/WBE spend is roughly around 30, 32, 33 percent. That number has really stayed sort of static around that range over the last few years. It's a number we continually focus on. I'm sure Cheryl will have a few comments regarding that.

In terms of our diversity supplier strategy, we have a plan in place and a strategy that our procurement people, all of our department heads follow as well, and our diversity vendors are included in our bid process and for all contracts and services that are valued over $3,000.

Hollywood Casino participates in local MBE/WBE events such as trade shows, seminars and training sessions. We also have continued involvement with local chambers of commerce with the intent of finding new qualified vendors. A few of those are just listed there.

Two other programs that I would just like to talk about quickly in terms of this subject that are actually very important to me and I think the team at our property is we also focus on hiring females and female hiring.

In 2018 Hollywood Casino-St. Louis, we hired
two female individuals that were part of what we call a Leap Program. And what the Leap Program is is it identifies students from their last portion of time in college or recent graduates that we bring into the casino. We try to give them a high level or a high exposure job in hopes of them landing a leadership position with our property.

And this year those two individuals, the two ladies that we hired, were both female. And we're hoping, you know, that again they develop into leaders within our organization.

This year Hollywood Casino also developed and promoted three full-time leaders to other properties within our company. We had one male that was also promoted to a Vice President role in our Chicago land properties. But we had an individual that was at a manager level in Human Resources that was promoted to director level at the Alton property in Illinois.

We had another individual that was basically on our property at a supervisory manager level that was promoted to a director level. And then we had one individual that was an assistant general manager, and she was promoted to the general manager role at a property in our -- at Argosy in Chicago. All three females, all three that we're very proud of.
Throughout this year already we've also
promoted 25 people internally. 64 percent of those
individuals were female.

And along these lines I just would like to
mention that in October, actually still this month, we
held a mandatory training, and again it was mandatory
for any individual that is a supervisor or above at our
property, where we held real-world discussions about
sexual harassment and we reinforced how we create a more
positive work environment for women in today's world and
a respectful work environment for all of those that work
at or with anyone at our facility.

We also have at our property -- and it's
actually a Penn National Gaming. It's a nationwide
program. It's called Women in Leadership Program. And
I'm actually one of the champions at the property that
helps promote that.

And we have three individuals, three women,
at the property that are involved in that program. And
what it does is it's a program that has goals that
encourage -- it's the encouragement of women to pursue
leadership roles, have visible female executive and
leadership individuals championing in growth and
development. And we're trying to increase the number of
women in leadership roles at our property as well.
And my involvement, I spend time with those individuals, and we discuss things such as sustainability, analytics, economics, strategy, those type of things. And they also work with other leaders at different properties throughout the country, both male and female. So those are two programs that we're proud of as well.

This slide just shows a little bit about our diversity fair that we held in September. We actually had about 140 attendees. Other casino companies throughout the state attended as well.

Some of the individuals that were there were food and beverage suppliers, janitorial supplies, marketing goods, human resource goods, those type of things.

As well as in November this month Hollywood Casino is hosting a St. Louis diversity professionals network event. There is some larger corporations that are going be present at that as well. Express Scripts and Monsanto are going to be the presenting sponsors. Community organizers will be there again trying to create a network to stimulate economic growth and economic growth and inclusion for diverse businesses in the St. Louis region.

So I know the Hispanic Chamber of Commerce
will be there. The Women's Business Development Center will be there. Different -- different organizations will be there, again trying to promote economic growth and diversity and business.

   As far as an economic development plan or just some information on what is happening at our casino. This past year in working with the City of Maryland Heights, Hollywood Casino-St. Louis, along with Live Nation and the City, we established a Community Improvement District.

   And this district was established to provide a source of revenue for construction and related road utility and other public improvements sort of in the district, and that map -- I don't think this has -- oh, it does.

   So Parcel 3 and 4 are actually the hotel in the casino area. Parcel 2, this is the St. Louis Community Ice Center that I'll speak about on an additional slide in a moment. And then Parcels 6, 7 and 8, this is the Hollywood Casino Amphitheater that we have the naming rights for, and it's actually owned by Live Nation. And these are the parking facilities for that amphitheater.

   And so in the establishment of this Community Improvement District, we basically came together and
decided -- we wanted to basically support economic
growth and development, and we're hoping that that
community ice center is the catalyst for growth, not
only just on this campus but in Maryland Heights in
total.

So what the Community Improvement District
does is a 1 percent sales tax is included on any cash
sales of hotel rooms, food and beverage and retail items
at the casino and hotel, as well as a 1 percent sales
tax on tickets that are sold at the amphitheater, will
go towards funding the items that are listed there and
basically help some of the bond payment that is going to
be coming due on the construction of the ice arena.

CHAIRMAN KOHN: How does that 1 percent work
on comp rooms?

MR. JERLECKI: There is no 1 percent sales
tax on comp rooms. It's just on cash sales.

CHAIRMAN KOHN: What percent of your rooms
are comp?

MR. JERLECKI: Roughly 40 percent or so.

