

## Gambling Control Board Meeting Minutes

January 15, 2019

9:00 a.m.

### Dept. of Public Safety – Gambling Control Conference Room

Meeting opened at 9:00 a.m. by Chairman Tim Doyle

**Members present:** Chairman Doyle, Al Skolfield, Barbara Dresser and Greg McNeal  
Board member Robert Harmon video skyped into the meeting. Chairman Doyle advised that it's been determined that Robert Harmon's attendance can't contribute to the quorum and he can't vote, but he can weigh in during the meeting. Legislation will also be presented this session to allow members to Skype in.

**Attorney General's Office present:** A.A.G. Katie Johnson and A.A.G. Ron Guay

**Gambling Control Staff present:** Executive Director Milton Champion, Kathy Robitaille, Mallory Reilly and Insp Supv Vicki Gardner. Deputy Commissioner Janet Joyeux also in attendance. Det. Armstrong is out sick today so his report will happen at the February meeting.

#### **Review of the 12/18/18 Meeting Minutes**

**Motion** to approve the minutes by Al Skolfield

**Seconded** by Greg McNeal

**Discussion/changes:** Chairman Doyle advised that under the RFP Updates, #6, the minutes state that the ADW RFP was withdrawn by the Chief Executive Officer of the State, meaning the Governor, not the Chief Executive of the Office of Finance.

A.A.G. Katie Johnson also made two changes under New Business,  
A. the Motion by Robert Harmon was to "approve" the MICS from Oxford Casino.  
Also under Service Vendor License for Diamond Casino Products, pg 4 – A.A.G. Ron Guay advised that the definition changed in 2013 for Associated Equipment.

**Motion** to approve the minutes with the suggested changes: Al Skolfield

**Seconded** by Greg McNeal

**Unanimous Vote of 4-0**

#### **Executive Director's Report – Milton Champion**

- 1) Operations – In December 2018 there were (19) Shipments of machines and/or associated equipment shipped to or from licensed facilities. On site inspectors completed (652) observations, (38) checklists. (6) minor violations being monitored from our activity log. (1) patron complaint. (0) disposition of a formal report was sent for members review per statute. There were (13) self-exclusions.

For the year 2018 there were 26 formal incidents investigated resulting in 11 letters of guidance, 3 warnings and 4 monetary fines with 8 still pending. **(15 in 2017)**  
10 patron complaints **(11 in 2017)** and 57 activities recorded for continued monitoring to determine whether or not there is sufficient gravity to undertake enforcement activities in the future.

- 2) For the month of December 2018, we have identified an increase of 4.2 % in total tax revenue for both facilities versus December 2017. Year to date we have identified an increase of 4.3 % versus last year at the same time.
  - a. Oxford reported a 10.1% win for the month of December from slots and 20.6% win from table games. Oxford's payback percentage for December was 89.9%. Average gross win per machine of \$204.65
  - b. Hollywood reported a 10.0% average win for the month of December from slots and 29.6% win from table games. Hollywood's payback percentage for December was 90.0%. Average gross win per machine was \$144.86

**State Police Report** – Moved to February by Det. Armstrong

**Unfinished Business - Executive Director Milton Champion**

**Financial RFP** – is under review by the Department of Procurement for Publishing. The questions are due on it by 1/31/19 with submission by 2/20/19. The recommended wording will be brought to the Board for approval at the March 19, 2019 Board meeting.

**Advanced Deposit Wagering RFP** – Chairman Doyle reminded everyone that the past Governor withdrew that. Dir. Champion has been in touch with the Director of Procurement and they have had some meetings with the Transition Team for the new Governor and he is waiting to hear back from Jamie Shorr as to how or when we can go forward with this. It is Director Champion's understanding that it will be republished with new dates for questions and new dates for submissions. Chairman Doyle advised that the Board does want it republished as quickly as possible. If it takes action in between Board meetings, that Dir. Champion should definitely do that. If it requires board action, for him to call Chairman Doyle asap and even if they have to schedule an emergency Board meeting, he wants to get it moved forward. The Board is in agreement.

