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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
Jefferson City, Missouri 65109
(573) 636-7551

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

2 CHAIRMAN KOHN: Good morning everybody.

3 AUDIENCE: Good morning.

4 CHAIRMAN KOHN: I will call the October 31,
5 2018 Missouri Gaming Commission meeting to order.

6 Angie, please call the roll.

7 MS. FRANKS: Commissioner Finney.

8 COMMISSIONER FINNEY: Present.

9 MS. FRANKS: Commissioner Lombardo.

10 COMMISSIONER LOMBARDO: Present.

11 MS. FRANKS: Commissioner Neer.

12 COMMISSIONER NEER: Present.

13 MS. FRANKS: Commissioner Jamison.

14 COMMISSIONER JAMISON: Present.

15 MS. FRANKS: Chairman Kohn.

16 CHAIRMAN KOHN: Present.

17 So today is a special day. You're probably
18 all thinking, well, of course it is. It's Halloween
19 day, night, whatever, but that's not what I'm thinking
20 about. And then so you may be thinking, well, of course
21 it's a special day. There is only six days to the mid
22 term. That's not what I'm thinking about.

23 Today is a special day because it is the
24 birthday of our Executive Director Bill Seibert, and I
25 was told that if I announce that, he would be

1 embarrassed. So now to complete the embarrassment,
2 please join me and sing happy birthday to Bill.

3 (SANG HAPPY BIRTHDAY.)

4 EXECUTIVE DIRECTOR SEIBERT: Thank you.

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

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

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

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

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

1 So thank you.

2 (Applause.)

3 CHAIRMAN KOHN: Congratulations, Maggie.

4 MS. WHITE: Thank you.

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

7 DEPUTY DIRECTOR MCGRAIL: The other is for
8 20 years of service and it's for Ted Smith. If Ted
9 would stand up and come forward.

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

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

17 (Applause.)

18 DEPUTY DIRECTOR MCGRAIL: Thank you.

19 CHAIRMAN KOHN: Thank you.

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

23 So thank you.

24 MR. SMITH: Thank you.

25 CHAIRMAN KOHN: We also have a Highway Patrol

1 presentation. Captain --

2 EXECUTIVE DIRECTOR SEIBERT: We don't.

3 CHAIRMAN KOHN: We don't have.

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

7 Is there a motion to approve?

8 COMMISSIONER JAMISON: I move to approve.

9 COMMISSIONER NEER: Second.

10 CHAIRMAN KOHN: Angie.

11 MS. FRANKS: Commissioner Finney.

12 COMMISSIONER FINNEY: Approved.

13 MS. FRANKS: Commissioner Lombardo.

14 COMMISSIONER LOMBARDO: Approved.

15 MS. FRANKS: Commissioner Neer.

16 COMMISSIONER NEER: Approved.

17 MS. FRANKS: Commissioner Jamison.

18 COMMISSIONER JAMISON: Approved.

19 MS. FRANKS: Chairman Kohn.

20 CHAIRMAN KOHN: Approved.

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

23 CHAIRMAN KOHN: Mr. Seibert.

24 EXECUTIVE DIRECTOR SEIBERT: The next order
25 of business is the consideration of relicensure of

1 certain Class B licensees.

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

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

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

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

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

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

23 Brian Marsh is the Vice President and General
24 Manager at our Lumiere Place in St. Louis, and Brian is
25 the most recent addition to the Eldorado family coming

1 across with the acquisition of -- our Tropicana
2 acquisition at the beginning of month, which has gone
3 very smooth over the last 30 days.

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

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

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

14 CHAIRMAN KOHN: Thank you.

15 MR. FULLER: Thank you.

16 MR. RANDOLPH: Thanks, Barron.

17 Good morning Chairman, Commissioners and
18 staff.

19 I'm Lyle Randolph. As Barron mentioned, I'm
20 the General Manager and Vice President of Isle Casino
21 there in Cape Girardeau. I'm also proud to be a
22 Missourian. I grew up down in New Madrid County, a
23 graduate of the University of Missouri in Columbia, and
24 I'm approaching my 24th year in the gaming industry in
25 Missouri and very proud what the industry has been able

1 to provide for me and for my family and to see all of
2 the positive changes that have taken place.

3 I'm also proud to be here representing the
4 379 strong Isle Casino team members there in
5 Cape Girardeau and talk a little bit about the successes
6 we've had since we opened six years ago and since our
7 license renewal four years ago.

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

14 Next we have Roger Eledge. He's the Director
15 of Casino Operations. Roger has been in gaming for
16 24 years as well. We started down in Caruthersville.
17 He was a slot tech and I was a surveillance agent back
18 when they opened the property down there. Roger is also
19 a Navy veteran. He navigated submarines before coming
20 into the gaming industry.

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

25 Finally we have Susan Poe who is our

1 Compliance Officer. Susan has been with the Isle for
2 22 years, having started as a cage cashier at the
3 company's property in Bettendorf, Iowa.

4 Isle Casino participates in the home-dock
5 city agreement with the City of Cape Girardeau and
6 continues to fulfill the requirements of the agreement.
7 The casino has made payments to the City for the
8 Riverfront Economic Development Fund. That was
9 prefunded prior to opening with a quarter million
10 dollars for wayfinding signage and so forth. The casino
11 continues to pay on a monthly basis three-tenths of
12 1 percent of gross gaming revenue to this fund. The
13 total fund payments since our last relicensing are over
14 \$775,000.