CHAIRMAN KOHN: Thank you.

MR. JERLECKI: On the previous slide I
pointed out the Hollywood Casino amphitheater. It's
basically the Live Nation amphitheater. It's located
really on our campus right next door. We have the
naming rights to that venue.

In 2018, or this past summer concert season that really runs the three months -- or actually six or so months during the summer, the number of attendees was slightly over 415,000. There is a few names of some of the acts that were at -- that performed there this past summer.

And through the casino working with Live Nation and working with the City of Maryland Heights we provide shuttle service back and forth to the amphitheater. It helps drive traffic through our building, as well as it helps alleviate traffic along Maryland Heights Expressway and at that venue as far as ingress and egress.

We've also worked with the police department. We're working on light signalization as well. We've also had contact and have worked with the likes of Uber and Lyft to set up dropoff/pickup locations, again to try to make the traffic in the area flow much, much smoother on those days.

I mentioned briefly earlier the St. Louis Community Ice Center. Again this is something that I think our team and my predecessor and others and I'm sure the representatives from the City of Maryland Heights are extremely proud of.
This was an effort as members there that are involved in this, from the AAA Blues or the St. Louis Blues, talk about. It really took a village, it really took a community of people to put this together.

And so what is happening on the grounds that now the City of Maryland Heights actually owns is there is a complex being built. It's the St. Louis Community Ice Center. There will be four rinks, three indoor, one outdoor. One of those rinks, the main rink, will actually be convertible, to where we can conduct concerts, UFC boxing, things like that, for about four or 5,000 people. And for hockey, when it conducts -- when there is regular hockey there, it can seat about 2,500 people. That's the main rink.

The other two rinks that are indoor, one of those will be home to the St. Louis Blues as far as their practice facility. So it will be nice having the Blues on property practicing during the regular season, during off season. It's also going to be home to some of the local men's and women's college teams. The AAA Blues will practice there as well. The St. Louis Lady Cyclones will also practice there.

If any of you are interested in the over 40 or over 50 men's adult house no-check league, like I
play in because I'm not very good, you're also welcome
to come and join the league. But it will also house
leagues that like. It will host kids' leagues as well.
The outdoor rink -- there is a fourth rink
that is an outdoor rink, and that rink will actually be
convertible as well to sort of an outdoor amphitheater-
type venue that will be able to seat close to 5,000
people.

So this venue again is really something that
we are hoping to be the catalyst for a lot of
development in the area.

And as far as the CID and some of the
involvement of the casino right now, the CID from the
sales at the casino, if this were in place in 2018, and
it takes effect actually on January 1st of 2019, it
would have generated about $150,000 extra to go towards
funding the construction and the development as was
mentioned on a few other slides.

And so right now what I'd like to do is
introduce the Honorable Mayor Mike Moeller to make a few
comments, and then I'll open it up for any questions if
anyone has any questions.

CHAIRMAN KOHN: Mr. Mayor, good morning.

MAYOR MOELLER: Good morning to all of you
and happy birthday. I too am probably a few years your
senior.

But I'm here today in support of the renewal of the gaming license of Hollywood Casino-St. Louis. Since acquiring the property from Harrah's Hollywood has become a committed corporate citizen of Maryland Heights. It has become a significant supporter of the Chamber of Commerce and an active participant in Maryland Heights Convention & Visitors Bureau.

Hollywood's investment in Maryland Heights, in the entire St. Louis region, extends far beyond involvement in these organizations.

Hollywood has committed to supporting construction of a four-rink community ice complex adjacent to the casino, the one that he was just talking about. The facility will house programming and events for the City, the St. Louis Blues, Live Nation, St. Louis Legacy Ice Foundation, Lindenwood University, Mercy Health Care and a number of youth and amateur hockey-focused organizations.

Hollywood's participation in a special taxing district to help fund the infrastructure upgrades in the expansion is key in the element of financial feasibility of the project.

In partnership with Hollywood we are realizing a long held and shared dream of transforming
the casino from a stand-alone attraction to an
entertainment district anchor. With the addition of the
ice complex which will serve as the practice home for
the St. Louis Blues and the infusion of athletes and
spectators from both in and out of town, the casino and
surrounding development will become the epicenter of
hospitality and tourism in St. Louis County.

The City is excited to move forward with the
ice center and the continued growth it will bring. This
development is an accumulation of key infrastructure
investments made by the City, the State of Missouri and
St. Louis County over many years.

The City’s contributions to these projects,
which most notably include the extension of Route 141/
Maryland Heights Expressway, would not be possible
without the gaming tax revenue generated by Hollywood
Casino. It has served as a generator of economic
development for Maryland Heights and the entire region.

The City takes its role as a steward of all
tax dollars very seriously, but we are especially
cognizant of our responsibility to ensure that gaming
tax revenues are spent in ways that magnifies this
impact of the regional economy.

In addition to 141, the City has made
significant investments in capital projects, including
partnering with MoDOT and St. Louis County to rebuild the Dorsett/I-270 interchange and to support the expansion of Edward Jones Campus.

