

OHIO CASINO CONTROL COMMISSION
MEETING MINUTES
10:00 A.M. – March 19, 2014
RHODES TOWER, LOBBY HEARING ROOM
30 W. BROAD STREET
COLUMBUS, OHIO 43215

The regular meeting of the Ohio Casino Control Commission was called to order at 10:10 a.m. by Chair Jo Ann Davidson. Commissioners McKinley Brown, Martin Hoke, Will Lucas, Ranjan Manoranjan, John Steinhauer, and June Taylor were also in attendance. The minutes of the February 12, 2014 meeting were approved following a motion by Commissioner Taylor, seconded by Commissioner Manoranjan.

Executive Director Schuler's report was moved to the end of the agenda.

The first order of business was the presentation of a proposed debt transaction for Rock Ohio Caesars, LLC (ROC). Mr. Dan Reinhard, VP of Legal and Government Affairs for Rock Gaming, appeared before the Commission and highlighted three items that he would discuss: 1.) The set of amendments to the FF&E loan agreement from September 2013; 2.) a request to waive the requirement that a request for approval of a debt transaction must be submitted to the Commission 30 days in advance; and 3.) a newly proposed debt transaction regarding ROC's FF&E Loan Agreement.

Mr. Reinhard introduced Rock Gaming officials present at the meeting: Matt Cullen, Chief Executive Officer of Rock Gaming; Amy Kuzdowicz, Chief Financial Officer of ROC; Ryan Sullivan, member of ROC finance team; William Brinkman, member of ROC finance team, and Jennifer Kulczycki, ROC PR Director. Mr. Reinhard told the Commission he would attempt to answer questions in the public setting, but may need to request that some questions be dealt with in an Executive Session due to the fact that it would involve statutorily protected confidential information.

Mr. Reinhard began with the September 2013 FF&E loan agreement amendments. He said that after modifications were made to ROC's Term B loans, they (ROC) saw an opportunity to address their FF&E loan. They submitted materials in August and were placed on the September Commission meeting agenda. OCCC approved the amendments at that time. ROC intended to close the transaction in a matter of days, but the data points were stale and they needed to refresh them. As a result of this delay, market conditions changed, and one to two months later it was apparent they were not going to close on the transaction as proposed in September. However, a decision was made to move forward with one amendment, a clarification of a term, which was subsequently executed in November 2013. As such, it was an amendment to the previously agreed upon terms and was not disclosed to OCCC in a timely fashion according to Commission rules. Mr. Reinhard explained that he did not notify the Commission initially because obtaining new data seemed like it would only cause a short delay and that ROC would eventually close on the same terms as proposed and approved in September. In responding to ROC's nondisclosure, Mr. Reinhard stated that there was a "complete failure to communicate internally" and "we should have notified the Commission." Looking back he continued, "it is very clear we should have notified the Commission" and he apologized for the situation they put the Commission and its staff in due to the failure to notify. Mr. Reinhard stated, "We didn't have a good process in place as an entity. I want to take a large portion of responsibility for that". He said "a more structured process is in place and alerts are in place, to make sure everyone is fully aware of things we should be doing." He

concluded noting, "Going forward we will take full responsibility on new debt transactions from a process standpoint. We believe we have corrected the problem, but do apologize."

Chair Davidson asked Mr. Reinhard to pause his presentation and allow for questions from the Commission. In response to questions, Mr. Reinhard explained that ROC became aware of the problem after materials were submitted to OCCC for the new transaction and when Commission staff asked for materials relative to the September closing. Matt Cullen then spoke to the Commission saying that he would like to apologize as well. Mr. Cullen said that the specific item being amended was a definition of fixed charge for coverage ratio, and that the change was not communicated effectively to Dan. There was "a communications breakdown at our organization. It didn't get translated to Dan that there was a clarification that was needed and by the time he found out, it was too late." Mr. Cullen went on to say that this explanation does not excuse the fact they did not communicate with the Commission, "it was a mistake" and "we blew it" he said.

Moving to part three of his presentation, Mr. Reinhard introduced Ryan Sullivan who proceeded with an overview of the newly proposed debt transaction. He began by describing ROC's overall debt structure which contains three primary facilities: FF&E, Term Loan "B", and 2nd Lien Notes, which were all part of the original 2011 corporate financial organization. Mr. Sullivan noted that ROC is now in full-fledged operation and a different company than was reflected in the initial loans. Specifically, he said that refinancing the FF&E loan at this time puts them in a much better position and reflects that they are no longer in the risky construction stage. Mr. Sullivan then provided key aspects of the refinancing transaction to the Commission including the total refinancing balance, fees and expenses incurred as a result, interest rate changes, new amortization schedules, and a new maturity date.

Appearing before the Commission to present the OCCC staff's findings and recommendation of ROC's proposed debt transaction regarding its FF&E loan, was Anna Marin Russell, OCCC Financial and Tax Investigation Counsel. Ms. Russell explained that the proposed uses of the funds were commercially reasonable and that the transaction would not negatively impact ROC's overall financial suitability. Based on OCCC findings, Ms. Russell stated that it was reasonable for the Commission to approve the debt transaction and the proposed Resolution authorizing the debt transaction.

John Barron, OCCC Deputy Executive Director and General Counsel, explained that if the Commission arrives at the point of a vote on the Resolution, an amendment of the proposed Resolution could be offered to require review of the transactions at various stages during the process.

Chair Davidson made the following motion: "The material terms of Rock Ohio Caesar, LLC's proposed debt transaction contain matters required to be kept confidential by state statute. In particular, discussion of these terms requires consideration of financial and trade secret information that is deemed confidential under R.C. 3772.16(A)(9) and (12), respectively. Accordingly, I move to go into executive session pursuant to R.C. 121.22(G)(5)."

