

OHIO CASINO CONTROL COMMISSION
MEETING MINUTES
10:00 A.M. – September 19, 2018
100 E. BROAD STREET, 20TH FLOOR
COLUMBUS, OHIO 43215

The regular meeting of the Ohio Casino Control Commission (Commission) was called to order at 10:00 a.m. by Chair Taylor. Commissioners Jo Ann Davidson, Will Lucas, Ranjan Manoranjan, Lynn Slaby, and John Steinhauer were also in attendance. Commissioner McKinley Brown had an excused absence. The minutes of the August 15, 2018 meeting were approved following a motion by Commissioner Slaby and seconded by Commissioner Steinhauer.

Executive Director Matthew Schuler began his report announcing that the Commission had recently submitted its 2018 annual report to the Governor's Office and General Assembly, which contains a summation of the 2018 fiscal year.

Next, Mr. Schuler had Rick Anthony, Deputy Executive Director and Director of Operations, present the FY19 quarterly review of agency revenues and expenditures, as well as the FY20-21 Commission Budget submission to the Office of Budget and Management. Mr. Anthony reported that the revenue estimates were already exceeded for the quarter. Expenses remain on track and should be at or below estimates by the end of the quarter.

Mr. Anthony projected that tax revenue for FY20-21 will increase 1% each year over year, based on the trend from FY 18 and the increase in the first quarter of FY19. It was noted that Skill Games revenue was now included due to the anticipation of skill games licensing fees. Wages and benefits were estimated to increase by an effective rate of 6-7% per fiscal year. This is due to contractual and statutory wage increases. The expense category for administrative hearings was increased with the anticipation of skill games hearings for FY20. This category was lowered for FY21, due to the expectation of requested administrative hearings to go down after the initial wave of skill game licenses. Supplies estimates were reduced due to the expected utilization of the Enforcement Fund for future enforcement division supplies. Training estimates for these fiscal years were estimated to be lower because of in-house training and the usage of OPOTA sponsored training. Historical data has shown that travel expenses have been below estimates for the past few years, so those estimates were adjusted accordingly. Personal purchased services estimates took into account the possibility of needing assistance for the Skill Games Division. The estimate for research & investigations takes into account the possible need for outside assistance as the implementation of skilled games regulations moves forward. Finally, Mr. Anthony explained that there is sufficient revenue in the enforcement fund for it to be utilized for some Enforcement Division expenses.

Mr. Schuler ended his report with a presentation from Dr. Mark Hurst, Director of Mental Health and Addiction Services, of the 2018 Annual Report on Problem Gambling, as well as an outline of the 2019 plan. Dr. Hurst began his report with an overview of the 2018 plan's achievements and milestones. Dr. Hurst noted

that Ohio hosted the 32nd annual National Conference on Problem Gambling in Cleveland, which was the largest problem gambling conference to date. The conference was attended by more than 650 guests from all over the world. Round Two of the Ohio Gambling Survey, a follow-up to the 2012 baseline survey, was completed and statewide results showed Ohio adults who are at-risk and/or problem gamblers had increased to 10.3%, from 5.7% in 2012. This percentage is below the national level. Dr. Hurst reported screening had increased by 5% and treatment had increased by 7%. Over 70,000 individuals were screened in 2018, however, it was noted that 562 declined treatment. The number who declined services will be tracked moving forward to allow the state to tailor workforce trainings toward helping that population.

Training for suicidal thoughts and potential actions using the “Question, Persuade, Refer” (QPR) model was increased this year. It was found that while the numbers of people completing and considering suicide continued to increase, even professionals and those working for the Ohio Problem Gambling Helpline were uncomfortable broaching the topic. To address this, a workforce development session was held in March. This sold-out event was attended by experts in the field and discussed the correlation between gambling and suicidal behavior. Additionally, quality assurance calls were made to the Problem Gambling Hotline to assess Helpline specialists on the manner individuals use during calls and resources offered.

The “Get Set Before You Bet” marketing campaign was noted to be doing well, with over 40,000 quizzes completed. Gambling treatment training was expanded in 2018. To date, 39 licensed Chemical Dependency Counselors have earned the Gambling Endorsement. The Ohio Problem Gambling Treatment Supervision Fellowship program honored its third cohort of Fellows in June this year. A total of 17 clinical supervisors have now graduated from the program. Dozens of problem gambling education and awareness trainings were conducted, reaching an estimated 3,000 people. Lastly, extensive work has been done on creating a statewide Voluntary Exclusion Program (VEP) for all of Ohio’s casinos and racinos. This unified VEP reduces the need for an individual to visit numerous casino and racino properties to fill out paperwork, and reduces the temptation to continue to gamble. This program is anticipated to launch in 2019.

