

CASINO CONTROL COMMISSION
MEETING MINUTES
10:00 A.M. – August 21, 2013
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 10:54 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 July 17, 2013 meeting were approved following a motion by Commissioner Manoranjan, seconded by Commissioner Taylor.

The first meeting agenda item was the consideration of a financial transaction by Penn National Gaming, Inc. John Oberle, counsel representing Penn National, opened the presentation and introduced Brandon Moore, Senior Corporate Counsel and Vice President of Penn National. Mr. Moore told the Commission Penn National was seeking approval of its proposed debt transaction, approval of the application of Penn Ventures, LLC for a new casino operating license, and approval of the application of Penn Tenant, LLC for a gaming- related vendor license. He explained that the transaction would result in a separation of the operating assets from the real property assets and that the existing debt structure would be refinanced. As a part of the transfer of assets, the operating license for Hollywood Casino Toledo needed to be changed. If approved, Penn Tenant, LLC would be a holding company of Toledo Gaming Ventures, LLC and Central Ohio Gaming Ventures, LLC. Additional approval would be needed for a gaming- related vendor license for Penn Tenant, LLC, as the property provider for licensed Penn subsidiaries on which to conduct casino gaming.

Anna Marin Russell, OCCC Financial and Tax Investigation Counsel, reported that the Division of Licensing and Investigation completed the required probity investigation of Penn National Gaming, Inc.'s proposed debt transaction and recommended approval of Commission Resolution 2013-18.

As a part of the investigation of Penn National's request, OCCC contracted with Spectrum Gaming Group. Sandy Greenberg and Steven Ingis of Spectrum reviewed their findings for the Commission. Some concern was expressed regarding the membership of the Boards of Directors of the two companies, and particularly Mr. Peter Carlino's membership on both boards. Executive Director Schuler noted that the tax advantages created through the debt restructuring and removal of those advantages for non-compliance are an incentive for the Boards' independence of action. Spectrum's report concluded that there will be no impact upon the continued operation of Penn's casino facilities in Ohio, and the proposed spin-off would not negatively impact gaming operations or the financial stability of Penn.

Chair Davidson stated that the question before the Commission is the consideration of the debt transaction. Commissioner Steinhauer asked for clarification as to the statutory obligations

regarding this matter. John Barron, OCCC Deputy Executive Director and General Counsel, responded that RC Section 3772.28 defines debt transaction as “a transaction by a licensed casino operator concerning a casino facility totaling five hundred thousand dollars or more in which a licensed casino operator acquires debt, including bank financing, private debt offerings, and any other transaction that results in the encumbrance of assets”. OCCC approval is required before the debt transaction can be entered into. Commissioner Brown made a motion to adopt Commission Resolution 2013-18, approving the debt transaction related to its corporate restructuring and REIT formation as proposed by Penn National Gaming Inc. The motion was seconded by Commissioner Hoke and approved.

The consideration of Penn Ventures, LLC’s application for licensure as a casino operator through the adoption of Commission Resolution 2013-19, was reviewed for the Commission by Matt Oyster, OCCC Deputy General Counsel. The OCCC Division of Licensing and Investigation filed a report, “Investigative Report on the Application of Penn Ventures, LLC, for a Casino Operator License” which concluded that Penn Ventures, LLC (d/b/a Hollywood Casino Toledo) is suitable for licensure as a casino operator subject to numerous conditions.

Penn National requested a waiver of its casino operator license fee. Chair Davidson noted that if Penn Ventures is licensed as the new operator, the issue of Penn’s request for a waiver of the \$1.5 million license fee remains. The Chair asked for the pleasure of the Commission in the matter of the fee. Commissioner Lucas made a motion to waive the fee. The motion was seconded by Chair Davidson. Commissioner Hoke expressed opposition to the fee waiver. The motion to waive the fee was defeated in a voice vote.

Returning to discussion of the proposed Resolution, Chair Davidson clarified that adopting the Resolution would approve the change in the casino operator of the Toledo facility which is dependent on the completion of the proposed corporate restructure. On the agenda for the September meeting, will be the additional gaming-related vendor application needed for GLP Capital, LP in its role as landlord of the real estate assets of the Hollywood Toledo casino. Matt Oyster, OCCC Deputy General Counsel, reminded the Commission that OCCC will not lose any regulatory authority over the properties under this proposal and has the authority to open a license investigation at any time.

Commissioner Hoke made a motion to adopt Commission Resolution 2013-19. The motion was seconded by Commissioner Manoranjan and adopted by a roll call vote 7-0.

Tony Forchione, OCCC Director of Licensing & Investigation, explained to the Commission that the restructuring of Penn National Gaming has created two new entities that need to be licensed as gaming related vendors. The investigation of the application of Penn Tenant, LLC has been completed and all of their officers have been previously investigated and licensed as key employees. OCCC staff recommended that the Commission adopt Resolution 2013-20, granting a three-year gaming-related vendor license to Penn Tenant, LLC. Commissioner Taylor moved that the Resolution be adopted. The motion was seconded by Commissioner Lucas and approved.