15 I will also say that the City has been very
16 successful in leveraging these funds, driving
17 significant economic development for the downtown area.

18 As a matter of fact, this past weekend we had
19 the first downtown hotel in Cape Girardeau in 50 years
20 opened up. A Courtyard by Marriott opened up in a
21 historic building. And if you make your way to
22 Cape Girardeau, you'll see a lot of the development that
23 really has been spurred by not only the casino but other
24 things that the City has done and really a success
25 story.

1 The initial capital investment in
2 Cape Girardeau was \$128 million. Since that time we
3 have spent nearly 9 million additional on maintenance
4 capital, and we anticipate spending 1 to \$2 million
5 annually ongoing for additional maintenance at the
6 property.

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

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

21 Underage gaming. Isle practices a strict
22 identification policy and provides ongoing training for
23 our team in the effort to assist in detection of
24 underage gamblers. We utilize electronic ID checkers
25 and utilize a bounty hunter program to reward employees.

1 Since the last relicensing security has
2 checked approximately 391,000 customer IDs, of which
3 almost 3,000 were denied entrance. We do have -- it's a
4 college community, so we do have folks that are coming
5 in from Oklahoma and from other states, international
6 students, that don't understand you have to be over 21.
7 So they will come in thinking they only need to be 18,
8 so those will be stopped.

9 CHAIRMAN KOHN: Can I interrupt you for one
10 second?

11 MR. RANDOLPH: Sure.

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

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

18 MR. RANDOLPH: Yes.

19 So this would be any team member that
20 identifies someone that is underage or is a potential on
21 the DAP list. And a lot of times it will be because
22 they have personal knowledge of this person in the
23 community. You know, it's a relatively small community.
24 So they may know that this is, you know, a friend or a
25 relative or someone that they've known that is underage

1 or that they saw previously get denied or something of
2 that nature.

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

6 CHAIRMAN KOHN: So how often does that
7 happen?

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

11 CHAIRMAN KOHN: Okay. All right. Thank you.

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

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

24 From a charitable contribution standpoint,
25 we're very proud of this. Isle has contributed over

1 \$700,000 total in cash and in-kind donations during the
2 licensure period. Our team members also volunteered
3 over 15,000 hours for charitable and community events
4 and personally donated over \$63,000 to charitable
5 organizations.

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

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

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

24 One of the things that I am most proud of is
25 the Missouri Veteran's History Project. This is where

1 we help document the story of the State's veterans. And
2 we really maintain the southeast chapter of that
3 organization. We record and interview -- interviews
4 with veterans, Missouri veterans, provide a copy to
5 them, and then preserve that copy at both the State
6 Historical Society and the Library of Congress. And all
7 of that is done at no cost to the veteran.

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

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

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

23 We also hold -- we hold an annual Upward
24 Mobility program where we identify candidates that are
25 groomed for success as leaders. We've had

1 38 participants in the last three years, in which eleven
2 females and six minorities out of that were promoted up
3 as supervisors out of that program.

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

8 We continue to make positive strides. So far
9 in 2018 we're at 7.32 percent on the MBE percentage and
10 15.58 percent on the WBE. Looking back at the prior
11 licensed period, this is a significant increase.

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

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

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

23 We also put together a Supply Diversity
24 Strategic Plan and are focused on the continuous
25 execution of that plan. As part of this we have a

1 monthly diversity call with all of the Missouri Eldorado
2 properties where we discuss development of new vendors.
3 We also attend vendor fairs where we've -- we just did
4 this this past month in September, but we attend all of
5 them that are out there in the state.

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

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

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

20 As we kind of wrap up, it's a little
21 difficult to see. I also wanted to mention that earlier
22 this month the casino was recognized for his efforts to
23 support Missouri Reserve and National Guard service men
24 and women. We're happy to be recognized, but really
25 more honored that so many of our team members choose to

1 play the vital role of serving our country. And so
2 we're proud to receive that honor.

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

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

7 CHAIRMAN KOHN: Good morning, Mr. Mayor.

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

11 COMMISSIONER JAMISON: A lot.

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

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

23 Projects funded from the casino through
24 July 1st, 2014 to June 10, 2018 that total
25 \$14 1/2 million. And we've used those for a lot of

1 capital improvements, not for ongoing expenses,
2 innovations. We spent almost \$3 million of that for
3 radio interoperability between our police and fire
4 departments and the rest of the State and county, which
5 has been a big, big thing for our public safety.

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

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

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

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

25 Any questions?

1 CHAIRMAN KOHN: Thank you, Mayor.

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

5 MAYOR FOX: The Drury Plaza.

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

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

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

15 CHAIRMAN KOHN: Any questions of Mayor Fox?

16 COMMISSIONER JAMISON: No, sir.

17 MAYOR FOX: Thank you all.

18 COMMISSIONER NEER: One quick comment.

19 The only disappointing thing about Cape as
20 far as I'm concerned, I went to school there in the mid
21 '60s. When we went back, I went over to visit my old
22 apartment building. It's a parking lot.

