

OHIO CASINO CONTROL COMMISSION
MEETING MINUTES

10:00 A.M. – July 17, 2019

JO ANN DAVIDSON HEARING ROOM

100 E. BROAD STREET, 20TH FLOOR

COLUMBUS, OHIO 43215

The regular meeting of the Ohio Casino Control Commission (Commission) was called to order at 10:02 a.m. by Chair June Taylor. Vice-Chair Davidson and Commissioners McKinley Brown, Will Lucas, Lynn Slaby, and John Steinhauer were also in attendance. Commissioner Ranjan Manoranjan had an excused absence. The minutes of the June 19, 2019 meeting were approved following a motion by Chair Taylor and seconded by Commissioner Slaby.

Executive Director Matthew Schuler began his report with Rick Anthony, Deputy Executive Director and Director of Operations, providing a budget update for fiscal year 2019 (FY19), and estimates for the 2020 fiscal year (FY20). Mr. Anthony reported that the Commission had operated in the black for FY19, despite estimating expenditures would exceed revenue. Revenue was slightly above estimates in FY19, with taxes up 2.5%. Estimates for licensing fees were conservative due to CGE and gaming-related vendor licensing fees being difficult to estimate, but fee estimates were on target for FY19. Licensing fees from the Skill Games Division attributed to an overage in fees this past year. Salary costs were below estimates due to the consolidation of jobs, and anticipated employees needed for the Skill Games Division not being realized. Hearing costs were below estimates due to Skill Games litigation preventing forward motion on administrative actions. Lastly, training and supplies were under budget, mainly due to the Licensing & Investigations Division going paperless.

Looking to FY20, Mr. Anthony indicated the Commission will be conservative with tax revenue estimates. Operator fees only flex if there is an addition of a new operator, but licensing fees for CGEs, vendors, keys, and skill games were estimated based on historical information. Mr. Anthony noted licensing fees are traditionally difficult to estimate from year-to-year, but any deviations are not anticipated to be substantial, as FY20 is not a renewal year. Wages and benefit estimates will be based on actual employees the Commission currently employs. Equipment and supplies estimates are lower for FY20, due to Commission divisions moving to paperless systems. Mr. Anthony explained that beginning in FY20, training and equipment for the Enforcement Division will come out of the Enforcement Fund. This Fund is made up of monies the Commission has received from joint law enforcement efforts on cases with the agency's local and federal law enforcement partners. A budget report on this fund will be reported on at each meeting in the future. Lastly, Mr. Anthony explained that FY20 estimates and budget presentations will be presented in a different format going forward, reflecting a similar reporting style used by the Office of Budget & Management.

Mr. Schuler ended his report noting that the casino operators have submitted their annual financial audit reports to the Commission. Each casino operator must have its annual financial statements audited by

an independent certified public accounting firm. Staff has reviewed the operator audits and provided a summation of each of the audits to the Commissioners for review. Additionally, the Commission's annual state audit is wrapping-up, and the audit report will be finalized soon.

Matthew Oyster, General Counsel and Director of Licensing & Investigations, presented to the Commission for consideration the gaming-related vendor and key-employee license applications for Game Co, LLC (Game Co). The Division of Licensing & Investigations completed a suitability investigation of Game Co, its holding company, and key-employees, which did not uncover any material derogatory information, and recommended approval of Resolution 2019-19, granting a three-year gaming-related vendor and key employee licenses to Game Co and its key-employees. A motion to approve the Resolution was made by Vice-Chair Davidson. The motion was seconded by Commissioner Lucas and approved.

Then, Mr. Oyster presented to the Commission for consideration, the gaming-related vendor license renewal applications for Penn Tenant, LLC (Penn), GLP Capital, L.P. (GLP), and Quintus Landlord, LLC (Quintus). The Division of Licensing & Investigations completed separate suitability investigations of Penn, GLP, and Quintus, including their holding companies, and key employees, which did not uncover any material derogatory information, and recommended approval of Resolutions 2019-20, -21, and -22, renewing three-year gaming-related vendor licenses for Penn, GLP, and Quintus. A motion to approve Resolution 2019-20 was made by Commissioner Slaby. The motion was seconded by Commissioner Steinhauer and approved. Next, a motion to approve Resolution 2019-21 was made by Commissioner Lucas. The motion was seconded by Commissioner Brown and approved. Lastly, a motion to approve Resolution 2019-22 was made by Commissioner Slaby. The motion was seconded by Commissioner Lucas and approved.