Dr. Hurst reported that overall, Ohio’s Problem Gambling Services methods were working well. Some new areas OhioMHAS will be looking into for FY19 will be the impact of gambling on child welfare, Asian problem gambling prevention, and community outreach programs to raise problem gambling and treatment awareness. Dr. Hurst ended his report with an outline of FY19’s plan. OhioMHAS will institute a new Problem Gambling & Addictions allocation fund distribution formula in line with findings from the 2017 Ohio Gambling Survey – Round Two. Funding in FY19 is slated to be used for a number of different programs and studies, including: problem gambling counseling for clergymen; final analysis of the recent Ohio Gambling Survey by studying factors related to at-risk and problem gamblers; the launching of Ohio’s unified exclusion program; a new Problem Gambling Helpline Resource Directory website; and a new GBIRT research study to test efficacy of brief interventions where individuals with problem gambling may present for health services.

Mr. Matt Oyster, General Counsel and Director of Licensing and Investigations, presented Resolution 2018-25 AMENDED, pertaining to Penn National Gaming, Inc.’s (Penn) debt transaction, for further consideration. Resolution 2018-25 was previously presented at the August 15, 2018 public meeting, during which a motion

to amend Condition (A) of Resolution 2018-25 to extend the date by which all related transactions must close from the September 18, 2018 deadline to October 17, 2018 was approved. Following the August 15 meeting, Penn approached the Commission with proposed modifications to its conditionally approved debt financing after learning a better interest rate could be obtained on the new debt related to the Pinnacle Entertainment acquisition. A motion to amend Resolution 2018-25 to approve the requested modifications to the debt transaction was made by Commissioner Steinhauer. The motion was seconded by Vice Chair Davidson and approved.

Mr. Oyster then presented to the Commission for consideration, the gaming-related vendor license renewal applications for TCS John Huxley America, Inc. (TCS America) and TCS John Huxley Europe Limited (TCS Europe). The Division of Licensing and Investigations completed suitability background investigations of TCS America, TCS Europe, and its holding companies, and recommended approval. Mr. Oyster recommended approval of Commission Resolution 2018-31, granting a three-year gaming-related vendor renewal license to TCS America and TCS Europe. A motion to approve the Resolution was made by Commissioner Manoranjan. The motion was seconded by Commissioner Lucas and approved.

Mr. Oyster then presented to the Commission for consideration, key employee license applications for four individuals. The Division of Licensing and Investigations completed background investigations of the applicants and recommended approval of proposed Resolution 2018-32, granting three-year key employee licenses to Kelly Amos, JACK Cleveland Casino; Jason Birney, Hollywood Casino Columbus; Garry Prebynski, JACK Cleveland Casino; and Gabriel Santacreu, JACK Cleveland Casino. A motion to approve the Resolution was made by Commissioner Slaby. The motion was seconded by Commissioner Lucas and approved.

Andromeda Morrison, Director of Skill Games, presented to the Commission for their consideration the certification of BMM International (BMM) as a skill games independent testing laboratory. Commission staff completed an investigation to assess BMM's capability to provide information and services to the Commission in accordance with Ohio Adm.Code Chapter 3772-50. Commission staff concluded BMM met the requirements, conditions, and duties for certification and recommended approval of Commission Resolution 2018-33, granting a three-year skill games independent testing laboratory certification to BMM. Commissioner Steinhauer made a motion to adopt Commission Resolution 2018-33, approving BMM's three-year skill games independent testing laboratory certification. The motion was seconded by Commissioner Slaby and approved.

