

OVER \$16 BILLION FOR EDUCATION.



**MINUTES OF THE MEETING OF
THE OHIO LOTTERY COMMISSION**

**HELD AT:
THE FRANK J. LAUSCHE BUILDING
FOURTH FLOOR CONFERENCE ROOM
615 WEST SUPERIOR AVENUE - CLEVELAND, OHIO 44113**

**MARCH 16, 2009
1:00 P.M.**

Present at the meeting were the following:

Members of the Commission:

Jonathan A Allison.
Jaladah Aslam
Paul M. Burens
Erskine E. Cade
Matthew R. Cox
Allan C. Krulak
Patrick McDonald
Rudy M. Stralka

Executive Staff of the Commission:

Michael A. Dolan, Director
Pamela A. DeGeeter, Chief Legal Counsel
John Martin, Deputy Director, Sales
Dennis Berg, Deputy Director, Finance
Candace S. McGraw, Deputy Director, Charitable Gaming
Constance Miller, Deputy Director, Operations
Gwen Penn, Deputy Director, Product Development
Michael Petro, Deputy Director, Information Technology
Jeannie Roberts, Deputy Director, Communications
Mark Sullivan, Deputy Director, Human Resources
Terri Tancredi, Deputy Director, Marketing
Christine T. Jasica, Administrative Assistant, Legal

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Also Present Were:

Laurence Snyder, Assistant Attorney General
Kathy Marshall, Human Resources
James R. Manley, Assistant Legal Counsel, Legal
Deborah R. Warren, Administrative Assistant, Legal
Traci Konesky, Administrative Assistant, Finance
James Bonnette, Supervisor, Licensing and Bonding
Ron Fornaro, Instant Gaming System Manager, Product Development
Dan Price, On-Line Product Manager, Product Development
Marie Kilbane Seckers, Communications
Mark Sullivan, Deputy Director, Human Resources
Valerie Harry, Office of Auditor of State
Darick Cornelious, GTECH Corporation
Jim Nash, Marcus Thomas
Jason Schafer, Marcus Thomas
Sean Athey, Scientific Games International
Tracy Blevins, Hooven Dayton Corporation
Scott Hoss, Intralot
Paul Ostendorf, Intralot
Roma Patel, Scientific Games International
Sam Newbury, Surety Group
Verlissa Reed, Savvy Software Solutions
Eldridge Fancher, Sales Representative
Sue Fancher

CALL TO ORDER AND PLEDGE OF ALLEGIANCE

The Ohio Lottery Commission (“the OLC”) meeting of March 16, 2009, was called to order at 1:00 P.M. at the Frank J. Lausche Building, Fourth Floor Conference Room by Chairperson Krulak.

WELCOME NEW COMMISSIONER

Chairperson Krulak called upon Director Dolan to welcome Paul M. Burens on his appointment as Commissioner for the term ending August 2011.

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ROLL CALL

The following members of the Commission answered present to the Roll Call: Jonathan A Allison, Jaladah Aslam, Paul M. Burens, Erskine E. Cade, Matthew R. Cox, Allan C. Krulak, Patrick McDonald, Rudy M. Stralka.

INTRODUCTIONS

Chairperson Krulak recognized first time attendees Kathy Marshall, Human Resources, Eldridge Fancher, Sales Representative, and his wife, Sue Fancher.

Pam DeGeeter recognized Laurence Snyder, Assistant Attorney General. Lad will be assisting the Lottery through the Attorney General's Office.

APPROVAL OF MINUTES

Commissioner Cade made a Motion that was seconded by Commissioner Stralka. The Motion was affirmatively voted upon by all Commissioners present except for Commissioners Allison and Aslam who abstained.

DIRECTOR'S REPORT

- Director Dolan recognized long time employee Eldridge Fancher, Sales Representative, Cincinnati, Region Employer of the Year. Eldridge's wife, Sue, was also present. The Director thanked Eldridge and his wife, Sue, for their dedication. He also commended Eldridge for his outstanding service and for his creation of RAP, Retailer Application Process. Eldridge replicated forms which retailers normally fill out by hand. He has spent more than 200 hours creating this application to make things easier and faster when it comes to processing retailer application.