Finally, Mr. Oyster presented to the Commission for consideration, key-employee license renewal applications for eight individuals. The Licensing & Investigations Division completed background investigations of the applicants, which did not uncover any material derogatory information, and recommended approval of Resolution 2019-23, renewing three-year key-employee licenses for: Todd Cravens, Galaxy Gaming, Inc.; Thomas Jingoli, Konami Gaming, Inc.; Jessica McGrady, Hollywood Casino Toledo; Michael Quartieri, Scientific Games Corporation; Eileen Raney, Everi Holdings, Inc.; Heather Scheinbenstock, Ainsworth Game Technology Limited; Richard Schneider, Aristocrat Technologies, Inc.; and Arlene Tansey, Aristocrat Leisure Limited. A motion to approve the Resolution was made by Commissioner Brown. The motion was seconded by Vice-Chair Davidson and approved.

Andromeda Morrison, Director of Skill Games, presented to the Commission for consideration of 53 skill-based amusement machine-related license applications. The Skill Games Division completed background investigations of the applicants, which did not uncover any material derogatory information, and recommended approval of proposed Resolution 2019-24, granting three-year skill-based amusement machine-related licenses upon receipt of the required licensing fees. A motion to approve the Resolution

was made by Commissioner Steinhauer. The motion was seconded by Vice-Chair Davidson and approved.

Mr. Oyster then presented to the Commission 13 rule amendments and 3 new rules for final filing. Mr. Oyster explained that the Commission initially approved the proposed amendments to Ohio Adm.Code 3772-10-22, 3772-10-29, 3772-11-01, 3772-11-11, 3772-11-18, 3772-11-21, 3772-11-25, 3772-11-35, 3772-11-42, 3772-13-01, 3772-13-02, and 3772-13-03, and new rules 3772-14-01, 3772-14-02, and 3772-14-03 at the February 20, 2019 public meeting. After receiving initial approval of the amendments and new rules, Commission staff filed them along with a Business Impact Analysis with the Common Sense Initiative Office (CSIO). The CSIO reviewed and subsequently authorized the Commission to proceed with filing the rules with the Joint Committee on Agency Rule Review. Vice-Chair Davidson made a motion to adopt Resolution 2019-25, approving the final filing of the amendments and new rules to Ohio Adm.Code 3772-10-22 and -29, 3772-11-01, -18, -21, -25, -35, -42, 3772-13-01 through -03, and 3772-14-01 through -03. The motion was seconded by Commissioner Slaby and approved.

Next, Chris Fleenor, Manager of Compliance and Gaming, presented to the Commission proposed amendments to existing rules 3772-9-02 and Appendix, 3772-10-18, and 3772-11-17, pursuant to the required R.C. 119.04 statutory five-year review. A motion to approve the initial filing of the amendments was made by Commissioner Steinhauer. The motion was seconded by Vice-Chair Davidson and approved.

Craig Donahue, Manager of Compliance and Audits, then presented to the Commission for their consideration, amendments to internal controls being requested by Hollywood Casino Columbus (HCO) and Hollywood Casino Toledo (HCT). Both HCO and HCT requested changes to their combined Player Services/Cage Operations Plans to include amendments to staffing in the count room, the processing of group event plans, and the inclusion of "this trip only" (TTO) credit extension procedures. TTO credit extensions would allow for a one-time increase from a guest's set ordinary credit line, once that line is exhausted, to up to an additional 50% during that visit. Mr. Chris Riley, HCO's Vice-President of Finance was present to provide explanation of the business need for the request and answer questions. Following the presentation of HCO and HCT's request, the Commissioners had additional questions. Chair Taylor made a motion to table the request. The motion was seconded by Commissioner Steinhauer and approved.