The City upgraded every collector street, repaved streets, replaced deteriorating curbs and gutters, installed sidewalks in residential areas and widened roads in an industrial park.

Gaming tax revenues has allowed the City to expand recreational services. In 2017 we opened a new 92,000 square foot community center, featuring a fitness center, aquatic center, gymnasium, senior center, indoor track and a rentable meeting space.

These funds financed half of the cost of the construction of the center, as well as help supporting government operations.

The infrastructure funding by gaming revenue has enabled us to attract major commercial investments, including the expansion of Edward Jones Campus and Worldwide Technology, the latter of which built a six-story tower to its headquarters within the Westport Plaza and an entertainment and office complex in the south -- in the City's south side. The tower became fully operational in January 2018.

Maryland Heights is now home to over 1,700 businesses that have collectively brought thousands of
jobs to Maryland Heights and the entire St. Louis region.

Maryland Heights celebrates its diverse economy and expanded hospitality and entertainment industries. In addition to Hollywood Casino, Maryland Heights has 23 hotels, a major music concert amphitheater and more than 50 restaurants. The casino has only served to enhance that industry and attract additional development.

Over 10 million visitors a year now visit many thriving hospitality establishments in the city. Between being an economic hub, a major employment center and a thriving hospitality and entertainment center, there is a lot going on in Maryland Heights.

We work hard to best serve and connect with our residents and businesses. They feel secure making the most important investments of their life in Maryland Heights because the government provides the services that protect their property, employees and patrons.

Our police force, which expanded as a result of the opening of the casino, is responsive and proactive. The department collaborates with hotels, restaurants, the casino and other entertainment venues in an effort to prevent crime before it happens and to respond swiftly and professionally if it does.
Again, this level is service of professionalism would not be attainable if it were not for gaming revenues that enhance our ability to fund staffing and training.

Hollywood Casino and the gaming tax revenue it provides us allows us to provide a superior level of municipal services. The City has used these proceeds to enrich the lives of our residents and amplified the economy and economic activity in Maryland Heights to create a prosperous and successful community.

That's all I have, if you have any questions.

CHAIRMAN KOHN: I understand, Mr. Mayor, that you may have one of more of your councilmen with you.

Is that right?

MAYOR MOELLER: Jim Carver was a former councilman. He is now our Economic Development Manager, yes.

CHAIRMAN KOHN: I just want to make sure we gave everybody an opportunity to speak if they wanted to.

MAYOR MOELLER: That's fine. I don't think either gentlemen want to speak.

CHAIRMAN KOHN: Thank you very much.

MAYOR MOELLER: Thank you.

CHAIRMAN KOHN: It sounds like you're happy
to have the casino.

MAYOR MOELLER: Absolutely. No problems at all.

CHAIRMAN KOHN: Okay. Any questions of the mayor?

COMMISSIONER NEER: No, sir.

COMMISSIONER JAMISON: No, sir.

CHAIRMAN KOHN: Okay. So, Sergeant Davidson, will you give us the investigative report.

SERGEANT DAVIDSON: Good morning, Mr. Chairman, Commissioners.

St. Louis Gaming Ventures, LLC, doing business as Hollywood Casino-St. Louis and referred to as Hollywood, submitted a relicensing application to the Missouri Gaming Commission on May 16th, 2018 for renewal of its Class B riverboat gaming license which is scheduled to expire today. You will find the resolution for Hollywood under Tab C in your book.

Hollywood's parent company, Penn National Gaming, Incorporated, referred to as Penn, is not due for renewal of its Class A riverboat license until February 2022 due to its relationship with Argosy Riverside Casino in February of 2019.

Penn holds 100 percent ownership of St. Louis Gaming Ventures, LLC, a Delaware limited liability
company formed in July 2012. Hollywood-St. Louis, a Missouri corporation, is 100 percent owned by and is a subsidiary of St. Louis Gaming Ventures, LLC.

St. Louis Gaming Ventures, LLC was initially approved for a Class B license by the Commission on October 24th, 2012 in accordance with the terms and conditions set forth in Resolution No. 12-101.

Missouri State Highway Patrol investigators, working in conjunction with Missouri Gaming Commission financial investigators, conducted an investigation into the suitability of Hollywood to operate as a Class B license.

The findings of this investigation was provided to the Missouri Gaming Commission staff for review, and you possess a detailed summary report before you. Investigators are available to entertain any questions that you might have at this time.

CHAIRMAN KOHN: Any questions of Sergeant Davidson?

COMMISSIONER JAMISON: No, sir.

COMMISSIONER NEER: No, sir.

CHAIRMAN KOHN: Thank you, Sergeant.

Mr. Seibert.

EXECUTIVE DIRECTOR SEIBERT: Next will be the MBE/WBE compliance review. Ms. Cheryl Bonner will
On July 11, 2018 the Missouri Gaming Commission staff conducted a 100 percent audit of the MBE/WBE records for the Class B licensee Hollywood Casino-St. Louis. The results of our audit and specific details related to those findings are included in the summary report in your possession.