**Discussion on the difference between a Distributor License versus Service Vendor License discussion**

Chairman Doyle advised that the Board should proceed with Gambling Services Vendor Licensing and there are five pending at this time. At the next meeting, there will be five hearings to see if they will be granted a Gambling Services Vendor License. However, the Board will have the A.G.'s legal advice surrounding this during Executive Session today at the end of the meeting on this.

**New Business**

Penn National Updates: SVP Regional Operations John Finamore and VP of Regulatory Affairs and Chief Compliance Office, Frank Donaghue who will introduce the new General manager of Hollywood Casino and bring the Board up to date on their acquisition of Pinnacle Entertainment.

John Finamore addressed the Board who introduced Frank Donaghue, Dana Fortney, Director of Finance at Hollywood Casino and the new general manager of Hollywood Casino, Austin Muchemore. Jose Flores, former GM for the past five years has gone back to school to pursue a law degree. Austin Muchemore formerly of Pinnacle Entertainment Inc., is the first GM to make that leap from a new Penn property to an old Penn property. Austin Muchemore addressed the Board. He will be looking to merge

both of these properties and working on that acquisition. He also worked for AmeriStar that was acquired by Pinnacle and he worked on merging them together as well.

### **Pinnacle Entertainment Acquisition by Penn National**

John Finamore continued, on the acquisition of Pinnacle Entertainment Inc. The formal date of acquisition was October 15, 2018, pursuant to a merger agreement dated 12/17/17. This transaction makes a lot of sense as they operate similar style companies and the philosophies of the two companies are very similar as well. Shareholders in Pinnacle on record at the time of acquisition received \$20 per share in cash and .42 shares of Penn National per Pinnacle share. This acquisition enhances Penn's position as the leading US regional gaming operator, increases geographic diversification with highly complementary properties. Pinnacle had operations in Louisiana where Penn had none. Penn had no properties in Colorado etc. This also brought new players into Penn's database, a key strategic regional for the transaction. Best-in-class regional properties enhanced by Penn's Las Vegas assets – Penn owns two Las Vegas properties: Tropicana and MGM. Pinnacle didn't have any in Las Vegas. Penn no longer owns any facilities in Canada due to Ontario privatizing their facilities, but did own some for 18 years. Penn now owns 41 properties and are the largest slot operator in the industry. Pinnacle Entertainment Inc. who was a one time a rival of Penn National

Director Champion advised the Board that the Financial Suitability analysis was completed by Wipfli, formerly known as MacPage on the acquisition of Pinnacle Entertainment Inc. by Penn. Wipfli advised that “considering the acquisition is expected to result in positive results for the combined company, they do not have any concern that the acquisition would cause any detriment to the ability of Penn National Gaming, Inc. to continue to be licensed in the State of Maine.”

A.A.G. Guay addressed the Board to advise there are several evaluations that occur and firstly, whether or not the transaction would have any material impact on the facility that's under our jurisdiction; secondly would the key executives and key employees be affected by the transaction and that change - would that create a lack of qualification and in terms of all due diligence that occurred, there was a finding that there was not an effect in terms of the facility that's under our jurisdiction. From that if the Board would like to affirm that by vote, that would be the recommendation – that based on the due diligence there's a finding that there's no material impact on the facility under our jurisdiction? Dir. Champion confirmed that this would be the motion.

**Motion:** by Barbara Dresser to accept the Acquisition as recommended by Dir. Champion (based on the finding that there's no material impact on the facility under our jurisdiction)

**Seconded:** Al Skolfield

**Unanimous vote:** 4-0

### **Public Comments**

None

2/19/19 is the next meeting.

**At 9:35 a.m. Motion** by Barbara Dresser that the Board go into Executive Session

**Seconded** by Al Skolfield

**Unanimous Vote 4-0**

At 10:18, The Board reconvened from the Executive Session. There were no votes or decisions done or made during the Executive Session.

**Motion to adjourn:** Greg McNeal

**Seconded** by Barbara Dresser

**Unanimous vote 4-0**

Respectfully submitted,

Kathy Robitaille,  
Secretary