23 MAYOR FOX: It's a parking lot.

24 You went to SEMO in the mid '60s?

25 COMMISSIONER NEER: Yes.

1 MAYOR FOX: So did I.

2 COMMISSIONER NEER: Look at us now.

3 MAYOR FOX: Yeah, I know.

4 COMMISSIONER JAMISON: A building can only
5 last so long.

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

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

10 MAYOR FOX: I know where that is.

11 Thank you. I appreciate it.

12 CHAIRMAN KOHN: Any other questions or
13 reminisces?

14 Thank you, Mayor.

15 MAYOR FOX: You're welcome.

16 CHAIRMAN KOHN: Mr. Seibert.

17 EXECUTIVE DIRECTOR SEIBERT: Next would be
18 public comments, if there are any public comments.

19 And if not, the investigative summary
20 provided by Corporal John Masters.

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

23 CHAIRMAN/COMMISSIONERS: Good morning.

24 CORPORAL MASTERS: IOC-Cape Girardeau
25 submitted a relicensing application to the MGC on

1 May 4th, 2018 for the renewal of its Class B gaming
2 license which is scheduled to expire today.

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

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

14 Thank you.

15 CHAIRMAN KOHN: Thank you.

16 Any questions?

17 COMMISSIONER NEER: No, sir.

18 COMMISSIONER JAMISON: No.

19 CHAIRMAN KOHN: Thank you very much.

20 Mr. Seibert.

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

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

25 On July 12th, 2018 the Missouri Gaming

1 Commission staff conducted a 100 percent audit of the
2 MBE/WBE records for the Class B licensee Isle of Capri-
3 Cape Girardeau. The results of our audit and specific
4 details related to those findings are included in the
5 summary report in your possession.

6 CHAIRMAN KOHN: Any questions?

7 So you have no concern about that WBE drop?

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

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

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

18 MS. BONNER: Correct. Correct.

19 COMMISSIONER LOMBARDO: Okay.

20 CHAIRMAN KOHN: Any other questions or
21 comments?

22 Thank you very much.

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

25 Okay. Then we're ready for the staff

1 recommendation, Mr. Seibert.

2 EXECUTIVE DIRECTOR SEIBERT: Staff does
3 recommend approval.

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

6 COMMISSIONER LOMBARDO: Motion to approve.

7 COMMISSIONER FINNEY: Second.

8 CHAIRMAN KOHN: Discussion on the motion?
9 Angie.

10 MS. FRANKS: Commissioner Finney.

11 COMMISSIONER FINNEY: Approved.

12 MS. FRANKS: Commissioner Lombardo.

13 COMMISSIONER LOMBARDO: Approved.

14 MS. FRANKS: Commissioner Neer.

15 COMMISSIONER NEER: Approved.

16 MS. FRANKS: Commissioner Jamison.

17 COMMISSIONER JAMISON: Approved.

18 MS. FRANKS: Chairman Kohn.

19 CHAIRMAN KOHN: Approved.

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

22 CHAIRMAN KOHN: Mr. Seibert.

23 EXECUTIVE DIRECTOR SEIBERT: Next will be the
24 consideration of relicensure of certain Class B
25 licensee. Mr. Michael Jerlecki, General Manager of

1 Hollywood Casino, will present and make any
2 presentations that are necessary.

3 CHAIRMAN KOHN: Good morning, Mr. Jerlecki.

4 MR. JERLECKI: Good morning.

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

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

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

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

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

25 Today with me I have three colleagues from

1 the casino. First is Chris Bruno. He's our Vice
2 President of Finance. Second is Lowell Jacobson. He is
3 our Vice President of Casino Operations. And third is
4 Kevin Meyer. He is our Director of Compliance.

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

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

13 Penn National Gaming acquired the property in
14 2012 and rebranded the property to the Hollywood Casino-
15 St. Louis. Our gaming floor consists of roughly
16 2,000 electronic gaming devices or slot machines,
17 63 table games and a 20-table poker room. We have a
18 two-tower hotel with 502 rooms and 47 luxury suites. We
19 also employ roughly 1,100 team members.

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

25 In terms of our Development Agreement,

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

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

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

21 This year we're right in that flat to zero to
22 1 percent range as well in terms of gaming revenue
23 growth for our property.

24 Capital investment at the property. For the
25 last four years or so, since our last licensing hearing,

1 there is 2015, '16, '17, anywhere from 5 to \$12 million.
2 That number fluctuates annually. Some of the big
3 fluctuations were caused by some major renovations to
4 the Hotel Towers. Those monies also include --
5 unfortunately they include monies that we had to spend
6 to repair some sink holes on our property.

7 2018, which was -- this year we're tracking
8 to spend roughly 4 1/2 to \$5 million as far as capital
9 investment. In 2019, as of right now our plans for 2019
10 include as typical some new slot machines. We're also
11 looking at an entire new surveillance system for our
12 property. We've got quotes and bids for that. So we're
13 excited about that coming online fairly soon.

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

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

25 In terms of crime statistics for the

1 property, these are stats that include the arrests as
2 reported by the Maryland Heights Police Department.

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

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

17 We've updated our emergency response program
18 to include active shooter procedures. We've also
19 participated in the purchase of the assault rifles and
20 gun cases for the MGC agents that are assigned to our
21 property, as well as in our hotel we've implemented a
22 wellness check program for hotel guests who stay in
23 excess of 48 hours. So we will have someone check on
24 those rooms if there is the do not disturb signs and
25 whatnot.

1 basically our philanthropic committee made up of
2 multiple different individuals from different
3 departments that try to decide and help decide where
4 some of these monies and our time is spent.

5 Over the past four years you'll see that that
6 number has increased drastically. Up until this past
7 year, 2018, we're estimating spending roughly \$135,000
8 on these efforts.