I'll be happy to answer any questions.
MS. FRANKS: Commissioner Finney.

COMMISSIONER FINNEY: Approved.

MS. FRANKS: Commissioner Lombardo.

COMMISSIONER LOMBARDO: Approved.

MS. FRANKS: Commissioner Neer.

COMMISSIONER NEER: Approved.

MS. FRANKS: Commissioner Jamison.

COMMISSIONER JAMISON: Approved.

MS. FRANKS: Chairman Kohn.

CHAIRMAN KOHN: Approved.

MS. FRANKS: By your vote you've adopted Resolution No. 18-054.

CHAIRMAN KOHN: Mr. Seibert.

EXECUTIVE DIRECTOR SEIBERT: Next is consideration of relicensure of certain suppliers. Sergeant Sammy Seaton will present.

CHAIRMAN KOHN: Good morning, Sergeant.

SERGEANT SEATON: Good morning.

Missouri State Highway Patrol and MGC investigators conducted the supplier relicensing investigation of Bally Gaming, Incorporated doing business as Bally Technologies. This investigation consisted of jurisdictional inquiries, feedback from affected gaming company clients, a review of disciplinary actions,
litigation and business credit profiles, as well as a review of the key persons associated with the company. The results of the investigation were provided to the MGC staff for their review, and you possess the summary report which outlines our investigative findings.

Thank you.

CHAIRMAN Kohn: Thank you.

Any questions of Sergeant Seaton?

Is there a motion with respect to Resolution 18-055?

COMMISSIONER NEER: Motion to approve.

COMMISSIONER LOMBARDO: Second.

CHAIRMAN Kohn: Discussion on the motion?

Angie.

MS. FRANKS: Commissioner Finney.

COMMISSIONER FINNEY: Approved.

MS. FRANKS: Commissioner Lombardo.

COMMISSIONER LOMBARDO: Approved.

MS. FRANKS: Commissioner Neer.

COMMISSIONER NEER: Approved.

MS. FRANKS: Commission Jamison.

COMMISSIONER JAMISON: Approved.

MS. FRANKS: Chairman Kohn.

CHAIRMAN Kohn: Approved.
MS. FRANKS: By your vote you've adopted Resolution No. 18-055.

CHAIRMAN Kohn: Mr. Seibert.

EXECUTIVE DIRECTOR SEIBERT: The next item is consideration of licensure for Level I and Key applicants. Trooper Scott Ronald will present.

TROOPER RONALD: Good morning, Mr. Chairman, Commissioners.

CHAIRMAN/COMMISSIONERS: Good morning.

TROOPER RONALD: Missouri State Highway Patrol investigators, along with Missouri 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: Mr. Robert Boughner as a Director of Boyd Gaming Corporation, Mr. Richard Flaherty as an Independent Director of Boyd Gaming Corporation, Mr. Darren VanDover as a Senior Vice President and General Manager of Harrah's North Kansas City, Mr. Michael Jerlecki as a Vice President
and General Manager of Hollywood Casino-St. Louis, and Mr. Mikhail Averbukh as the IT Director of River City Casino.

The results of these investigations were provided to the Gaming Commission staff, and the investigating officers are present to answer any questions you might have.

Thank you.

CHAIRMAN KOHN: Any questions?
If not, is there a motion to approve Resolution No. 18-056?

COMMISSIONER JAMISON: So moved.
COMMISSIONER FINNEY: Second.
CHAIRMAN KOHN: Discussion on the motion?

Angie.

MS. FRANKS: Commissioner Finney.

COMMISSIONER FINNEY: Approved.

MS. FRANKS: Commissioner Lombardo.

COMMISSIONER LOMBARDO: Approved.

MS. FRANKS: Commissioner Neer.

COMMISSIONER NEER: Approved.

MS. FRANKS: Commissioner Jamison.

COMMISSIONER JAMISON: Approved.

MS. FRANKS: Chairman Kohn.

CHAIRMAN KOHN: Approved.
MS. FRANKS: By your vote you've adopted Resolution No. 18-056.

CHAIRMAN KOHN: Mr. Seibert.

EXECUTIVE DIRECTOR SEIBERT: Next is consideration of disciplinary actions.

Mr. Ed Grewach will present.

CHAIRMAN KOHN: Ed, you're on.

MR. GREWACH: I wanted to make a bigger entrance this time.

Thank you, Director Seibert, Mr. Chairman, Commissioners.

Under Tab F we have a preliminary order of discipline directed to BMM -- BMM is an independent testing laboratory -- for a violation of Rule 4.230.

Our independent testing laboratories are licensed and they test electronic gaming devices to ensure compliance with all applicable statutes and regulations.

The rule requires the independent testing laboratory to maintain an electronic repository of approved and revoked software and further requires that that repository must be current as of the end of the previous gaming day.

We found three incidents where they failed to have the repository database properly updated, and a
compliance directive was issued to the company on January 5th, 2018.

They took some corrective action; however there were three subsequent issues in January -- two in January and one in March of 2018, and the recommended fine is $2,500.

