

OHIO CASINO CONTROL COMMISSION  
MEETING MINUTES  
10:00 A.M May 2, 2012  
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 10:50 a.m. by Chair Jo Ann Davidson. Commissioners McKinley Brown, Martin Hoke, Ranjan Manoranjan, Peter Silverman John Steinhauer, and June Taylor were also in attendance. The minutes of the April 18, 2012 meeting were approved following a motion by Commissioner Taylor, seconded by Commissioner Brown.

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

Commissioner Hoke made a motion to approve Commission Resolution 2012-36, adopting the following Administrative Rules which have completed the rule review process:

- 3772-10-16 Security of the cashier's cage, main bank/vault and count rooms.
- 3772-10-17 Accounting controls for the cage and main bank/vault.
- 3772-10-18 Table drop boxes and slot bill validator canisters: physical requirements and transportation.
- 3772-10-19 Drop box count procedures.
- 3772-10-20 Unsecured currency, vouchers, tickets and coupons.
- 3772-10-21 Jackpot payouts.
- 3772-10-22 Tips and gratuities.
- 3772-10-24 Signature requirements.
- 3772-10-26 Key controls
- 3772-10-27 Controlled demonstration.
- 3772-10-28 Amendments to internal control plans.
- 3772-20-01 Security department.
- 3772-20-02 Security department staffing.
- 3772-20-03 Training
- 3772-20-04 Security plan.
- 3772-20-05 Emergency operations plan.
- 3772-20-06 Incident reports.
- 3772-20-07 Security detention area.
- 3772-20-08 Communications system.
- 3772-22-01 Disciplinary actions.
- 3772-23-06 Casino operator licensee or applicant's duties.

The motion was seconded by Commissioner Taylor seconded the motion and approved.

Patrick Martin, OCCC Staff, introduced new OCCC Staff: Financial Auditors Michael Guarino and Doug McMillan at Horseshoe Cleveland; Travis Jess and Brian Miller at Hollywood Toledo; and Sonia Sadana, Compliance Auditor in the Columbus office. Mr. Martin reviewed for the Commission, Internal Control Plans for casino operations and table games, submitted by Horseshoe Casino Cleveland. The submission meets or exceeds the regulatory requirements. Commission Resolution 2012-37, casino operations and

table games Internal Control Plans for Rock Ohio Caesars Cleveland LLC, (d/b/a Horseshoe Casino Cleveland) was brought before the Commission on a motion by Commissioner Steinhauer. It was clarified that adopting the Resolution includes the approval of five requested waivers:

1. Primary, secondary chips below \$25, and reserve sets of gaming chips.
2. Security of the cashier's cage, main bank/vault and count rooms.
3. Table drop boxes and slot bill validator canisters: physical requirements and transportation.
4. Credit extension up to \$100,000 and collection of outstanding credit within 60 days.
5. Option of third party vendors for food court operations.

The motion was seconded by Commissioner Hoke and approved.

Aleah Page, OCCC Staff, explained to the Commission that regulations allow Institutional Investors holding between 1% and 10% ownership interest of publicly traded securities in a casino company, may seek a waiver from licensure requirements, on a case-by-case basis. Resolution 2012-39 would authorize such a waiver for Paulson & Co, Inc., an institutional investor of Caesars Entertainment Corporation. Commissioner Manoranjan offered a motion that the Resolution be adopted, seconded by Commissioner Taylor. The motion was approved. Resolution 2012-40 would allow a waiver for Esplanade Capital Partners I, LLC and PAR Capital Management, Inc., both institutional investors of Lakes Entertainment, Inc. Commissioner Silverman offered a motion the Resolution be adopted, seconded by Commissioner Brown. The motion was approved.