9 Major organizations that we support in our
10 area, the Ranken Jordan Pediatric Hospital, St. Louis
11 Children's Hospital, the Alzheimer's Foundation,
12 BackStoppers and the like.

13 We also have 250 plus local organizations,
14 small organizations that we absolutely consider the
15 effectiveness of those organizations and how well
16 they'll spend some of our money or our time that we help
17 them with, and a few of those are identified on the
18 board as well in terms of the Library Foundation,
19 Maryland Heights Police Officers Association, Caring
20 Solutions and things like that.

21 COMMISSIONER JAMISON: A quick question.

22 MR. JERLECKI: Yes.

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

1 MR. JERLECKI: Correct.

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

9 COMMISSIONER JAMISON: Okay. I was just
10 curious.

11 MR. JERLECKI: Our team member giving slide.
12 On this slide it highlights a little bit about what our
13 team members have done over the past few years.

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

18 And as you can see there, over the past four
19 years there has been a significant increase throughout
20 the years, and through '17 and '18 some of that jump
21 included some Habitat for Humanity hurricane disaster
22 relief that we -- and our team members supported, as
23 well there was a team member that worked at our
24 Las Vegas property that was injured in the October 2017
25 shooting that our team members helped support.

1 As well as one of the things that our team
2 members decided to do and I was all for but I had to be
3 a little cautious in terms of my involvement, because I
4 love to golf, is we decided to start a charity golf
5 tournament, and we conducted our last -- our first
6 annual charity golf tournament a few months ago, and for
7 that event we were able to raise \$45,000, and that was
8 after all expenses, to contribute to Relay for Life.
9 And that's going to be an annual event that we're going
10 to conduct going forward.

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

19 COMMISSIONER JAMISON: It's a golf
20 tournament.

21 MR. JERLECKI: It's the golf tournament.

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

24 MR. JERLECKI: We had a great time. How
25 about that answer?

1 Our MBE/WBE spending. As you can see
2 throughout 2015, 2016 and '17, our combined MBE/WBE
3 spend is roughly around 30, 32, 33 percent. That number
4 has really stayed sort of static around that range over
5 the last few years. It's a number we continually focus
6 on. I'm sure Cheryl will have a few comments regarding
7 that.

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

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

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

25 In 2018 Hollywood Casino-St. Louis, we hired

1 two female individuals that were part of what we call a
2 Leap Program. And what the Leap Program is is it
3 identifies students from their last portion of time in
4 college or recent graduates that we bring into the
5 casino. We try to give them a high level or a high
6 exposure job in hopes of them landing a leadership
7 position with our property.

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

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

19 We had another individual that was basically
20 on our property at a supervisory manager level that was
21 promoted to a director level. And then we had one
22 individual that was an assistant general manager, and
23 she was promoted to the general manager role at a
24 property in our -- at Argosy in Chicago. All three
25 females, all three that we're very proud of.

1 Throughout this year already we've also
2 promoted 25 people internally. 64 percent of those
3 individuals were female.

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

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

18 And we have three individuals, three women,
19 at the property that are involved in that program. And
20 what it does is it's a program that has goals that
21 encourage -- it's the encouragement of women to pursue
22 leadership roles, have visible female executive and
23 leadership individuals championing in growth and
24 development. And we're trying to increase the number of
25 women in leadership roles at our property as well.

1 And my involvement, I spend time with
2 those individuals, and we discuss things such as
3 sustainability, analytics, economics, strategy, those
4 type of things. And they also work with other leaders
5 at different properties throughout the country, both
6 male and female. So those are two programs that we're
7 proud of as well.

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

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

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

25 So I know the Hispanic Chamber of Commerce

1 will be there. The Women's Business Development Center
2 will be there. Different -- different organizations
3 will be there, again trying to promote economic growth
4 and diversity and business.

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

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

16 So Parcel 3 and 4 are actually the hotel in
17 the casino area. Parcel 2, this is the St. Louis
18 Community Ice Center that I'll speak about on an
19 additional slide in a moment. And then Parcels 6, 7 and
20 8, this is the Hollywood Casino Amphitheater that we
21 have the naming rights for, and it's actually owned by
22 Live Nation. And these are the parking facilities for
23 that amphitheater.

24 And so in the establishment of this Community
25 Improvement District, we basically came together and

1 decided -- we wanted to basically support economic
2 growth and development, and we're hoping that that
3 community ice center is the catalyst for growth, not
4 only just on this campus but in Maryland Heights in
5 total.

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

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

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

18 CHAIRMAN KOHN: What percent of your rooms
19 are comp?

20 MR. JERLECKI: Roughly 40 percent or so.

21 CHAIRMAN KOHN: Thank you.

22 MR. JERLECKI: On the previous slide I
23 pointed out the Hollywood Casino amphitheater. It's
24 basically the Live Nation amphitheater. It's located
25 really on our campus right next door. We have the

1 naming rights to that venue.

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

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

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

21 I mentioned briefly earlier the St. Louis
22 Community Ice Center. Again this is something that I
23 think our team and my predecessor and others and I'm
24 sure the representatives from the City of Maryland
25 Heights are extremely proud of.

1 This was an effort as members there that are
2 involved in this, from the AAA Blues or the
3 St. Louis Blues, talk about. It really took a village,
4 it really took a community of people to put this
5 together.