CHAIRMAN KOHN: Is there a motion to approve DC-18-089?

COMMISSIONER LOMBARDO: Motion to approve.

COMMISSIONER FINNEY: Second.

CHAIRMAN KOHN: Discussion on the motion?

Angie.

MS. FRANKS: Commissioner Finney.

COMMISSIONER FINNEY: Approved.

MS. FRANKS: Commissioner Lombardo.

COMMISSIONER LOMBARDO: Approved.

MS. FRANKS: Commissioner Neer.

COMMISSIONER NEER: Approved.

MS. FRANKS: Commissioner Jamison.

COMMISSIONER JAMISON: Approved.

MS. FRANKS: Chairman Kohn.

CHAIRMAN KOHN: Approved.

MS. FRANKS: By your vote you've adopted DC-18-089.

CHAIRMAN KOHN: Go ahead.
MR. GREWACH: Under Tab G we have a preliminary order of discipline directed to the Mark Twain Casino for failing to properly monitor, detect and prevent table games personnel and patrons from cheating at table games.

On August the 1st, 2017 we received a notice from the Casino Surveillance Manager and from the Director of Casino Operations notifying us of multiple cheating incidents involving those employees and patrons.

Our investigation revealed that three table games employees were facilitating and allowing patrons to cheat at craps and other table games. Those three included a dealer, the dealer's supervisor, the table game supervisor and the table game supervisor's next level of supervision, the pit manager.

The investigation indicated that this activity began in December of 2016 and it continued until it was discovered and reported to us on August 1st of 2017.

The cheating occurred by the table games personnel not collecting losing bets, by manipulating dice at the craps table to change the outcome of the game, by calling the dice a different number than what had actually been rolled.
The pit manager also admitted to allowing patrons to cap or pass post -- and that's to add another wager to a bet that they'd already -- the patron already knew they had won. And the activity had not been detected either by the table games supervision or surveillance and had not been reported to the Missouri Gaming Commission prior to that August 1st notification.

You'll see in your packet the casino's response to the recommended fine of $50,000. I won't go over it in detail other than to point out that they did replace the management, both the General Manager and the Director of Casino Operations. They did disagree that it was a systemic problem and they characterized it as isolated incidents of criminal behavior by those three casino personnel. And they noted also that the casino was also a victim of those crimes. They suggested a fine of $10,000.

You'll also see in your packet our reply to that, in which we indicated that all of the safety guards that are in place to prevent this from happening, the table games supervision personnel finding it, the surveillance detecting it and it being not reported to the Gaming Commission personnel led to the problem, so we did see it as a systemic problem, and we continue to recommend the $50,000 fine.
I might also note that since the preliminary order of discipline has been filed I've spoken with Mark Twain's attorney, and he has indicated to me that they do not plan on asking for a hearing from this preliminary order or the $50,000 fine recommended.

CHAIRMAN KOHN: Questions of Ed?

COMMISSIONER FINNEY: I have one quick question.

Can you explain the systemic breakdown just really quickly?

MR. GREWACH: Sure.

Those three levels. The table games supervisory staff is tasked in our regulations with monitoring the dealers to make sure this doesn't happen. The surveillance then is required under our rules to be observing the table games to detect any irregularities or any incidents of cheating that occur. The third prong of that is the duty to report to the MGC staff.

Had someone come to us in December of '16 and said, hey, this activity was going on, we would have stepped in as we did after August 1st and ensured that it stopped at that point in time.

COMMISSIONER FINNEY: I guess my question is -- I mean, it seems pretty brazen and open and obvious, wouldn't you agree? Is that a fair statement,
or no?

MR. GREWACH: Well, I don't know, you know, how I would characterize it other than to say that, you know, that's why we recommended the $50,000 fine was because of that three level -- those three prongs, those three levels of protection that just didn't work in this particular circumstance.

COMMISSIONER JAMISON: But there is also three levels of personnel. You have the actual dealer, you have the supervisor and you have the pit boss that were involved in it apparently or allowed it to occur.

MR. GREWACH: I do want to mention too on that note that both the table game supervisor and the pit manager both pled guilty to cheating at a gambling game, and they both received suspended imposition sentences and five-year probation. The dealer's case is still pending in the St. Louis Circuit Court.

COMMISSIONER JAMISON: I mean, there was cooperation between those three levels of on-the-floor activity by employees.

COMMISSIONER FINNEY: Did they say what the motive was for this? Did you discover what the motive is for this?

MR. GREWACH: You know, other than the fact that the dealer did make one statement that she was
getting extra tips. I can't really elaborate on that.
I don't know if it was extra tips at the table or
something that took place outside of that. But other
than that I really don't have a good answer on what the
motivation of these parties were.

COMMISSIONER NEER: Do we know the extent of
amount of time this was occurring?

MR. GREWACH: Yes. From the statements we
received from the personnel involved it started in
December of 2016 until August 1st of 2017.

COMMISSIONER LOMBARDO: Ed, there's a
statement in the response from the casino that says that
as experienced gaming regulators MGC staff must concede
that there exists no internal control that cannot be
overcome or circumvented by multiple employees
conspiring with third parties not under the casino's
control to engage in criminal conduct.