Consideration of the Operator's license for Rock Ohio Caesars Cleveland, LLC, was next on the agenda. Representing Rock Ohio Caesars was Matthew Cullen, President and Chief Operating Officer. Executive Director Schuler reviewed Commission actions regarding the license commencing with the initial filing on September 20, 2011. The required certification of capital investment has been made, proof of insurance documents have been submitted, and the appropriate license fees have been paid. Commissioner Hoke asked about a payment to Forest City Enterprises. Mr. Cullen explained that the current lease term for the building is five years with a one-year extension, and purchase of the building is contemplated prior to the expiration of the lease.

Executive Director Schuler explained that there are two issues before the Commission, Resolution 2012-41, the Casino Operating License, and 2012-42, the Casino Management Company License. The officers and principals of the management company have been investigated along with the officers and principals of the operator. Mr. Cullen responded to questions from Commission Steinhauer about the management operating agreement, explaining that the agreement does allow accessibility to LLC members, and grants Rock Ohio Caesars the ability to take courses of action to increase liquidity, if necessary.

Commissioner Hoke asked representatives of Spectrum Gaming to state publicly that they have reviewed the Rock Ohio Caesars Cleveland and Caesars Entertainment license application. Fred Gushin, representing Spectrum, responded that their investigative report was filed with the Casino Control Commission on April 16 and concluded that they have met all probity and suitability requirements for licensure, subject to the conditions in the report. Executive Director Schuler reviewed the conditions as included in the proposed Resolution. Commission Resolution 2012-41, licensing Rock Ohio Caesars Cleveland, LLC, as a casino operator for three years, was brought before the Commission in a motion by Commissioner Steinhauer. Commissioner Brown seconded the motion. A roll call vote was taken and the Resolution was approved, 7-0.

Commission Resolution 2012-42, proposing a license to Horseshoe Cleveland Management LLC, was reviewed by Executive Director Schuler. The management company is a wholly owned subsidiary of Caesars Entertainment Corporation. The owners, operators and key employees have been through the suitability review and it is recommended they be granted a license subject to six conditions included in the Resolution. Schuler explained that the management Company will be required to file an annual financial report, and additionally the Commission will continuously monitor the financials and the management agreement.

Chair Davidson made a motion that the Commission go into Executive Session to consider matters of confidentiality under state law, specifically trade secrets or personal financial information under RC 3772.16. Following a 7-0 roll call vote, member of the Commission went into Executive Session at 12:40 p.m.

The regular meeting of the Commission was reconvened at 1:50 p.m. Commissioner Silverman made a motion to amend and adopt as amended, Commission Resolution 2012-42. The amendment proposes to strike out and replace "Caesars Entertainment Corporation" with "Holding Companies" in certain paragraphs. Commissioner Hoke seconded the motion. A roll call vote was taken and Resolution 2012-42, as amended was approved, 7-0, subject to the Executive Director receiving the \$1.5 million management company application fee and \$1.5 million license fee.

A presentation of the investigative report for Operator Applicant Toledo Gaming Ventures, LLC, Central Ohio Gaming Ventures, LLC, Penn National Gaming, Inc. and Fortress Investment Group, was made by Steve Ingis of Spectrum Gaming. Ingis stated that they believe Penn National demonstrates the requisite financial stability and financial integrity for licensure by the Commission. He concluded his report by saying that Spectrum found that Penn National and the two casino operating applicants and their affiliated companies possess the requisite good character, honesty and integrity. They recommend a finding of suitability for the two casino operator license applicants and Penn National, as well as their natural person qualifiers and affiliated entities, subject to the standard conditions contained in their report.

Casino Operator Applicant Toledo Gaming Ventures, LLC, and Penn National Gaming made a presentation to the Commission. Appearing on behalf of the applicant were, Tim Wilmott, President and Chief Operating Officer, Penn Gaming; John Finamore, Senior Vice President, Midwest Region, Francis Donaghue, VP of Regulatory Affairs, Richard St.Jean, General Manager Hollywood Casino Toledo, and other Hollywood Toledo staff. Mr. Wilmott responded to several questions from Commission members regarding the relationship of Fortress Investments and Penn National Gaming. Additionally, responding to their questions, Mr. Willmott agreed to provide information regarding certain income tax deductions and financing information from 2008.

