

#### MINUTES OF THE MEETING OF THE OHIO LOTTERY COMMISSION

# HELD AT: HARD ROCK ROCKSINO NORTHFIELD PARK HARD ROCK LIVE VESTIBULE 10777 NORTHFIELD ROAD - NORTHFIELD, OHIO 44067

JANUARY 13, 2014 1:00 P.M.

#### Present at the meeting were the following:

#### **Members of the Commission:**

Julie Ault James Brady John Lewis Patrick McDonald Amy Sabath Elizabeth Vaci Sean Whalen

#### **Executive Staff of the Commission:**

Dennis Berg, Director
Greg Bowers, Acting Deputy Director, Finance
Steve Kmiotek, Interim Deputy Director, General Services
Sandy Lesko-Mounts, Deputy Director, Marketing Communications
Constance S. Miller, Deputy Director, Operations
Lawrence J. Miltner, Chief Legal Counsel
Gwen Penn, Deputy Director, Product Development
Mike Petro, Deputy Director, Information Technology
Patricia Vasil, Deputy Director, Sales
Traci Konesky, Assistant to the Director

#### **Also Present Were:**

Ron Fornaro, Instant Gaming System Manager, Product Development Jennifer Wilson, VLT Management, Operations
Kyle Wentz, Hard Rock Rocksino Northfield Park
Jon Lucas, Hard Rock Rocksino Northfield Park
Jeff Michie, Hard Rock Rocksino Northfield Park
Steve Schutte, Hard Rock Rocksino Northfield Park
Nicole Kostura, Office of the Governor
Sean Webster, Board of Elections
Rob Frost, Cuyahoga County Republican Party Chairman
Charlie Scannella, Scientific Games
Debbie Pirone, Marcus Thomas
Duane Miller, Hooven Dayton
John Oberle, Penn National/Ice Mille
Karen Farkas, The Plain Dealer

#### CALL TO ORDER AND PLEDGE OF ALLEGIANCE

The Ohio Lottery Commission ("OLC") meeting of January 13, 2014, was called to order at 1:18 P.M. at the Frank J. Lausche Building, Fourth Floor Conference Room by Chairman Pat McDonald, followed by the Pledge of Allegiance.

#### **ROLL CALL**

The following members of the Commission answered present to the Roll Call: Julie Ault, John Lewis, Pat McDonald, Amy Sabath, Elizabeth Vaci and Sean Whalen. Commissioner Brady arrived after roll call at 1:28 p.m.

#### ANNUAL ELECTION OF OFFICERS

Chairman McDonald turned the Meeting over to Vice-Chairman Whalen for the purpose of electing a Chairman for 2014. Vice-Chairman Whalen opened nominations for Chairman of the Commission. Vice-Chairman Whalen made a Motion to nominate Patrick McDonald as Chairman which was seconded by Commissioner Lewis. The Motion was affirmatively voted upon by all Commissioners present.

Chairman McDonald opened nominations for Vice-Chairman of the Commission.

Chairman McDonald made a Motion nominating Sean Whalen for Vice-Chairman of the

Commission that was seconded by Commissioner Ault. The Motion was affirmatively

voted upon by all Commissioners present.

**CHAIRMAN MCDONALD'S COMMENTS** 

• Chairman McDonald asked Commissioner Lewis if he was still interested in being

Chairman of the Problem Gambling Committee. Commissioner Lewis responded

that yes he was.

• Chairman McDonald stated that he spoke with a representative from the Office of

Budget and Management, and they talked about possibly expanding the OLC's Audit

Committee. Commissioner Whalen and Commissioner Morgan currently reside on

that Committee. Chairman McDonald asked if there was another Commissioner that

would like to sit on the Audit Committee. Commissioner Sabath said she would like

to be part of the Audit Committee.

• Chairman McDonald reported that December 2013 was the second highest sales

month in OLC history due to the \$648 million Mega Millions® jackpot that hit in

December 2013. Transfers to the Lottery Profit Education Fund ("LPEF") for

December were the highest in OLC history.