6 And so what is happening on the grounds that
7 now the City of Maryland Heights actually owns is there
8 is a complex being built. It's the St. Louis Community
9 Ice Center. There will be four rinks, three indoor, one
10 outdoor. One of those rinks, the main rink, will
11 actually be convertible, to where we can conduct
12 concerts, UFC boxing, things like that, for about four
13 or 5,000 people. And for hockey, when it conducts --
14 when there is regular hockey there, it can seat about
15 2,500 people. That's the main rink.

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

24 If any of you are interested in the over 40
25 or over 50 men's adult house no-check league, like I

1 play in because I'm not very good, you're also welcome
2 to come and join the league. But it will also house
3 leagues that like. It will host kids' leagues as well.

4 The outdoor rink -- there is a fourth rink
5 that is an outdoor rink, and that rink will actually be
6 convertible as well to sort of an outdoor amphitheater-
7 type venue that will be able to seat close to 5,000
8 people.

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

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

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

23 CHAIRMAN KOHN: Mr. Mayor, good morning.

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

1 senior.

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

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

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

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

24 In partnership with Hollywood we are
25 realizing a long held and shared dream of transforming

1 the casino from a stand-alone attraction to an
2 entertainment district anchor. With the addition of the
3 ice complex which will serve as the practice home for
4 the St. Louis Blues and the infusion of athletes and
5 spectators from both in and out of town, the casino and
6 surrounding development will become the epicenter of
7 hospitality and tourism in St. Louis County.

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

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

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

24 In addition to 141, the City has made
25 significant investments in capital projects, including

1 partnering with MoDOT and St. Louis County to rebuild
2 the Dorsett/I-270 interchange and to support the
3 expansion of Edward Jones Campus.

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

8 Gaming tax revenues has allowed the City to
9 expand recreational services. In 2017 we opened a new
10 92,000 square foot community center, featuring a fitness
11 center, aquatic center, gymnasium, senior center, indoor
12 track and a rentable meeting space.

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

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

24 Maryland Heights is now home to over 1,700
25 businesses that have collectively brought thousands of

1 jobs to Maryland Heights and the entire St. Louis
2 region.

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

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

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

20 Our police force, which expanded as a result
21 of the opening of the casino, is responsive and
22 proactive. The department collaborates with hotels,
23 restaurants, the casino and other entertainment venues
24 in an effort to prevent crime before it happens and to
25 respond swiftly and professionally if it does.

1 Again, this level is service of
2 professionalism would not be attainable if it were not
3 for gaming revenues that enhance our ability to fund
4 staffing and training.

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

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

12 CHAIRMAN KOHN: I understand, Mr. Mayor, that
13 you may have one of more of your councilmen with you.
14 Is that right?

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

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

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

23 CHAIRMAN KOHN: Thank you very much.

24 MAYOR MOELLER: Thank you.

25 CHAIRMAN KOHN: It sounds like you're happy

1 to have the casino.

2 MAYOR MOELLER: Absolutely. No problems at
3 all.

4 CHAIRMAN KOHN: Okay. Any questions of the
5 mayor?

6 COMMISSIONER NEER: No, sir.

7 COMMISSIONER JAMISON: No, sir.

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

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

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

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

24 Penn holds 100 percent ownership of St. Louis
25 Gaming Ventures, LLC, a Delaware limited liability

1 company formed in July 2012. Hollywood-St. Louis, a
2 Missouri corporation, is 100 percent owned by and is a
3 subsidiary of St. Louis Gaming Ventures, LLC.

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

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

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

18 CHAIRMAN KOHN: Any questions of
19 Sergeant Davidson?

20 COMMISSIONER JAMISON: No, sir.

21 COMMISSIONER NEER: No, sir.

22 CHAIRMAN KOHN: Thank you, Sergeant.

23 Mr. Seibert.

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

1 present.

2 MS. BONNER: Good morning again.

3 CHAIRMAN/COMMISSIONERS: Good morning.

4 MS. BONNER: On July 11, 2018 the Missouri
5 Gaming Commission staff conducted a 100 percent audit of
6 the MBE/WBE records for the Class B licensee Hollywood
7 Casino-St. Louis. The results of our audit and specific
8 details related to those findings are included in the
9 summary report in your possession.

10 I'll be happy to answer any questions.

11 CHAIRMAN KOHN: Any questions of Ms. Bonner?

12 COMMISSIONER JAMISON: No.

13 CHAIRMAN KOHN: Thank you very much.

14 MS. BONNER: Thank you.

15 CHAIRMAN KOHN: Is there anyone here from the
16 public who would like to comment on this matter?

17 We are ready for the staff recommendation.

18 EXECUTIVE DIRECTOR SEIBERT: Staff recommends
19 approval.

20 CHAIRMAN KOHN: Is there a motion to approve
21 Resolution 18-054?

22 COMMISSIONER JAMISON: So moved.

23 COMMISSIONER NEER: Second.

24 CHAIRMAN KOHN: Discussion on the motion?

25 Angie.

1 MS. FRANKS: Commissioner Finney.

2 COMMISSIONER FINNEY: Approved.

3 MS. FRANKS: Commissioner Lombardo.

4 COMMISSIONER LOMBARDO: Approved.

5 MS. FRANKS: Commissioner Neer.

6 COMMISSIONER NEER: Approved.

7 MS. FRANKS: Commissioner Jamison.

8 COMMISSIONER JAMISON: Approved.

9 MS. FRANKS: Chairman Kohn.

10 CHAIRMAN KOHN: Approved.

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

12 Resolution No. 18-054.

13 CHAIRMAN KOHN: Mr. Seibert.

14 EXECUTIVE DIRECTOR SEIBERT: Next is
15 consideration of relicensure of certain suppliers.

16 Sergeant Sammy Seaton will present.

17 CHAIRMAN KOHN: Good morning, Sergeant.

18 SERGEANT SEATON: Good morning.

19 Missouri State Highway Patrol and MGC
20 investigators conducted the supplier relicensing
21 investigation of Bally Gaming, Incorporated doing
22 business as Bally Technologies.

