



**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 21, 2014  
1:00 P.M.**

**Present at the meeting were the following:**

**Members of the Commission:**

Julie Ault  
James Brady  
Allan Krulak  
John Lewis  
Patrick McDonald  
William Morgan  
Amy Sabath  
Elizabeth Vaci  
Sean Whalen

**Executive Staff of the Commission:**

Dennis Berg, Director  
Greg Bowers, Deputy Director, Finance  
Steve Kmiotek, Interim Deputy Director, General Services  
Sandy Lesko-Mounts, Deputy Director, Marketing Communications  
Constance Miller, Deputy Director, Operations  
Lawrence J. Miltner, Chief Legal Counsel  
Gwendolyn Penn, Deputy Director, Product Development  
Liz Popadiuk, Deputy Director, Human Resources  
Patricia Vasil, Deputy Director, Sales  
Traci Konesky, Assistant to the Director

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## **Also Present Were:**

Mike Gonzalez, Office of Finance  
Tom Bogus, Office of Communications  
Joe Angelillo, VLT Management  
Thomas Schervish, Office of Information Technology  
Mike Mazanec, Office of Information Technology  
Luigi DiRienzo, Office of Information Technology  
Neil Walkoff, Pinnacle Entertainment  
Dwayne Cambra, Belterra Park  
Chris Plant, Pinnacle Entertainment  
Chera Schweitzer, Belterra Park  
Walter Stowe, Pinnacle Entertainment  
Bill Buffalo, Pinnacle Entertainment  
Tom Garcia, Intralot  
Charlie Scannella, Scientific Games  
Karen Nichols, Scientific Games  
Duane Miller, Hooven Dayton

## **CALL TO ORDER AND PLEDGE OF ALLEGIANCE**

The Ohio Lottery Commission ("OLC") meeting of March 21, 2014, was called to order at 1:03 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, Allan Krulak, John Lewis, Pat McDonald, William Morgan, Amy Sabath, Elizabeth Vaci and Sean Whalen. Commissioner Brady arrived after roll call at 1:09 P.M.

## **INTRODUCTION OF FIRST TIME ATTENDEES**

Chairman McDonald recognized first time attendees: Neil Walkoff, Executive Vice President of Operations, Pinnacle Entertainment; Dwayne Cambra, Director of Finance, Belterra Park; Chris Plant, Vice President of Finance and Accounting, Pinnacle Entertainment; Chera Schweitzer, Compliance Officer, Belterra Park; Walter Stowe, Vice President of Compliance, Pinnacle Entertainment; and Bill Buffalo, Vice President and

Legal Counsel, Pinnacle Entertainment. Kevin Kaufman, General Manager for Belterra Park Gaming and Entertainment Center, was supposed to present, however he was unable to attend due to an illness.

**APPROVAL OF MINUTES OF FEBRUARY 10, 2014**

Chairman McDonald requested a Motion to approve the February 10, 2014 Minutes. Commissioner Morgan made a Motion that was seconded by Commissioner Lewis. The Motion was affirmatively voted upon by all Commissioners present.

**CHAIRMAN'S COMMENTS**

- Chairman McDonald stated that the Trotwood *Cash Explosion*® Roadshow will be on the afternoon of May 17, 2014 at the Trotwood-Madison High School. All of the Commissioners are invited to attend. On April 7, 2014, a press conference will be held in Trotwood announcing the Roadshow.
- Chairman McDonald commended Connie Miller for her outstanding performance going before the Controlling Board both for the Multi-Purpose Next Generation machines ("MPNG") and the Intralot Contract renewal.
- Chairman McDonald stated that Director Berg will be reporting more details on the MPNG program during his report. The Controlling Board request was for \$22 million for 1,200 machines.
- Chairman McDonald stated that Greg Bowers has been named the Deputy Director of Finance and Jennifer Wilson has been named the Deputy Director of Internal Audit. Ms. Wilson will be part of the Audit Committee which met prior to today's Commission Meeting. Chairman McDonald asked Commissioner Whalen for an update.

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Commissioner Whalen stated that it was a very productive meeting with OLC staff, Commissioners and staff from the State's Office of Internal Audit ("OIA"). OIA was asked for a recommendation to restructure the Audit Committee. This will allow the Committee to add additional resources by bringing in external experts in the field.