Mr. Forchione then presented to the Commission, Resolution 2013-21, which would grant Key Employee licenses to four individuals, Todd Cravens, Anika Gaskins, Francisco Moreno, and Anthony Quarantillo. Mr. Quarantillo was granted a provisional license in July, 2013. A motion to approve the Resolution was made by Commissioner Manoranjan. Commissioner Brown seconded the motion and the Resolution was adopted.

Patrick Martin, OCCC Director of Regulatory Compliance, presented to the Commission proposed amendments to the casinos' internal control plans. OCCC staff had reviewed all of the proposed changes and recommended their approval.

Hollywood Columbus Casino requested approval of changes in the areas of player services, key controls, slot operations and table games. Commissioner Steinhauer made a motion to approve the internal control plan amendments for Hollywood Columbus Casino. The motion was seconded by Commissioner Hoke and approved.

Hollywood Toledo Casino requested a waiver for the automated jackpot processing provision as well as amendments to its internal controls in the areas of player services, cage, slot and table games operations, security, surveillance, and tips and gratuities plans. Commissioner Steinhauer made a motion to approve both the requested waiver and the internal control plan amendments for Hollywood Toledo Casino. The motion was seconded by Commissioner Lucas and approved.

Horseshoe Cincinnati Casino requested approval to amendments to the promotions and table of contents sections of their internal controls. Chair Davidson made a motion to approve the internal control amendments for Horseshoe Cincinnati Casino. The motion was seconded by Commissioner Hoke and approved.

Horseshoe Cleveland Casino requested approval for amendments to their internal controls and an entirely new security manual. The security manual change is a response to a request from OCCC that the manual be revised and also meets the requirement of an annual review. Commissioner Taylor made a motion to approve the proposed changes to the internal control plans and new security manual for Horseshoe Casino Cleveland. The motion was seconded by Commissioner Hoke and approved.

Executive Director Matt Schuler began his report to the Commission. Licensing and VEP statistics were distributed to Commission members. Mr. Schuler highlighted the following activities:

- On September 19, Horseshoe Cincinnati Casino will host the World Series of Poker, the first event of this circuit to be held in Ohio. There will be a large quantity of gaming employee licenses for consideration at the next meeting to accommodate this event.

- The OCCC Auditors held a “Table Games Academy” in Toledo with all staff auditors and will now be able to train new staff on demand.
- A significant number of new gaming agents have been hired, primarily to fill vacancies left as the initial contract with BCI for the provision of agents, comes to an end.
- August is Responsible Gaming Month. The casinos have been educating staff and patrons and that may have led to a higher number than usual of Voluntary Exclusions for the month.

John Barron, OCCC Deputy Executive Director and General Counsel, explained the Settlement Agreement between Hollywood Casino Toledo and the OCCC. The Toledo casino was issued a Notice of Violation for having unauthorized table game openings and unverified slot machines. Choosing not to go to a hearing over the matter, Hollywood Casino Toledo acknowledged its mistakes and paid the \$30,000 fine. Mr. Barron recommended Commission approval of the Settlement Agreement. Commissioner Lucas noted an initial request by Hollywood Toledo to discount the fine from \$30,000 to \$15,000 and indicated why he thought that would be inappropriate. By statute, fines are remitted to the General Revenue Fund and not to the OCCC. Commissioner Brown made a motion to approve the Settlement Agreement. The motion was seconded by Commissioner Taylor and approved.

John Barron, OCCC Deputy Executive Director and General Counsel, reviewed the final orders for three individuals. In all three situations, denial of the license was recommended by OCCC staff because of failure to disclose numerous items in their gaming employee license applications. Two of the applicants had a hearing and in both cases the Hearing Examiner also recommended denial of the license. The third chose not to go to a hearing.

In re: Darnell Maiden, Jr., (Case # 2013-031), Chair Davidson made a motion to approve and adopt without modification, the recommendation of the Hearing Examiner to deny the gaming employee license application. The motion was seconded by Commissioner Hoke and approved.

In re: Kendall Wilson, (Case # 2013-028), Chair Davidson made a motion to approve and adopt without modification, the recommendation of the Hearing Examiner to deny the gaming employee license application. The motion was seconded by Commissioner Hoke and approved.

In re: Ian Monroe (Case # 2013-045), Chair Davidson made a motion to deny the casino gaming employee license application. The motion was seconded by Commissioner Hoke and approved.

There being no further business before the Commission, the meeting was adjourned at 12:50 p.m.

Signed,

Katherine L. Kelly, Commission Clerk

Approved September 18, 2013