The motion was seconded by Commissioner Taylor. Role was called and the motion was approved, 7-0. The Commission adjourned into executive session at 10:59 a.m.

A motion was made by Commissioner Taylor to resume the regular session of the Casino Control Commission at 12:04 p.m. The motion was seconded by Commissioner Lucas and approved.

Dan Reinhard appeared again before the Commission. Mr. Reinhard explained the need for the Commission's approval of the requested waiver of the 30-day requirement, admitting that the appropriate materials for the debt transaction had not been submitted in a timely fashion. Mr. Reinhard stated that ROC will be setting earlier internal deadlines as they know the 30-day requirement is a firm deadline.

A motion to grant a request to waive the 30-day requirement before approval of the proposed debt transaction would be considered by the Commission, was proposed by Commissioner Hoke. The motion was seconded by Commissioner Taylor and approved.

The adoption of Commission Resolution 2014-06, approving ROC's proposed debt transaction, was put before the Commission. Commissioner Steinhauer made a motion to amend the Resolution.

Matt Oyster, OCCC Deputy General Counsel, presented the proposed amendment to Resolution 2014-06, which would replace original paragraph (A) of the Resolution's conditions: "ROC shall close all transactions related to the proposed debt transaction within 15 days of approval thereof without any changes and shall provide executed copies of all debt-transaction-related documents within 10 days of execution; if ROC fails to close the proposed debt transaction within 15 days of approval thereof without any changes, ROC shall obtain approval from the Executive Director for a 15-day extension to close the proposed debt transaction; failure to close the proposed debt transaction within the initial 15 days, or within the 15-day extension if approved by the Executive Director, without any changes thereto renders approval thereof null and void". The motion to amend was seconded by Commissioner Brown and approved.

A motion to adopt Commission Resolution 2014-06, as amended, was made by Commissioner Manoranjan. Commissioner Lucas seconded the motion and it was approved.

Aleah Page, Manager of Vendor and Operator Licensing, presented to the Commission for consideration, the applications from five individuals for Key Employee licenses. The Division of Licensing and Investigations had completed their investigation of the applications and recommended their approval. Commissioner Steinhauer made a motion to approve Resolution 2014-05, granting three-year Key Employee Licenses to Brendan Gowen, Horseshoe Cleveland Casino, Kathryn Lever, Bally Technologies, Inc., Michael Mann, GPI, Joseph Sigrist, IGT, and Tracey Weber, IGT. The motion was seconded by Commissioner Brown, and the Resolution was adopted.

Patrick Martin, Director of Regulatory Compliance, presented amendments to Internal Control plans being requested by Hollywood Columbus Casino and Hollywood Toledo Casino.

- Hollywood Columbus Casino sought changes to its General Plan, Accounting Plan, Internal Audit Plan, Marketing Plan, Security Plan, Slots Plan, and Tips and Gratuities Plan. Ameet Patel, General Manager of Hollywood Columbus, was present and introduced the new Assistant General Manager, Hussein Maroush, to the Commission. Commissioner Hoke made a motion to approve the amendments to Internal Controls. The motion was seconded by Commissioner Steinhauer and approved.
- Hollywood Toledo Casino requested changes to its General Plan, Player Services/Cage Operations Plan, Internal Audit Plan, Marketing Plan, and Tips and Gratuities Plan.

Commissioner Brown made a motion to approve the amendments to Internal Controls. The motion was seconded by Commissioner Lucas and approved.

John Barron, OCCC Deputy Executive Director and General Counsel, reviewed the contents of a Settlement Agreement that was before the Commission. During a routine audit, credit authorization problems were discovered at Hollywood Columbus Casino. Mr. Barron noted that Hollywood Columbus was proactive in dealing with the situation and has agreed to payment of a \$75,000 sanction. He recommended approval of the Settlement Agreement (which Commission members received in advance of the Commission meeting) and expressed confidence there would be no re-occurrence of the matter. Ameet Patel, General Manager of Hollywood Columbus Casino, was asked to comment on the Settlement Agreement. He stated that many lessons had been learned in year one of operation. He commended the work of the OCCC auditors. Commissioner Lucas made a motion to approve the Settlement Agreement between the Ohio Casino Control Commission and Hollywood Columbus Casino. The motion was seconded by Commissioner Steinhauer and approved.

John Barron, OCCC Deputy Executive Director and General Counsel, reviewed final orders presented to the Commission for consideration:

In re: Carliss Smith, (Case #2013-063). After receipt of a notice of intent to deny her gaming employee license application, the applicant requested a hearing. The Hearing Examiner recommended the Commission deny the license. Chair Davidson made a motion to approve and adopt the Report and Recommendation without modification, thereby denying the gaming employee license application. The motion was seconded by Commissioner Hoke and approved.

In re: Kristina Burns, (Case #2014-LIC-001). After receipt of a notice of intent to revoke her Casino Gaming Employee license, Ms. Burns did not request a hearing. Chair Davidson made a motion to revoke the license. The motion was seconded by Commissioner Manoranjan and approved.

Chair Davidson recognized Executive Director Schuler for his report. Mr. Schuler noted that most of his information had been distributed to the Commissioners in advance of the meeting. He re-introduced Mike Masterson, OCCC Deputy Director of Enforcement. Mr. Masterson was initially the Gaming Agent Supervisor in Toledo, while still an employee of BCI. He has now retired from BCI and chose to join OCCC.

There being no further business before the Commission, the meeting was adjourned at 12:57 p.m.

Signed,

Katherine L. Kelly
Commission Clerk
Approved: April 16, 2014