• Chairman McDonald thanked OLC staff for doing a great job opening two (2)

racinos back-to-back in December 2013.

Chairman McDonald thanked Brock Milstein and Jon Lucas for hosting the OLC

Commission Meeting today.

• Chairman McDonald stated that the OLC has concentrated their efforts on a

responsible gaming program. All of the VLT facilities have incorporated

responsible messaging through electronic signage and brochures for the patrons. A

new ORG campaign has started airing called, "I Lost a Bet." Ms. Lesko Mounts will

give more details on that campaign during her report.

• Chairman McDonald stated that the OLC will be part of the Problem Gambling

Conference that will be held in Columbus at the Crown Plaza the beginning of

March. He thanked Commissioner Lewis for participating in the Conference.

• Chairman McDonald stated that the Commission Meetings will remain on the third

Monday of the Month at 1:00 p.m. The March 17, 2014 Meeting will be moved to

Tuesday, March 18, 2014.

**INTRODUCTION OF FIRST TIME ATTENDEES** 

Chairman McDonald recognized first time attendee Sean Webster from the Cuyahoga

County Board of Elections.

APPROVAL OF MINUTES OF DECEMBER 16, 2013

Chairman McDonald requested a Motion to approve the December 16, 2013 Minutes.

Commissioner Lewis made a Motion that was seconded by Commissioner Sabath. The

Motion was affirmatively voted upon by all Commissioners present.

Chairman McDonald thanked OLC employees for their strong participation in the food

bank as well as other charitable causes throughout the year.

Commissioner Brady arrived at 1:28 p.m.

#### **DIRECTOR'S REPORT, DENNIS BERG, DIRECTOR**

- Director Berg thanked the entire Northfield team present that was present at today's Meeting. Immediately following the Meeting, there will be a tour of the facility for those wishing to attend.
- Director Berg reported that December represented the sixth month and half way
  point of Fiscal Year 2014. Sales on the traditional lottery side of the business
  performed very well getting a boost by the \$648 Mega Millions® Jackpot.
- Total sales of \$263.4 million exceeded sales compared to last December by \$11.4 million and this represented the second highest sales month in the OLC's history. Keno performed very well bringing in \$25.3 million for the month, breaking an all-time monthly sales record for the game. VLT sales were the largest in the OLC's history as two additional racinos opened in December, Hard Rock Northfield and Miami Valley Gaming.
- Director Berg reported that as a result of the positive sales result from traditional lottery games along with the revenues derived from the four (4) VLT facilities, the OLC was able to achieve a profit transfer of \$87.1 million, representing the largest monthly transfer to the LPEF in the history of the OLC. Mr. Bowers will provide a brief mid-year recap on the OLC's financial performance.
- On January 12, 2014, the OLC launched its first ever *EZPLAY®* countdown games. These games play more like a reverse raffle format as the odds of winning the top prize improves as tickets are depleted from the pool of tickets available. These games are sold strictly through MP terminals.
- The OLC's first \$30 instant ticket, 40TH Anniversary Millions, will go on sale January 16, 2014.

• Director Berg reported that there has been some discussion about a game concept

called Lucky for Life. The states discussing the concept are New York, Ohio, New

Jersey and Michigan. It is a lotto type game with two (2) lifetime prizes: \$1,000 a

day for life, and \$1,000 a week for life.

• The NFL Ultimate Tailgate Party and Fan Fest will be held on Friday, May 2, 2014,

for Powerball second chance winners. Eighteen (18) states participating. The

Promotion runs November 17, 2013 through February 8, 2014, and the drawing will

be held on February 11, 2014. There are three (3) commercials currently airing.

• Director Berg reported that regarding the MPNG program, the OLC is finalizing the

procurement agreement with Intralot to secure 1,200 MPNG devices. An open

house for potential organizations was held on December 20, 2013. Several more

will be held at the end of the January and the beginning of February. Ms. Vasil will

provide more details.

