

OHIO CASINO CONTROL COMMISSION  
MEETING MINUTES

10:00 A.M. – NOVEMBER 16, 2011  
RIFFE CENTER, 77 SOUTH HIGH STREET  
31<sup>ST</sup> FLOOR, SOUTH B AND C  
COLUMBUS, OHIO 43215

The meeting was called to order at 10:10 a.m. by chair Jo Ann Davidson. Commissioners McKinley Brown, Martin Hoke, Ranjan Manoranjan, John Steinhauer, and June Taylor were in attendance. Commissioner Silverman had an excused absence. The minutes of the November 2, 2011 meeting were approved.

Executive Director Matt Schuler introduced new Casino Control Commission staff: Patrick Martin, Director of Regulatory Compliance; Rick Anthony, Director of Operations; Karen Huey, Director of Enforcement; Laura Clemens, Director of Government Affairs and Problem Gaming Program Coordinator; Joy Estose, Human Resource Manager; Noah Browning, Fiscal Officer; Matthew Oyster, Assistant Legal Counsel; and Kurt Shearer of the Bureau of Criminal Investigation and Identification who will remain with BCII as the Special Agent in Charge, but will function in the capacity of Deputy Director of Enforcement and work out of the Commission Offices. Mr. Schuler reported that the Maryland State Lottery has agreed on an MOU with the Commission to share investigation costs related to Rock Ohio Caesars which has filed a license application in both jurisdictions.

Daryl Morrison, Compliance Manager for Hollywood Casino Toledo, reviewed a Progress Report that was distributed to Commission members and will be on the web site of the Commission. His report highlighted the projected move into the “back of the house” by November 28<sup>th</sup> and the scheduling of numerous job fairs in the Toledo area. Bruce Loprete, Director of Security for Hollywood Casino Toledo, noted the successful blueprint review of the Casino had resulted in security adjustments being made and approved.

The Chair offered two resolutions giving approval to the final adoption of Administrative Rules. Resolution 2011-24, to Adopt the Key Employee License Rules, Sections 3772:5-01 through 3772:5-04, was approved on a motion made by Commissioner Steinhauer and seconded by Commissioner Brown. Resolution 2011-25, to Adopt the Gaming-Related Vendor License Rules, Sections 3772:6-01 through 3772:6-04, was approved on a motion made by Commissioner Hoke and seconded by Commissioner Taylor.

John Oberle, representing Penn National and Fortress Investment Group, wanted to clarify the wording of Commission Resolution 2011-21, passed on October 5, to indicate that neither his law firm, nor Fortress had the authority to represent Nomura, nor has Nomura made any representation before the Commission.

Administrative rules proposed for initial filing were reviewed. First, the Casino Operator and Management Company License Rules, 3772:4-5 through 3772:4-9, were reviewed, prompting a question regarding fees. Staff explained that proposed fees could increase if the cost of the license renewal

investigation were to exceed that amount. The renewal fee also reflects the previous three years of expenses in overseeing that casino's operations in Ohio. Commissioner Hoke asked about the Commission's ongoing revenue stream. Rick Anthony (OCCC Staff) clarified that the Constitution stipulates that 3% of the 33% gross receipts tax revenue received from the casinos, is to be distributed to fund the OCCC. With all four casinos in operation, initial estimates of that revenue were \$18 million annually. If Video Lottery Terminals are authorized, OBM estimates that amount to fall to 12.8 million. Commissioner Hoke noted that if VLTs are in place, costs to oversee the Casinos may be reduced as well. The Executive Director and the Office of Budget and Management will present a financial report at the December meeting. Commissioner Manoranjan moved that these rules be approved for initial filing. The motion was seconded by Commissioner Hoke and approved.

Second, the Commission considered Gaming Supplies, Devices, and Equipment Design rules, 3772:9-1 through 3772:9-9. Agreement was made to clarify the exemption of player tracking systems used for marketing as well as to the addition of a definition section for slot machine features, and additional language regarding transportation of parts for slot machines. Commissioner Steinhauer made a motion to approve these rules for filing, subject to the changes as noted. The motion was seconded by Commissioner Brown and adopted.

Also proposed for initial filing were rules for Independent Testing Laboratory Certification, 3772:15-1 through 15-6. The Commission will leave as drafted, language proposed in these rules pertaining to background investigations and conditions of certification for testing laboratories, the duties of a certified testing laboratory, and the requirement for certified laboratories to take corrective actions when needed and report such action to the Commission. Commissioner Hoke made a motion to approve these rules for filing, subject to the changes as noted. It was seconded by Commissioner Brown, the motion was approved.

Steven Ingis (Spectrum Gaming) reported on the outstanding Scope of Licensing issues for Operators. None of the required filers for Fortress or Nomura have filed. Apollo Global and TPG Capital have agreed to make their filings subsequent to conversations and understanding as to what the law requires and those should be received by November 17. Lynne Kaufman, representing Rock Ohio Caesars, elaborated on a Revised Exhibit A / Required Filings List. The entities highlighted on the revised exhibit are no longer required to file because the ownership interests have been assigned to individuals. The majority of these entities are related to estate planning. Kevin Kline was removed from the required filings list and will file at a later date in affiliation with the Cincinnati Casino. Commissioner Steinhauer asked whether there were any attribution problems and Spectrum answered that there were not. A Resolution, 2011-26, was offered to Adopt Modified Exhibit A for Rock Ohio Caesars. Discussion followed as to the impact of licensing delays and changes on the publicized opening date for the Cleveland Casino. Spectrum Gaming expressed they are cautiously optimistic about the March 26 opening date, but noted it is getting difficult especially if investigative delays arise. Commissioner Hoke said he is very concerned that expectations are unrealistic for an opening on March 26, and added that the OCCC is not going to grant a license based on an incomplete license investigation. Commissioner Taylor moved adoption of the Resolution which was seconded by Commissioner Manoranjan. The Resolution was adopted.

The Attorney General's Office reviewed the proposed Limited Key Employee Form for Outside Directors. This form is a combination of the multi-jurisdictional form and the Ohio supplement with numerous changes designed to reduce the overall size of the form. The Chair directed Executive Director Schuler to review the proposed changes with OCCC staff and operators and report at the next meeting.

Chair Davidson asked what action could be taken by the Commission if required filings are not made. Commissioner Steinhauer suggested a letter to the filers that speaks to legal requirements and the timeline for casino openings. Commissioner Hoke requested staff have a draft letter prepared for the next meeting.

Chris Storcella and Rick Anthony (OCCC Staff), reported on the Scope of Licensing for Vendors. All 28 vendors expressing interest in being licensed have been contacted and a full report on their status will be made at the next meeting. The secure licensing portal is working as well as the credit payment process and the online fingerprint request system.

Michael Rzymek of the Attorney General's Office reviewed the Minimum Electronic Gaming Equipment Standards. Standards are adopted in this area instead of rules because the technology changes so rapidly. Mr. Rzymek highlighted the areas in which proposed language deviates from the TSO Standards. Although these standards do not have to go through the Ohio rulemaking process, the Attorney General's office recommends that they be adopted by the Commission. A motion was made by Commissioner Taylor to approve the standards. The motion was seconded by Commissioner Monoranjan and approved.

Executive Director Schuler told the Commissioner that legislation is anticipated next week relating to video lottery terminals and revising some aspects of the casino licensing law. The House and Senate may hold joint hearings on this legislation once it is officially introduced.

There being no further business before the Commission, the meeting was adjourned at 2:30 p.m.