

OHIO CASINO CONTROL COMMISSION  
MEETING MINUTES

10:00 A.M. – December 7, 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 10:15 a.m. by Chair Jo Ann Davidson. Commissioners McKinley Brown, Martin Hoke, Ranjan Manoranjan, Peter Silverman, John Steinhauer, and June Taylor were in attendance. The minutes of the November 16, 2011 meeting were approved.

Marcus Glover, General Manager of Horseshoe Casino Cleveland, told the Commission in his progress report, that construction continues, the back office will be ready by mid-January, and the dealer training academy is in operation.

Commissioner Silverman introduced Joseph Milek, a Lieutenant with the Cincinnati Police Department and instructor at Xavier University, to speak about problem gambling. He recommended the Commission take a pro-active approach to this issue. Commissioner Taylor asked that the Commission be sent information about a problem gambling seminar scheduled for February 2012.

Executive Director Matt Schuler began his report with review of a letter that was drafted to Fortress Investment Group, at the request of the Commission, urging their timely response to requests for information integral to performing required background investigations. Mr. Schuler noted that December 22, 2011 is the final filing day for the information and explained that further delay threatens the Toledo Hollywood Casino's proposed opening date.

Mr. Schuler prefaced a review of the Commission budget by noting that the only revenue estimates available are from October of 2009. Rick Anthony, OCCC Staff, reviewed expected revenue and explained that the 2009 analysis predicted a 27% reduction in that revenue if Video Lottery Terminals (VLTs) are licensed at all seven Ohio racetracks. Documents were distributed showing estimated tax revenue and distributions, quarterly cash flow projections with VLTs, and quarterly cash flow projections without VLTs. Noah Browning, OCCC Staff, discussed expenditures and will be preparing a quarterly report with actual costs and explanations of variances in those costs from estimates. Director Schuler reminded the Commissioners that the Casino Control Commission's sources of funds are a share of the Gross Receipts Tax, and licensing and application fees. The Commission discussed revenue and expense estimates and reporting and asked Executive Director Schuler to report at the next meeting specifically as to the funds appropriated to the Casino Control Commission for start-up costs, prior to the receipt of any tax or licensing revenue. The Chair suggested adding a specific meeting for budget review prior to or following one of the regular Commission meetings in 2012.

Resolution 2011-27, to adopt the Casino Gaming Employee rules, Sections 3772-8:01-04, was adopted on a motion made by Commissioner Hoke and seconded by Commissioner Taylor.

Patrick Martin, OCCC Staff, began a review of Administrative Rules prepared for initial filing. Rule 3772-3:05 Records Retention for Casino Operators & Gaming-Related Vendors, is required by statute. Rules 3772-3:05 and 3772-8:05 lay out the criteria that will be used for approving licenses of gaming-related

vendors and casino gaming employees. In response to a question from Commissioner Hoke, Mr. Martin confirmed that the rules will require casinos to keep records that are specific to each casino facility. Rules 3772-10:01-15, Minimum Internal Control Standards (for casino operators) were reviewed by Mr. Martin.

The 3772-12:01-06 rule series, Compulsive and Problem Gaming, was also brought before the Commission for approval for initial filing. Accompanying these rules are two forms: the Request for Voluntary Exclusion, and the Request for Removal from Voluntary Exclusion Program. The general philosophy of these rules is to allow problem gamblers to help themselves. Commissioners discussed the length of the voluntary ban and methods of enforcement. Any penalties imposed on the casinos for violation of the voluntary exclusion program will be covered in a subsequent rule that will contain sanctions applicable to all rules. Mr. Martin said the OCCC will explore whether information regarding those enrolled in the Voluntary Exclusion Program can be shared with other gaming jurisdictions. Commissioner Silverman expressed interest in having a meeting of the Commission devoted to the issue of problem gambling.

The Commission amended Rule 3772-9:05 Transportation of Slot Machines, to require prior approval from the Executive Director prior to the shipment of any slot machine. A motion to amend the rule was offered by Commissioner Steinhauer and seconded by Commissioner Taylor. The rule was approved as amended, to be filed.

Institutional Investor Rules, 3772-3:01-04, are common in all jurisdictions and track the Ohio statute. Accompanying these rules are an Institutional Investor Certification Form and an Institutional Investor Waiver Request. These forms are applicable to certain investors holding between 1 and 10% ownership interest in a casino.

The motion before the Commission, offered by Commissioner Manoranjan and seconded by Commissioner Brown, was to give initial approval for the filing of these rules: 3772-3:01-04, 3772-3:05, 3772-6:05, 3772-8:05, 3772-10:01-15, 3772-12:01-06, and 3772-9:05, as amended. The motion was approved. Commissioner Hoke moved to change the previous question to add that the initial approval is for the rules "and accompanying forms". Commissioner Taylor seconded, motion approved.

Chris Storcella, OCCC Staff, reviewed for the Commission, the Casino Gaming Employee License Application. This form will be completed by candidates for gaming related employment at the casino sites and then forwarded to the OCCC for review. Information in the form will help the OCCC make adequate judgments about the suitability of an employee to be licensed, as required by statute. Commissioner Silverman moved to approve the application. The motion was seconded by Commissioner Brown, and approved.

Two items requiring action were before the Commission, both for the Scope of Services with Spectrum Gaming for vendor and operator licensing investigations. Chris Storcella, OCCC Staff, outlined for the Commission, the size and complexity of these applications. The OCCC is adopting MOUs with other jurisdictions in which these vendors are licensed, in order to reduce the time involved in these investigations. Due to additional information required for an Ohio license, and the time needed for vendors' response to requests for documents, etc., the completion of licensing is on a tight time schedule. Commissioner Steinhauer moved to approve the Scope of Services agreement for vendor investigations. Letters of commencement will be prepared and payment authorized. The motion was seconded by Commissioner Hoke, and approved. A second motion by Commissioner Steinhauer,

seconded by Commissioner Brown, and approved by the Commission, authorized the Scope of Services for the Investigation of TPG Capital and Apollo Global Management.

Executive Director Schuler reviewed the status of proposed House Bill 386, legislation which would make changes to the Casino Control Commission law and make other statutory changes related to the Lottery law, Racetrack law and VLTs. The legislation is pending in the Ohio House.

At 2:30 p.m., Chair Davidson moved that the Commission go into executive session for the purpose of the discussion of legal issues. A roll call vote was taken on the motion, with all voting in favor.

The Commission reconvened at 2:50 p.m. and discussed their meeting schedule. The scheduled meeting for December 21 was canceled. The next regular meeting of the Commission will be on January 4, 2012. Chair Davidson asked that Commission members reserve the first and third Wednesdays of each month, January through April, for possible meetings. Commissioner Hoke requested that a special budget meeting be scheduled for the morning just prior to one of the regular meetings of the Commission, as soon as is possible. Commissioner Silverman requested a similar meeting on problem gambling. Chair Davidson asked that Laura Clemens, OCCC staff, work together with Commissioner Silverman and the Ohio Department of Alcohol and Drug Addiction Services to develop this idea.

Chair Davidson expressed interest in having the Commission visit the Cleveland and Toledo casino sites sometime in 2012.

There being no further business before the Commission, the meeting was adjourned at 3:05 p.m.