Jon Lucas, President of Hard Rock Rocksino Northfield Park, thanked OLC staff for their

partnership with Hard Rock Rocksino Northfield Park and the new VLT facility.

**APPROVAL OF FOUR (4) INSTANT GAME RULES IN FINAL FORM** 

Mr. Miltner brought before the Commission four (4) Instant Game Rules for approval in

Proposed Form. The rules are as follows:

• Rule 3770:1-9-185, *Lucky Devil* (\$2.00);

• Rule 3770:1-9-186, *Liberty Bells* (\$3.00);

• Rule 3770:1-9-187, Easy Money (\$5.00); and

• Rule 3770:1-9-188, *Ohio Millions* (\$10.00).

Chairman McDonald then requested a Motion to approve the four (4) Instant Game Rules in Final Form. Commissioner Sabath made a Motion that was seconded by Commissioner Lewis. With no further discussion, the Motion was affirmatively voted upon by the Commissioners present.

#### APPROVAL OF ADMINISTRATIVE RULE IN FINAL FORM- RESCISSION

Mr. Miltner brought before the Commission the approval of one (1) Administrative Rule, rescission, in Final Form. Mr. Miltner stated that the Administrative Rule is the old Powerball® game rule, and all prize awards have been paid. The Administrative Rule is as follows:

• Rule 3770:1-9-56, Game number fifty-six

Chairman McDonald then requested a Motion to approve one (1) Administrative Rule, rescission, in Final Form. Commissioner Vaci made a Motion that was seconded by Commissioner Ault. With no further discussion, the Motion was affirmatively voted upon by the Commissioners present.

### OFFICE OF LEGAL COUNSEL REPORT, LARRY MILTNER, CHIEF LEGAL COUNSEL

Mr. Miltner stated that the OLC Legal Department has been working diligently on its five (5) year rule review, and hopes to be current by the end of February 2014.

#### **RESOLUTION TO APPROVE VIDEO LOTTERY GAME THEMES**

Ms. Miller brought before the Commission a Resolution to approve thirty-six (36) Video Lottery Game Themes. The thirty-six (36) Game Themes are as follows: eight (8) game

themes submitted by Bally Technologies; twelve (12) game theme submitted by Konami; ten (10) game themes submitted by Multi-Media; and six (6) game themes submitted by Williams.

Chairman McDonald then requested a Motion to approve the Resolution for thirty-six (36) Video Lottery Game Themes submitted. Commissioner Whalen made a Motion that was seconded by Commissioner Ault. With no further discussion, the Motion was affirmatively voted upon by the Commissioners present.

## OFFICE OF GOVERNMENT AND COMMUNITY RELATIONS REPORT, ON BEHALF OF CARLA TRICARICHI, CONSTANCE MILLER, DEPUTY DIRECTOR

- Ms. Miller stated that all of the VLT facilities have Please Play Responsible electric signage throughout their facilities.
- Ms. Miller reported that the Hard Rock Rocksino at Northfield had over 3,000 guests attend the VIP event held on Monday, December 16, 2013. Two (2) members of the Permanent Joint Committee on Gaming and Wagering attended the VIP event: Senator Coley and Representative Slesnick.
- Ms. Miller reported that Miami Valley Gaming and Wagering, which officially opened on December 12, 2013, is still undergoing some construction.
- Ms. Miller reported that on Friday, January 10, 2014, Belterra Park was notified that
  they were eligible for a temporary gaming permit. They anticipate to open in April
  or May 2014.
- Ms. Miller stated that the next Audit Committee Meeting will be held on March 18,
   2014, prior to the Commission Meeting at 11:00 a.m.

### OFFICE OF FINANCE REPORT, GREG BOWERS, ACTING DEPUTY DIRECTOR

Mr. Bowers reported that the OLC had another very good sales month, and was the second highest of in the OLC's history. More importantly record profits were generated for Education, transferring \$87.1 million to the LPEF. This exceeded the previous record set in April 2012 of \$86.3 million.