23 This investigation consisted of
24 jurisdictional inquiries, feedback from affected gaming
25 company clients, a review of disciplinary actions,

1 litigation and business credit profiles, as well as a
2 review of the key persons associated with the company.

3 The results of the investigation were
4 provided to the MGC staff for their review, and you
5 possess the summary report which outlines our
6 investigative findings.

7 Thank you.

8 CHAIRMAN KOHN: Thank you.

9 Any questions of Sergeant Seaton?

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

12 COMMISSIONER NEER: Motion to approve.

13 COMMISSIONER LOMBARDO: Second.

14 CHAIRMAN KOHN: Discussion on the motion?

15 Angie.

16 MS. FRANKS: Commissioner Finney.

17 COMMISSIONER FINNEY: Approved.

18 MS. FRANKS: Commissioner Lombardo.

19 COMMISSIONER LOMBARDO: Approved.

20 MS. FRANKS: Commissioner Neer.

21 COMMISSIONER NEER: Approved.

22 MS. FRANKS: Commission Jamison.

23 COMMISSIONER JAMISON: Approved.

24 MS. FRANKS: Chairman Kohn.

25 CHAIRMAN KOHN: Approved.

1 MS. FRANKS: By your vote you've adopted
2 Resolution No. 18-055.

3 CHAIRMAN KOHN: Mr. Seibert.

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

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

9 CHAIRMAN/COMMISSIONERS: Good morning.

10 TROOPER RONALD: Missouri State Highway
11 Patrol investigators, along with Missouri Gaming
12 Commission financial investigators, conducted
13 comprehensive background investigations on multiple Key
14 and Level I applicants.

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

19 The following individuals are being presented
20 for your consideration: Mr. Robert Boughner as a
21 Director of Boyd Gaming Corporation, Mr. Richard
22 Flaherty as an Independent Director of Boyd Gaming
23 Corporation, Mr. Darren VanDover as a Senior Vice
24 President and General Manager of Harrah's North
25 Kansas City, Mr. Michael Jerlecki as a Vice President

1 and General Manager of Hollywood Casino-St. Louis, and
2 Mr. Mikhail Averbukh as the IT Director of River City
3 Casino.

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

8 Thank you.

9 CHAIRMAN KOHN: Any questions?

10 If not, is there a motion to approve
11 Resolution No. 18-056?

12 COMMISSIONER JAMISON: So moved.

13 COMMISSIONER FINNEY: Second.

14 CHAIRMAN KOHN: Discussion on the motion?

15 Angie.

16 MS. FRANKS: Commissioner Finney.

17 COMMISSIONER FINNEY: Approved.

18 MS. FRANKS: Commissioner Lombardo.

19 COMMISSIONER LOMBARDO: Approved.

20 MS. FRANKS: Commissioner Neer.

21 COMMISSIONER NEER: Approved.

22 MS. FRANKS: Commissioner Jamison.

23 COMMISSIONER JAMISON: Approved.

24 MS. FRANKS: Chairman Kohn.

25 CHAIRMAN KOHN: Approved.

1 MS. FRANKS: By your vote you've adopted
2 Resolution No. 18-056.

3 CHAIRMAN KOHN: Mr. Seibert.

4 EXECUTIVE DIRECTOR SEIBERT: Next is
5 consideration of disciplinary actions.

6 Mr. Ed Grewach will present.

7 CHAIRMAN KOHN: Ed, you're on.

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

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

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

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

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

24 We found three incidents where they failed to
25 have the repository database properly updated, and a

1 compliance directive was issued to the company on
2 January 5th, 2018.

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

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

9 COMMISSIONER LOMBARDO: Motion to approve.

10 COMMISSIONER FINNEY: Second.

11 CHAIRMAN KOHN: Discussion on the motion?
12 Angie.

13 MS. FRANKS: Commissioner Finney.

14 COMMISSIONER FINNEY: Approved.

15 MS. FRANKS: Commissioner Lombardo.

16 COMMISSIONER LOMBARDO: Approved.

17 MS. FRANKS: Commissioner Neer.

18 COMMISSIONER NEER: Approved.

19 MS. FRANKS: Commissioner Jamison.

20 COMMISSIONER JAMISON: Approved.

21 MS. FRANKS: Chairman Kohn.

22 CHAIRMAN KOHN: Approved.

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

25 CHAIRMAN KOHN: Go ahead.

1 MR. GREWACH: Under Tab G we have a
2 preliminary order of discipline directed to the Mark
3 Twain Casino for failing to properly monitor, detect and
4 prevent table games personnel and patrons from cheating
5 at table games.

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

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

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

21 The cheating occurred by the table games
22 personnel not collecting losing bets, by manipulating
23 dice at the craps table to change the outcome of the
24 game, by calling the dice a different number than what
25 had actually been rolled.

1 The pit manager also admitted to allowing
2 patrons to cap or pass post -- and that's to add another
3 wager to a bet that they'd already -- the patron already
4 knew they had won. And the activity had not been
5 detected either by the table games supervision or
6 surveillance and had not been reported to the Missouri
7 Gaming Commission prior to that August 1st notification.