Next, Michelle Siba, Deputy General Counsel, presented to the Commission for consideration of nine final orders:

In re: Tecora Colbert (case #2019-LIC-039). Chair Taylor made a motion to approve and adopt the Report and Recommendation without modifications to deny the Casino Gaming Employee License Application for Tecora Colbert. The motion was seconded by Vice-Chair Davidson and approved.

In re: Franky DePasquale (case #2019-LIC-004). Chair Taylor made a motion to approve and adopt the Report and Recommendation without modifications to revoke the Casino Gaming Employee License for Franky DePasquale. The motion was seconded by Commissioner Lucas and approved.

In re: Roland Franklin (case #2019-LIC-018). Chair Taylor made a motion to approve and adopt the Report and Recommendation without modifications to affirm the Emergency Order suspending the Casino Gaming Employee License for Roland Franklin. The motion was seconded by Commissioner Lucas and approved.

In re: Keana Johnson (case #2019-LIC-012). Chair Taylor made a motion to deny the Casino Gaming Employee License Application for Keana Johnson. The motion was seconded by Commissioner Brown and approved.

In re: LeAndre Johnson (case #2019-LIC-008 & #2019-LIC-008(B)). Chair Taylor made a motion to approve and adopt the Report and Recommendation with modifications to affirm the Emergency Order suspending the provisional Casino Gaming Employee License, revoking the provisional Casino Gaming Employee License, and denying the plenary Casino Gaming Employee License Application for LeAndre Johnson. The motion was seconded by Commissioner Lucas and approved.

In re: Nathaniel Lee (case #2019-LIC-019). Chair Taylor made a motion to deny the Casino Gaming Employee License Application for Nathaniel Lee. The motion was seconded by Vice-Chair Davidson and approved.

In re: Kamille Meade (case #2019-LIC-016). Chair Taylor made a motion to revoke the Casino Gaming Employee License for Kamille Meade. The motion was seconded by Commissioner Brown and approved.

In re: Andre Peavy (case #2019-LIC-029). Chair Taylor made a motion to deny the Casino Gaming Employee License Application for Andre Peavy. The motion was seconded by Commissioner Lucas and approved.

In re: Jeremy Wolf (case #2019-LIC-020). Chair Taylor made a motion to revoke the Casino Gaming Employee License for Jeremy Wolf. The motion was seconded by Commissioner Brown and approved.

Then, Chair Taylor moved to the next item on the agenda, a presentation by Hard Rock as a New Casino Operator License applicant and their pending purchase of the JACK Cincinnati Casino (JCI). Jim Allen, CEO of Hard Rock International, provided the Commissioners with a presentation of the Hard Rock brand and business model. Following Mr. Allen's presentation, the Commissioners had questions that were confidential in nature relating to the acquisition of JCI. Due to the confidential nature of the materials being discussed, Chair Taylor made the following motion: "Discussion of the material terms related to HR Cincinnati, LLC's pending acquisition of JACK Cincinnati Casino LLC and the Commission's ongoing suitability investigation of the pending New Casino Operator License Application includes matters that are required to be kept confidential by state law. In particular, this discussion requires disclosure of

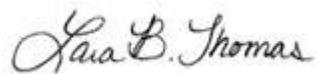
financial and trade-secret information that is deemed confidential under R.C. 3772.16(A)(9) and (12), respectively. Accordingly, I move to go into executive session pursuant to R.C. 121.22(G)(5).” The motion was seconded by Commissioner Lucas and adopted by a roll call vote of 6-0.

The Commission moved into Executive Session at 11:42 a.m.

The regular meeting of the Commission resumed at 12:22 a.m. with Chair Taylor stating that “We are now back on the record.”

There being no further business before the Commission, the meeting was adjourned.

Signed,

A handwritten signature in cursive script that reads "Lara B. Thomas".

Lara B. Thomas

Commission Secretary

Approved: August 21, 2019