Licenses for three Gaming-Related Vendors were considered by the Commission. Chris Storcella, OCCC Staff, reviewed the applications of each vendor. Commissioner Hoke made a motion to adopt Resolution 2012-31, granting a three year license to IGT and their Key Employees. The motion was seconded by Commissioner Manoranjan and approved. Commissioner Taylor made a motion to adopt Resolution 2012-32, granting a three year license to Shuffle Master, Inc. and their Key Employees. The motion was seconded by Chair Davidson and approved. Representatives of Konami Gaming Inc. answered a question from Commission Steinhauer about the use of subliminal messaging in their slot machine software, stating that the software has been switched since those allegations were made.

Commissioner Silverman made a motion to adopt Resolution 2012-33, granting a three year license to Konami Gaming Inc. and their Key Employees. The motion was seconded by Commissioner Brown and approved.

Patrick Martin, OCCC Staff, outlined the Internal Control Plans for casino operations and table games for Hollywood Casino Toledo. He recommended the plans be approved including eight requested waivers.

1. Bill validator keys.
2. Revenue audit investigation of all variances of \$100.or more.
3. Loss of a sensitive key.
4. Allowable tips and gratuities for slot department employees deposited in a non-transparent locked box.
5. Secondary chips required for all denominations greater than \$25.
6. Chips taken or returned from reserve chip inventory.
7. Dice Inventory count and reconciliation.
8. Table games supervisor determine whether credit is necessary and initiate request.

In response to a question from Commissioner Silverman, Executive Director Schuler will review casino-developed brochures that detail slot machine payouts for patrons. Commissioner Hoke made a motion to adopt Resolution 2012-38 approving casino operations and table games Internal Control Plans and the eight requested waivers, for Toledo Gaming Ventures LLC (d/b/a/ Hollywood Casino Toledo). The motion was seconded by Commissioner Manoranjan and approved.

Licenses for seven Key Employees were presented for consideration by Chris Storcella, OCCC Staff. These are key operational employees not otherwise included as key qualifiers. Commissioner Steinhauer requested information from staff be provided to guide Commissioners in their financial review of key employees. Commissioner Silverman made a motion to adopt Resolution 2012-43, granting licenses to seven Key Employees listed in the Resolution's Exhibit "A". The motion was seconded by Commissioner Brown and approved.

Commissioner Steinhauer made a motion to adopt Resolution 2012-44, granting Gaming Employee Licenses to 207 individuals recommended by OCCC Staff. The motion was seconded by Commissioner Hoke and approved.

Executive Director Schuler requested delegated authority for certain licensing functions in order to be timely and responsive during the compressed timeframes for controlled demonstrations and casino openings. Commissioner Taylor made a motion to adopt Resolution 2012-24, authorizing the Executive Director to approve and grant provisional licenses for key employees and to approve and grant provisional and plenary licenses for casino gaming employees. The motion was seconded by Commissioner Hoke, and approved.

The Executive Director continued with his report to the Commission, reviewing the plans for Controlled Demonstrations at the Cleveland and Toledo casinos. The demonstrations are required and must meet certain approved criteria. Commissioner Hoke made a motion to adopt Resolution 2012-34 designating three charities to receive the operator's net win from the controlled demonstration at Horseshoe Casino Cleveland. The motion was seconded by Commissioner Taylor and approved. Commissioner Manoranjan made a motion to approve Resolution 2012-35 designating two charities to receive the operator's net win from the controlled demonstration at Hollywood Casino Toledo. The motion was seconded by Commissioner Brown and approved. The dates for controlled demonstrations have not

been set by Executive Director Schuler. OCCC Staff provided a budget update for the Commission, reviewing revenue and expenses and variances for the first quarter of the fiscal year.

There being no further business to come before the Commission, the meeting was adjourned at 4:38 p.m.

Signed,  
Katherine L. Kelly  
Commission Clerk

Approved May 9, 2012