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

18 You'll also see in your packet our reply to
19 that, in which we indicated that all of the safety
20 guards that are in place to prevent this from happening,
21 the table games supervision personnel finding it, the
22 surveillance detecting it and it being not reported to
23 the Gaming Commission personnel led to the problem, so
24 we did see it as a systemic problem, and we continue to
25 recommend the \$50,000 fine.

1 I might also note that since the preliminary
2 order of discipline has been filed I've spoken with Mark
3 Twain's attorney, and he has indicated to me that they
4 do not plan on asking for a hearing from this
5 preliminary order or the \$50,000 fine recommended.

6 CHAIRMAN KOHN: Questions of Ed?

7 COMMISSIONER FINNEY: I have one quick
8 question.

9 Can you explain the systemic breakdown just
10 really quickly?

11 MR. GREWACH: Sure.

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

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

23 COMMISSIONER FINNEY: I guess my question
24 is -- I mean, it seems pretty brazen and open and
25 obvious, wouldn't you agree? Is that a fair statement,

1 or no?

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

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

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

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

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

24 MR. GREWACH: You know, other than the fact
25 that the dealer did make one statement that she was

1 getting extra tips. I can't really elaborate on that.
2 I don't know if it was extra tips at the table or
3 something that took place outside of that. But other
4 than that I really don't have a good answer on what the
5 motivation of these parties were.

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

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

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

18 What would you have to say to that?

19 MR. GREWACH: Well, it's true. Nothing is
20 perfect, but, you know, the concept is that, you know,
21 because you have the checks and balances with both table
22 games supervisory staff and surveillance, we would
23 expect you to catch it. And I guess you add to that the
24 fact that it had been going on for so long, for that
25 many months, that we felt that was.

1 But, I mean, you'd have to concede that there
2 is no perfect system you would ever set up that would
3 completely prevent wrongdoing.

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

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

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

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

17 COMMISSIONER LOMBARDO: Thank you.

18 CHAIRMAN KOHN: Any other questions or
19 comments?

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

25 So with that is there a motion to approve

1 DC-18-097?

2 COMMISSIONER JAMISON: I move for approval.

3 COMMISSIONER LOMBARDO: Second.

4 CHAIRMAN KOHN: Discussion on the motion?

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

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

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

21 MS. FRANKS: Commissioner Finney.

22 COMMISSIONER FINNEY: Approved.

23 MS. FRANKS: Commissioner Lombardo.

24 COMMISSIONER LOMBARDO: Approved.

25 MS. FRANKS: Commissioner Neer.

1 COMMISSIONER NEER: Approved.

2 MS. FRANKS: Commissioner Jamison.

3 COMMISSIONER JAMISON: Approved.

4 MS. FRANKS: Chairman Kohn.

5 CHAIRMAN KOHN: Approved.

6 MS. FRANKS: By your vote you've adopted
7 DC-18-097.

8 CHAIRMAN KOHN: Ed.

9 MR. GREWACH: Yes.

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

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

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

25 And let's take for an example a four. So if

1 the shooter rolls a four, then there's the point, and if
2 he continues to roll a four -- again, it's just -- I'm
3 limiting this to the Fire Bet. If he continues to roll
4 a four, roll and hits a four before he hits a seven,
5 then the Fire Bet stays in place. If he rolls a seven,
6 which they refer to as you'll see in the documents a
7 sevening-out, then the Fire Bet loses.

8 So what happened here -- and the odds are if
9 you make four points in succession and you have a Fire
10 Bet, it pays out 40-to-1 odds. If you have five points,
11 it pays 200-to-1 odds. If you make six points, it pays
12 500-to-1 odds.

13 At two o'clock in the morning on March 15th,
14 2018, they call it the last shooter. He made a point.
15 And then what followed was then an unusually long
16 90-minute roll in which he continued to make points
17 without sevening out.

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

23 For staffing issues and concern about how
24 long the table games personnel had been at their
25 stations and concern that they might make mistakes, the

1 pit manager made the decision to shut down the game even
2 though the Fire Bet had not sevensed out.

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

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

11 Later, as they discussed it further, they
12 went ahead and paid the patrons additional money,
13 200-to-1 odds.

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

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

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

25 COMMISSIONER LOMBARDO: Two questions.

1 Everything you've just told us, that's all
2 confirmed by surveillance?

3 MR. GREWACH: Yes.

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

6 MR. GREWACH: Received a nonpunitive letter.

7 COMMISSIONER LOMBARDO: From who?

8 MR. GREWACH: From us.

9 COMMISSIONER LOMBARDO: Okay.

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

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

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

21 And they hadn't counted on -- when they
22 called last shooter at two o'clock, they had counted on
23 closing the game down and they hadn't anticipated a
24 90-minute roll, which is very unusual.

25 So you had people that were on well after the

1 time their shift had ended. He didn't have another
2 shift coming in because he didn't -- he didn't really
3 plan on keeping the game open much longer than that
4 2:00 a.m. call for the last roll, last shooter.