Next, Ms. Morrison presented to the Commission for consideration, the approval of a waiver request by United Skates of America (United Skates) from the language in Ohio Adm.Code 3772-50-10(M) that prohibits the combining of redeemable vouchers and cash to receive a merchandise prize. United Skates has applied for a Type-C skill-based amusement machine operator license and operates roller skating rinks in ten states, including four locations in Ohio. The business offers redemption prize counters and games as an added attraction to their skating facilities. As part of the redemption business, United Skates, as a corporate policy, allows customers to pay cash for any of the merchandise prizes that can be redeemed with tickets from the

games. After reviewing the waiver request, staff recommended granting United Skates a waiver from the language under Ohio Adm.Code 3772-50-10(M), subject to the following conditions:

1. The value of merchandise prizes or the number of redeemable vouchers needed to obtain a merchandise prize does not change depending on whether a customer utilizes cash only, redeemable vouchers only, or a combination of cash and redeemable vouchers;
2. The redemption of vouchers in conjunction with cash is limited to a single merchandise prize at the time of redemption;
3. The use of redeemable vouchers, with or without a cash combination, may only be for prizes contained in the prize display area required by Ohio Adm.Code 3772-50-19; and
4. The waiver does not remove or modify the remaining prohibitions regarding prize redemption, including the prohibition on issuing refunds for cash.

Vice Chair Davidson made a motion to approve United Skate's waiver request. The motion was seconded by Commissioner Manoranjan and approved.

Craig Donahue, Manager of Audits, presented to the Commission for consideration a proposed amendment to existing rule 3772-10-07, for initial approval. A motion to adopt the amendment was made by Commissioner Slaby. The motion was seconded by Commissioner Manoranjan and approved.

Next, Mr. Donahue presented to the Commission for their consideration, Hollywood Casino Toledo's (HCT) request for approval of a transfer of an employee from its surveillance department to its security department. Mr. Donahue explained that the Commission's approval of the transfer was necessary per Ohio Adm.Code 3772-19-06(D), since the employee would be transferring from a surveillance department position to a gaming-related security position within a one-year period. The Division of Regulatory Compliance recommended approval of HCT's request. A motion to grant HCT's request for transfer was made by Vice Chair Davidson. The motion was seconded by Commissioner Lucas and approved.

Cory Duran, Audit Supervisor, presented to the Commission for their consideration a waiver request by JACK Cincinnati Casino (JCI) and JACK Cleveland Casino (JCL) from the Ohio Adm.Code 3772-10-14(F) requirement that calls for the internal department to perform follow-up examinations within three months to verify corrective action has been taken regarding all instances of noncompliance cited in their audit work. JCI and JCL requested this provision be waived for audit projects that are completed on a semi-annual basis, as these projects meet the intent of the rule by incorporating the required follow-up testing into the next scheduled audit, in approximately the following six months. The waiver would not apply to audit reviews that are completed less frequently, or to any follow-up testing that may be directed by the Commission following a settlement agreement, notice of noncompliance, or other discipline imposed. A motion to grant JCI and JCL's request for a waiver of Ohio Adm.Code 3772-10-14(F) with the conditions mentioned above was made by Commissioner Manoranjan. The motion was seconded by Commissioner Lucas and approved.

Next, Mr. Duran presented requested internal control changes to the combined internal audit plan of JCI and JCL, in line with the approved waiver request, to reflect that follow-up testing for semi-annual audits will be

completed as a part of the next-scheduled review of that section. The proposed changes had been reviewed, and OCCC staff recommended their approval. Commissioner Lucas made a motion to approve the proposed changes. The motion was seconded by Commissioner Manoranjan and approved.

Next, William Cox, Assistant General Counsel, presented to the Commission four final orders for consideration:

In re: Larrie Baccus, Jr. (case #2018-LIC-009). Chair Taylor made a motion to approve and adopt the report and recommendation without modification to deny licensure for Larrie Baccus, Jr. The motion was seconded by Vice Chair Davidson and approved.

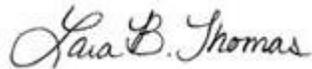
In re: David Eyestone (case #2018-LIC-003). Chair Taylor made a motion to approve and adopt the report and recommendation without modification to revoke licensure for David Eyestone. The motion was seconded by Commissioner Steinhauer and approved.

In re: Maadh Mahdi (case #2018-LIC-014). Chair Taylor made a motion to revoke the Casino Gaming Employee License for Maadh Mahdi. The motion was seconded by Vice Chair Davidson and approved.

In re: Mary Williams (case #2018-LIC-012). Chair Taylor made a motion to deny the Casino Gaming Employee Application for Mary Williams. The motion was seconded by Vice Chair Davidson and approved.

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: October 17, 2018