What would you have to say to that?

MR. GREWACH: Well, it's true. Nothing is
perfect, but, you know, the concept is that, you know,
because you have the checks and balances with both table
games supervisory staff and surveillance, we would
expect you to catch it. And I guess you add to that the
fact that it had been going on for so long, for that
many months, that we felt that was.
But, I mean, you'd have to concede that there is no perfect system you would ever set up that would completely prevent wrongdoing.

COMMISSIONER LOMBARDO: In your estimation is the pit manager and the employee below that or are they both considered management?

MR. GREWACH: I would say so, yes. They're both in a supervisory capacity.

I know for our purposes when we look at -- like there is certain distinctions in that a supervisor or a pit manager can't take tips, you know.

So there are certain things where we identify someone in a management or supervisory position, where we want them to be completely independent when they're dealing with any patron dispute or any ruling or issue they have to make in a table game function.

COMMISSIONER LOMBARDO: Thank you.

CHAIRMAN KOHN: Any other questions or comments?

I'm going to vote in favor of this, but as you know, on previous occasions sometimes the Commission has deemed that the proposed penalty is excessive and we've reduced it. In this case I don't think that. If anything I think it's low but appropriate.

So with that is there a motion to approve
COMMISSIONER JAMISON: I move for approval.

COMMISSIONER LOMBARDO: Second.

CHAIRMAN KOHN: Discussion on the motion?

COMMISSIONER FINNEY: I would just add that I agree with you. It seems -- I just don't -- I mean, I can understand if it was just the table dealer doing this for tips, but it seems like there had to have been some -- I mean, for two levels of management to be involved in this, this a little bit more strikes me than somebody just throwing an extra couple bucks in the direction to dealers. It seems that there would be some conspiracy or have to be something more that I don't feel like we fully discovered. So I would just agree with Herb that it seems a little low.

CHAIRMAN KOHN: Yeah. I think we have to remember that not only is the casino losing money but the people of Missouri are as well.

If there is no further discussion, Angie, please call the roll.

MS. FRANKS: Commissioner Finney.

COMMISSIONER FINNEY: Approved.

MS. FRANKS: Commissioner Lombardo.

COMMISSIONER LOMBARDO: Approved.

MS. FRANKS: Commissioner Neer.
COMMISSIONER NEER: Approved.

MS. FRANKS: Commissioner Jamison.

COMMISSIONER JAMISON: Approved.

MS. FRANKS: Chairman Kohn.

CHAIRMAN KOHN: Approved.

MS. FRANKS: By your vote you’ve adopted DC-18-097.

CHAIRMAN KOHN: Ed.

MR. GREWACH: Yes.

Under Tab H we have a preliminary order of discipline directed to Isle of Capri-Kansas City for failing to correctly follow their rules of their craps game as it applied to a side bet called a Fire Bet, in that they closed out the Fire Bet before it was resolved.

Now, to give a little background and really oversimplify this and just talk about the Fire Bet itself, because craps is a rather complex game with a lot of different wagers and outcomes that can happen.

The Fire Bet is placed and there's a shooter. That's a patron is selected to throw the dice. And then as it applies to the Fire Bet, it focuses on whether the shooter makes a point. And there are six specific rules.

And let's take for an example a four. So if
the shooter rolls a four, then there's the point, and if
he continues to roll a four -- again, it's just -- I'm
limiting this to the Fire Bet. If he continues to roll
a four, roll and hits a four before he hits a seven,
then the Fire Bet stays in place. If he rolls a seven,
which they refer to as you'll see in the documents a
sevening-out, then the Fire Bet loses.

So what happened here -- and the odds are if
you make four points in succession and you have a Fire
Bet, it pays out 40-to-1 odds. If you have five points,
it pays 200-to-1 odds. If you make six points, it pays
500-to-1 odds.

At two o'clock in the morning on March 15th,
2018, they call it the last shooter. He made a point.
And then what followed was then an unusually long
90-minute roll in which he continued to make points
without sevening out.

By 3:30 that morning he'd made four points,
and the Fire Bet then, of course, at that point had won
but they were still in play. So if the shooter
continued to roll and made his fifth point, then that
would have increased from 40-to-1 odds to 200-to-1 odds.

For staffing issues and concern about how
long the table games personnel had been at their
stations and concern that they might make mistakes, the
pit manager made the decision to shut down the game even
though the Fire Bet had not sevened out.

He got a call from surveillance shortly after
he made that decision indicating to him that that
violated the rules of the game. His response to them
was he was already in the process of paying this out,
and he was going to go ahead and shut down the Fire Bet.

Initially they went ahead and paid the
patrons at the table their 40-to-1 odds. The patrons
complained -- and this came to us as a patron complaint.

Later, as they discussed it further, they
went ahead and paid the patrons additional money,
200-to-1 odds.

And again, the thing about that is they don't
really know if the shooter would have made the fifth
point or not made the fifth point or might have made the
fifth point and the sixth point.