5 CHAIRMAN KOHN: Any other questions?

6 COMMISSIONER JAMISON: No, sir.

7 COMMISSIONER NEER: No.

8 CHAIRMAN KOHN: Is there a motion with
9 respect to DC-18-098?

10 COMMISSIONER FINNEY: Motion to approve.

11 COMMISSIONER JAMISON: Second.

12 CHAIRMAN KOHN: Discussion on the motion?
13 Angie.

14 MS. FRANKS: Commissioner Finney.

15 COMMISSIONER FINNEY: Approved.

16 MS. FRANKS: Commissioner Lombardo.

17 COMMISSIONER LOMBARDO: Approved.

18 MS. FRANKS: Commissioner Neer.

19 COMMISSIONER NEER: Approved.

20 MS. FRANKS: Commissioner Jamison.

21 COMMISSIONER JAMISON: Approved.

22 MS. FRANKS: Chairman Kohn.

23 CHAIRMAN KOHN: Approved.

24 MS. FRANKS: By your vote you've adopted
25 DC-18-098.

1 CHAIRMAN KOHN: Ed.

2 MR. GREWACH: Yes.

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

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

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

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

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

24 A compliance directive was issued to the
25 casino, which is basically a written warning indicating

1 to them they have to correct this.

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

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

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

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

25 The reason that we require Revenue Audit to

1 have these lists of who the dual-rate employees are and
2 what function they're serving is again going back to
3 that example. A supervisor has different signatory
4 authority and different key access than a dealer would
5 have.

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

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

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

22 Our reply was that due to the fact that
23 throughout the followup, the compliance directive and
24 followup to the compliance directive that still was a
25 problem, that we would maintain our recommendation of a

1 \$2,500 fine.

2 CHAIRMAN KOHN: Questions of Ed?

3 Is there a motion on DC-18-099?

4 COMMISSIONER JAMISON: Move to adopt.

5 COMMISSIONER NEER: Second.

6 CHAIRMAN KOHN: Discussion on the motion?

7 Angie.

8 MS. FRANKS: Commissioner Finney.

9 COMMISSIONER FINNEY: Approved.

10 MS. FRANKS: Commissioner Lombardo.

11 COMMISSIONER LOMBARDO: Approved.

12 MS. FRANKS: Commissioner Neer.

13 COMMISSIONER NEER: Approved.

14 MS. FRANKS: Commissioner Jamison.

15 COMMISSIONER JAMISON: Approved.

16 MS. FRANKS: Chairman Kohn.

17 CHAIRMAN KOHN: Approved.

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

19 DC-18-099.

20 CHAIRMAN KOHN: Mr. Seibert.

21 EXECUTIVE DIRECTOR SEIBERT: The next order

22 of business is consideration of rules and regulations.

23 Mr. Ed Grewach will present.

24 CHAIRMAN KOHN: Hi, Ed.

25 MR. GREWACH: Hello.

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

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

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

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

22 CHAIRMAN KOHN: Any questions or comments?

23 COMMISSIONER NEER: No, sir.

24 CHAIRMAN KOHN: Is there a motion to adopt
25 the rules under Tab J?

1 COMMISSIONER NEER: Motion to approve.

2 COMMISSIONER LOMBARDO: Second.

3 CHAIRMAN KOHN: Discussion on the motion?

4 Angie.

5 MS. FRANKS: Commissioner Finney.

6 COMMISSIONER FINNEY: Approved.

7 MS. FRANKS: Commissioner Lombardo.

8 COMMISSIONER LOMBARDO: Approved.

9 MS. FRANKS: Commissioner Neer.

10 COMMISSIONER NEER: Approved.

11 MS. FRANKS: Commissioner Jamison.

12 COMMISSIONER JAMISON: Approved.

13 MS. FRANKS: Chairman Kohn.

14 CHAIRMAN KOHN: Approved.

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

16 proposed amendments, 11 CSR 45-4.420, 7.130, 9.102,

17 9.106, 9.109, 9.116, 9.117, 30.020 and 40.030.

18 CHAIRMAN KOHN: Thank you.

19 MR. GREWACH: Thank you.

20 CHAIRMAN KOHN: I think that concludes our

21 business in the open session. Is there anyone up here

22 who would like to make a motion to go into closed

23 session?

24 COMMISSIONER JAMISON: I'd let anyone do it.

25 COMMISSIONER NEER: You do it so well.

1 COMMISSIONER JAMISON: I move for a closed
2 meeting under Sections 313.847 and 313.945, Revised
3 Missouri Statutes, investigatory, proprietary and
4 application records, and 610.021, Subparagraph 1,
5 Revised Missouri statutes, legal actions, Subparagraph 3
6 and Subparagraph 13, personnel, and Subparagraph 14,
7 records protected from disclosure by law.

8 CHAIRMAN KOHN: Is there a second?

9 COMMISSIONER NEER: Second.

10 CHAIRMAN KOHN: Angie.

11 MS. FRANKS: Commissioner Finney.

12 COMMISSIONER FINNEY: Approved.

13 MS. FRANKS: Commissioner Lombardo.

14 COMMISSIONER LOMBARDO: Approved.

15 MS. FRANKS: Commissioner Neer.

16 COMMISSIONER NEER: Approved.

17 MS. FRANKS: Commissioner Jamison.

18 COMMISSIONER JAMISON: Approved.

19 MS. FRANKS: Chairman Kohn.

20 CHAIRMAN KOHN: Approved.

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

24 Thank you all for being here. We got you out
25 by 11:30. So we will now go into closed session.

1 WHEREIN, the meeting concluded at 11:29 a.m.

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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.

Patricia A. Stewart

CCR 401

MISSOURI GAMING COMMISSION
Second Open Session Minutes
October 31, 2018

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.