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- The Director shared a flyer regarding the State of Nebraska's experience regarding KENO. Director Dolan explained that although KENO has not been as successful as expected, new retailers are being lined up for the July 1 start date with the new vendor and extensive training will be held in both the traditional and KENO channels.
- The Director indicated that with the week ending March 14, KENO reached its highest level of sales, and the Lottery will continue efforts to reach desired levels.
- Through a recent Scientific Games presentation, the Director was happy to learn that public awareness of the Lottery's beneficial purpose, a commitment to education, had gone up from the 40 to the 60 percentile range.
- Director Dolan reported that the Franklin County Court of Common Pleas had recently issued a favorable decision for the Lottery regarding the GTECH lawsuit. He explained that he had received a call from the Executive Vice President of GTECH who indicated that no appeal would be filed, and that GTECH stands ready to assist the Lottery in the transition.

Commissioner Cox asked if there had been any positive article written about the Lottery's increasing revenue in spite of the economic down turn. The Director thanked the Commissioner for asking and replied that the question most asked is if the Lottery is preying upon the people when they are hardest hit. Director Dolan stated that his response to such questions is "no." He believes that the people of Ohio are reasonable, and if someone were playing \$10 a week and were having difficulty, they are not playing \$10 a week anymore.

APPROVAL OF TWO (2) INSTANT GAME RULES IN PROPOSED FORM

Ron Fornaro brought before the Commission two (2) Instant Game Rules for approval in Proposed Form. Mr. Fornaro presented the details of the game:

- Rule 3770:1-9-691, *The Money Game* (\$1.00)
- Rule 3770:1-9-694, *\$100,000 A Year For Life* (\$20.00)

Chairperson Krulak requested a Motion to approve the two (2) Instant Game Rules in Proposed Form. Commissioner Stralka made a Motion that was seconded by Commissioner Aslam. With

no further discussion or public comment, the Motion was affirmatively voted upon by the Commissioners present.

APPROVAL OF FOUR (4) INSTANT GAMES RULE IN FINAL FORM

Ms. DeGeeter brought before the Commission four (4) Instant Game Rules for approval in Final Form. The rules were approved in Proposed Form at the February 23, 2009 Commission Meeting. The game rules are:

- Rule 3770:1-9-685, *Just A Buck* (\$1.00)
- Rule 3770:1-9-686, *Happy Go Lucky* (\$2.00)
- Rule 3770:1-9-687, *Wild 2's* (\$2.00)
- Rule 3770:1-9-688, *20X the Money* (\$5.00)

Chairperson Krulak requested a Motion to approve the four (4) Instant Game Rules in Final Form. Commissioner McDonald made a Motion that was seconded by Commissioner Allison. With no further discussion or public comment, the Motion was affirmatively voted upon by the Commissioners present.

RESOLUTION TO ADOPT TEN-OH! PROMOTION

Ms. DeGeeter explained this is a similar promotion that has been run previously with the *TEN-OH!* Game and has proved to be successful. The promotion is scheduled to run for 18 drawings beginning May 1 through May 29, 2009 on each Tuesday and Friday. If the player has a winning *TEN-OH!* ticket, the prize payout is increased by approximately 50%. She advised that Gwen Penn, Deputy Director of Product Development, could answer any specific questions regarding the promotion. No specific questions were raised regarding the promotion. Chairperson Krulak requested a Motion to approve the *TEN-OH!* Promotion. Commissioner Cade made a Motion that was seconded by Commissioner Allison. With no further discussion or public comment, the Motion was affirmatively voted upon by the Commissioners present.

LEGAL COUNSEL REPORT, PAMELA DEGEETER, CHIEF LEGAL COUNSEL

The Legal Counsel Report stands as written.

COMMUNICATIONS REPORT, JEANNIE ROBERTS, DEPUTY DIRECTOR

The Communications Report stands as written.