So terminating the game at that point in
time, the problem that creates is that they may have
paid the patrons too much, you know, which again would
have an effect on AGR. They may have paid them too
little, which would have an effect on -- obviously an
adverse effect to the patrons.

So the fine recommended for this is $5,000.

COMMISSIONER LOMBARDO: Two questions.
Everything you've just told us, that's all confirmed by surveillance?

MR. GREWACH: Yes.

COMMISSIONER LOMBARDO: All right. Was there any discipline of the pit manager?

MR. GREWACH: Received a nonpunitive letter.

COMMISSIONER LOMBARDO: From who?

MR. GREWACH: From us.

COMMISSIONER LOMBARDO: Okay.

MR. GREWACH: A nonpunitive is a letter indicating there's been a violation but we're not issuing a suspension, a discipline.

COMMISSIONER NEER: So they just chose to close the table down while it was still active because of concern for the weariness of the croupier?

MR. GREWACH: That was basically their -- the pit manager's rationale was that he was concerned -- they'd been on -- they were I think -- I can't remember the amount of time they had been on the game, but he was concerned about them making additional mistakes.

And they hadn't counted on -- when they called last shooter at two o'clock, they had counted on closing the game down and they hadn't anticipated a 90-minute roll, which is very unusual.

So you had people that were on well after the
time their shift had ended. He didn't have another
shift coming in because he didn't -- he didn't really
plan on keeping the game open much longer than that
2:00 a.m. call for the last roll, last shooter.

CHAIRMAN Kohn: Any other questions?

COMMISSIONER JAMISON: No, sir.

COMMISSIONER NEER: No.

CHAIRMAN Kohn: Is there a motion with
respect to DC-18-098?

COMMISSIONER FINNEY: Motion to approve.

COMMISSIONER JAMISON: Second.

CHAIRMAN Kohn: Discussion on the motion?

Angie.

MS. FRANKS: Commissioner Finney.

COMMISSIONER FINNEY: Approved.

MS. FRANKS: Commissioner Lombardo.

COMMISSIONER LOMBARDO: Approved.

MS. FRANKS: Commissioner Neer.

COMMISSIONER NEER: Approved.

MS. FRANKS: Commissioner Jamison.

COMMISSIONER JAMISON: Approved.

MS. FRANKS: Chairman Kohn.

CHAIRMAN Kohn: Approved.

MS. FRANKS: By your vote you've adopted

DC-18-098.
CHAIRMAN KOHN: Ed.
MR. GREWACH: Yes.

Under Tab I we have a preliminary order of discipline directed at Lumiere Place Casino for two followup audit findings. It's for the audit period that covered from July of 2015 through January of 2017.

The first involved a violation of Minimum Internal Control Standard 4.02, that requires when a temporary bank is issued, that it will be counted by both the main bank cashier issuing the bank and from the employee receiving funds.

The audit in looking at surveillance during the two-day time period saw four temporary banks issued and two of them not counted by the employee receiving the funds.

The management's response was that they would re-train these employees. These were food and beverage employees that were receiving these temporary banks.

The followup was conducted then on looking at surveillance for September 20th, 2017. On that date they saw four temporary banks issued, and one of the four was not counted by the employee receiving the funds.

A compliance directive was issued to the casino, which is basically a written warning indicating
to them they have to correct this.

There was a followup to the compliance audit on April the 3rd, 2018. Again, our staff looked at surveillance for a two-day time period, saw that four temporary banks were issued and two of them not counted by the employee receiving the temporary bank.

We notified the compliance officer, went back for yet another additional followup on May 16th, 2018, looked at surveillance for the prior day, saw five temporary banks issued and three that were not counted by the employee receiving the bank.

The second violation comes from a violation of Minimum Internal Control Standards A1.02, which requires that the casino make available to the Revenue Audit Department documentation relating to dual-rate employees.

A dual-rate employee is an employee that goes from a lower level of supervision to a higher level. And probably the easiest example to use would be for a dealer who dual rates up to a supervisor. It's done by the casinos for staffing purposes, because if they need a supervisor on a certain day, they have dealers that can step in and for a day, you know, do that, do that duty.

The reason that we require Revenue Audit to
have these lists of who the dual-rate employees are and what function they're serving is again going back to that example. A supervisor has different signatory authority and different key access than a dealer would have.

So for them to check and make sure that those things were correct, signing the correct documents, had the correct key access, they do need that information.

So again it went through a similar process where there was a followup, a compliance directive, a followup to the compliance directive before the issue was eventually resolved.

The recommended fine was $2,500. In the response the casino indicated that they had ongoing efforts to solve the problem. They had difficulty from the corporate level getting permission for Revenue Audit to access the electronic system they were using at the time to review the information on the dual-rate employee, and that they have, in fact, corrected it by creating a written format, to provide that information to the Revenue Audit team.

Our reply was that due to the fact that throughout the followup, the compliance directive and followup to the compliance directive that still was a problem, that we would maintain our recommendation of a
$2,500 fine.