- The record-setting transfer can be attributed to the following: the second highest *Mega Millions*® jackpot in history at \$648 million; the opening of two (2) more racinos including the state-of-the-art facility, the Hard Rock Rocksino at Northfield; record sales from Keno, and both *Classic Lotto* and *EZPLAY*® exceeded expectations for the month. Total sales for month exceeded projections by \$18.1 million.
- Mr. Bowers reported that in regards to VLTs, the OLC's net share of VLT revenue in December, after operating expenses are considered, equaled \$10.6 million, which was about \$100,000 more than monthly projections. This was based on "Net Win" at both tracks of \$35.5 million, which represented an all-time high for a given month.
- Operating expenses came in under budget. For the first half of the fiscal year, profits generated for Education are greatly ahead of projections as well as ahead of last year's pace.
- Mr. Bowers gave a fiscal year 2014 mid-year sales update to the Commission.

### OFFICE OF INFORMATION TECHNOLOGY REPORT, MIKE PETRO, DEPUTY DIRECTOR

- Mr. Petro reported that in regards to the opening of both Miami Valley Gaming and Racing and Hard Rock Rocksino at Northfield, all of the VLTs on the floor were hooked up to the Central Monitoring System.
- Mr. Petro reported that the OLC installed a new software batch on December 22,
   2013. The primary features are the new EZPLAY® Countdown games and the modifications to the Powerball® Power Play feature.
- Mr. Petro stated that the Information Technology Division is working with Finance and Human Resources to review the I.T. Optimization Workforce plan currently implemented by DAS/OIT.

## OFFICE OF MARKETING COMMUNICATIONS AND OFFICE OF COMMUNICATIONS REPORTS, SANDY LESKO MOUNTS, DEPUTY DIRECTOR

- Ms. Lesko Mounts stated that there are multiple layers of media currently airing: the Goldielocks and the Three Bears for *Money Multiplier* and *Powerball*® spots that were nationally produced for the Ultimate Tailgate Party.
- Ms. Lesko Mounts stated the the ORG campaign entitled, "I Lost a Bet," has gotten the most press lately. She stated that she did an interview with a Statehouse reporter for the Columbus Dispatch, and the Associated Press picked up on that story. The campaign has created a lot of buzz, and there has been a lot of positive press on it.

### OFFICE OF SALES MANAGEMENT REPORT, PATRICIA VASIL, DEPUTY DIRECTOR

- Ms. Vasil reported that the *EZPLAY®* countdown games went on sale January 12, 2014. The project was a huge undertaking and she thanked I.T., Product Development, Marketing and Sales for their efforts. Tickets went on sale at 5:30 a.m. Currently, twenty-three (23) jackpots have been hit on those games.
- Ms. Vasil reported that the OLC is working on the MPNG project. There was an open-house on December 20, 2014. Nineteen (19) organizations attended with a total of fifty (50) people. They were very interested in the MPNG device as well as traditional lottery sales. Ms. Vasil handed out a flyer of upcoming open houses that will be held throughout the State.
- Ms. Vasil stated that there were five hundred organizations contacted and thirty percent showed interest in the MPNG program.

### OFFICE OF PRODUCT DEVELOPMENT REPORT, GWEN PENN, DEPUTY DIRECTOR

- Ms. Penn thanked her staff as well as OLC vendors for all of the new online and instant games that came out in 2013.
- Ms. Penn reported that in 2013, the OLC launched three (3) progressive *EZPLAY®* games. Sales in 2013 for the progressive *EZPLAY®* games were \$43 million. The first progressive game went on sale in January 2013. The second progressive game launched in May of 2013.

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• Ms. Penn reported that the OLC had its first ever holiday bonus drawing that featured all instant tickets. There were two (2) drawings: December 3, 2013 and January 7, 2014. There were a total of 6.3 million entries: 2.2 million for the first drawing and 4.1 million for the second drawing.

#### **ADJOURNMENT**

Chairman McDonald adjourned the meeting at 2:17 P.M.

Secretary - Dennis Berg, Director

Approved:

Patrick McDonald, Chairman