FINANCE REPORT, DENNIS BERG, DEPUTY DIRECTOR

- Mr. Berg reported that February 2009 ticket sales were \$209.8 million, representing an increase of \$23.0 million from last month's sales revenue of \$186.8 million. Mr. Berg pointed out that February marked the 8th month of the fiscal year. February's sales rebounded compared to the prior month of January as weather conditions improved greatly. Even with two less selling days compared to January, sales increased \$22.9 million over the previous month.
- February's sales of \$209.8 million broke an all-time sales record for the month of February. Sales were primarily fueled by the growing *Mega Millions* jackpot and KENO sales.
- KENO sales of \$9.5 million were the highest monthly figure recorded since the game's inception in August 2008. The KENO game also realized a one day sales record of nearly \$470,000 on Friday, February 27, 2009.
- The financial activity allowed the Lottery to transfer \$55.5 million to the LPEF, leaving us with total fiscal year-to-date transfer of \$453.5 million. This is a \$5.0 million higher than transfers made to the LPEF through the same time period last year.
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- *Pick 3* Game sales were \$31.7 million. This was down \$774,000 from last year, about a 2.3% decrease in sales. Over previous months, this is following the long-term trend for the *Pick 3* Game.
- *Pick 4* Game sales were \$16.5 million. This was an increase of \$338,000, about a 2% increase. This is a long-term trend that *Pick 4* has been going up.
- The *Rolling Cash 5™* Game saw sales of \$5.3 million. This was down roughly a half a million compared to last year. This was primarily jackpot related. The average jackpot last year for the month was running about \$168,000. This year it is running about \$136,000. So we have some lower jackpots this year.
- Mr. Berg followed up with a slide presentation regarding OLC's sales results by game.
- The transfer, again, for the month of \$55.5 million is actually down \$4.9 million when considering the original KENO revenue estimates. However, this was, if you did not consider the KENO estimates, a direction up \$3 million on the transfer. Year-to-date, transfers of \$453.5 million are down \$32.6 million when considering the original KENO projections, however, without KENO, the year-to-date transfers are up \$5.2 million over projections.
- Year-to-date, total transfers are \$5.1 million ahead of transfers made for the same time period last year.
- The prize expense is running about 60.9% compared to 60.7% and is right about ¼ of a percent up this year on prize expense. This is primarily related to KENO.

Chairperson Krulak asked what Lottery sales were typically like on St. Patrick's Day. Mr. Berg stated that sales were generally good and frequently the numbers 3-1-7 sell out in the *Pick 3* game.

GENERAL SERVICES REPORT, JIM BONNETTE, SUPERVISOR, LICENSING AND BONDING

- Mr. Bonnette provided an update to the number of monitor retailers actively selling from 1,099 to 1,106; total number of monitor game applications that are pending application approval has increased from 71 to 78; total number of monitor game retailers that are approved and bonded increased from 84 to 88 and the total number of retailers that are pending training is 19.

INFORMATION TECHNOLOGY REPORT, MIKE PETRO, DEPUTY DIRECTOR

- Mr. Petro reported on the progress of the Gaming System Conversion project. User acceptance testing of the Intralot system began the first week of March. There are several personnel at the Strongsville facility on a regular basis. There will be a training session/open house held for all Lottery Central employees the second week of April. The Commissioners were invited to attend as well.

MARKETING SERVICES REPORT, TERRI TANCREDI, DEPUTY DIRECTOR

The Marketing Services Report stands as written.

SALES MANAGEMENT REPORT, JOHN MARTIN, DEPUTY DIRECTOR,

After introducing himself, Mr. Martin stated that the Sales Management Report stands as written.

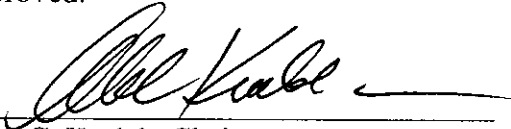
PRODUCT DEVELOPMENT REPORT, GWEN PENN, DEPUTY DIRECTOR

The Product Development Report stands as written.

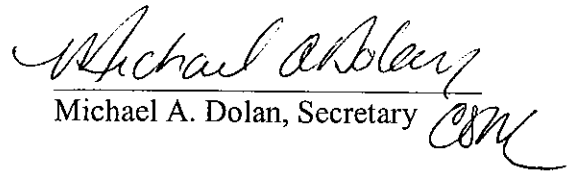
ADJOURNMENT

Chairperson Krulak adjourned the meeting at 1:42 P.M.

Approved:



Allan C. Krulak, Chairperson



Michael A. Dolan, Secretary