CHAIRMAN KOHN: Questions of Ed?

Is there a motion on DC-18-099?

COMMISSIONER JAMISON: Move to adopt.

COMMISSIONER NEER: Second.

CHAIRMAN KOHN: Discussion on the motion?

Angie.

MS. FRANKS: Commissioner Finney.

COMMISSIONER FINNEY: Approved.

MS. FRANKS: Commissioner Lombardo.

COMMISSIONER LOMBARDO: Approved.

MS. FRANKS: Commissioner Neer.

COMMISSIONER NEER: Approved.

MS. FRANKS: Commissioner Jamison.

COMMISSIONER JAMISON: Approved.

MS. FRANKS: Chairman Kohn.

CHAIRMAN KOHN: Approved.

MS. FRANKS: By your vote you've adopted DC-18-099.

CHAIRMAN KOHN: Mr. Seibert.

EXECUTIVE DIRECTOR SEIBERT: The next order of business is consideration of rules and regulations.

Mr. Ed Grewach will present.

CHAIRMAN KOHN: Hi, Ed.

MR. GREWACH: Hello.
Under Tab J we have nine proposed amendments to rules. The first two, No. 1 and 2, simply clean up obsolete or provisions that conflict with a statute and to provide clarification for those.

Items 3 through 7 involve changes to the Minimum Internal Control Standards that are a result of industry comments we received and we solicited pursuant to the Governor's Executive Order and our statutory review under Section 536.175.

Items 8 and 9, those two either repeated statutory language, which one of the directives from the Governor's Executive Order is to remove language and rules that simply restated what the statute said and were inconsistent with the statutes themselves.

If you approve these proposed amendments today, there will be a public comment period that will begin on January 2nd, 2019. There will be a public hearing on January 8, 2019. Then the Final Order of Rulemaking will come back to you for your consideration at your February 27th, 2019 meeting; and if approved on that date, it would become effective on June 30th, 2019.

CHAIRMAN KOHN: Any questions or comments?

COMMISSIONER NEER: No, sir.

CHAIRMAN KOHN: Is there a motion to adopt the rules under Tab J?
COMMISSIONER NEER: Motion to approve.

COMMISSIONER LOMBARDO: Second.

CHAIRMAN KOHN: Discussion on the motion?

Angie.

MS. FRANKS: Commissioner Finney.

COMMISSIONER FINNEY: Approved.

MS. FRANKS: Commissioner Lombardo.

COMMISSIONER LOMBARDO: Approved.

MS. FRANKS: Commissioner Neer.

COMMISSIONER NEER: Approved.

MS. FRANKS: Commissioner Jamison.

COMMISSIONER JAMISON: Approved.

MS. FRANKS: Chairman Kohn.

CHAIRMAN KOHN: Approved.


CHAIRMAN KOHN: Thank you.

MR. GREWACH: Thank you.

CHAIRMAN KOHN: I think that concludes our business in the open session. Is there anyone up here who would like to make a motion to go into closed session?

COMMISSIONER JAMISON: I'd let anyone do it.

COMMISSIONER NEER: You do it so well.
COMMISSIONER JAMISON: I move for a closed meeting under Sections 313.847 and 313.945, Revised Missouri Statutes, investigatory, proprietary and application records, and 610.021, Subparagraph 1, Revised Missouri statutes, legal actions, Subparagraph 3 and Subparagraph 13, personnel, and Subparagraph 14, records protected from disclosure by law.

CHAIRMAN KOHN: Is there a second?

COMMISSIONER NEER: Second.

CHAIRMAN KOHN: Angie.

MS. FRANKS: Commissioner Finney.

COMMISSIONER FINNEY: Approved.

MS. FRANKS: Commissioner Lombardo.

COMMISSIONER LOMBARDO: Approved.

MS. FRANKS: Commissioner Neer.

COMMISSIONER NEER: Approved.

MS. FRANKS: Commissioner Jamison.

COMMISSIONER JAMISON: Approved.

MS. FRANKS: Chairman Kohn.

CHAIRMAN KOHN: Approved.

As usual we will go into closed session and come back out if there is any additional business that we need to take in open session.

Thank you all for being here. We got you out by 11:30. So we will now go into closed session.
WHEREIN, the meeting concluded at 11:29 a.m.
CERTIFICATE OF REPORTER

I, Patricia A. Stewart, CCR, a Certified Court Reporter in the State of Missouri, do hereby certify that the testimony taken in the foregoing transcript was taken by me to the best of my ability and thereafter reduced to typewriting under my direction; that I am neither counsel for, related to, nor employed by any of the parties to the action in which this transcript 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 401
The Missouri Gaming Commission (the “Commission”) went into open session at approximately 12 p.m. on October 31, 2018, at the Jefferson City office of the Missouri Gaming Commission.

Commissioner Finney moved to adjourn the open session meeting. Commissioner Lombardo seconded the motion. After a roll call vote was taken, Lombardo – yes, Neer – yes, Jamison – yes, and Kohn – yes, the motion was unanimously approved.

The meeting ended at 12:01 p.m.