- Chairman McDonald stated that he would like staff to touch on how sales are going with the \$30 Instant Ticket. He would also like staff to address transfers to the Lottery Profits Education Fund ("LPEF").

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

- Director Berg reported that on March 4, 2014 and March 5, 2014, the OLC sponsored, on behalf of the Ohio for Responsible Gambling ("ORG") initiative, the first conference dedicated exclusively to problem gambling in Ohio. The conference was attended by over 200 counselors and program administrators, including attendees from all of our racino partners.
- Commissioner Lewis welcomed the attendees on behalf of the OLC. Marketing Deputy Director Sandy Lesko-Mounts addressed the conference on the inception and positive results of our cutting edge social media campaign [ilostabet.com](http://ilostabet.com).
- Director Berg stated that prior to today's Commission Meeting, the Audit Committee met to discuss the status of the OLC's Internal Audit program. The OLC has found a replacement for its Internal Audit Manager position which opened up upon the retirement of Carol Brown. Internal candidate Jennifer Wilson, who currently works for Connie Miller as a VLT compliance officer, has excepted the position of Internal Audit Manager. Jennifer comes with years of experience with the Auditor of State, and she worked on the OLC's performance audit back in 2010.

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- The Office of Budget and Management's Internal Audit group has issued a "Results of Assurance Review" report, citing areas to enhance the OLC's current internal audit process along with the configuration and reporting activities of our Audit Committee. The OLC is currently digesting the recommendations and will adapt to areas that can improve our efficiency and performance.
- Director Berg stated that Greg Bowers has been named to the permanent Finance Director position. Greg was previously serving as Acting Finance Director. He brings a wealth of OLC experience as he has served in numerous OLC finance positions over the past twenty plus years.
- Director Berg reported that sales on the traditional lottery side of the business performed very well in February. Sales of \$235.4 million were up \$25.7 million or 12.3% higher compared to last February, making this the second best February in the OLC's 40 year history. Given the wave of winter storms and bitter cold temperatures, the OLC is very pleased with its sales results.
- Sales were boosted in all of the jackpot games, *Mega Millions*®, *Powerball*® and *Classic Lotto* as high jackpot offerings attracted consumer interest. The *Powerball*® jackpot was \$400 million on February 19, 2014; the *Mega Millions*® jackpot was \$216 million on February 28, 2014; and the *Classic Lotto* jackpot was \$61.6 million on February 28, 2014.
- Director Berg reported that *Keno* performed well with a \$4 million or 19.8% increase over last February. The OLC reached a milestone mark for *Keno*. On February 1, 2014, cumulative sales for *Keno* since inception in August 2008 surpassed \$1 billion.

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- Instant ticket sales grew by \$11.1 million over last February primarily due to the introduction of the \$30 instant ticket game in January, 2014.
- Director Berg reported that VLT sales were also the largest in the OLC's history as four (4) racinos were open for the entire month in February compared to only one racino, open last February.
- Transfers to the LPEF of \$78.5 million was the highest transfer for the month of February in the OLC's history. Greg Bowers will provide further details on our financial activity and transfers to education for the month in his report.
- On May 17, 2014, the OLC will be taping the Cash Explosion® show at Trotwood High School. More details will follow next month, and all Commissioners are welcome to attend the taping that Saturday afternoon.
- Director Berg reported that the Mid-Biennium Budget Review bill has been introduced. The bill has been divided into fifteen (15) separate bills by the House. It is anticipated that the OLC may be asked to testify on these items before the House Policy and Legislative Oversight Committee perhaps during the first week of April.
- There are three (3) separate items that the OLC is requesting. First item is removing Controlling Board approval for OLC fees. The second item is removing the requirement that one OLC Commissioner "represent" an organization providing addiction services. This provision creates a conflict since the OLC partially funds almost all organizations that provide addiction services. Instead, under the proposed language, one Commission member will be required to have experience with addiction services. The third item is to streamline support of statewide joint Lottery games. This would permit the OLC to prepare to implement any new multi-state games, pending final approval by the Governor.

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- The OLC is conducting a March mania *Keno* promotion during the collegiate basketball game days. Players who purchase a single \$20 ticket or higher *Keno* ticket are rewarded with a \$1.00 two spot *Keno* ticket for four consecutive drawings. *Keno* is a very popular game in the late winter and early spring months as the harsh winter weather lets up and consumers start to venture out to their neighborhood establishments.
- Director Berg reported that on March 10, 2014, the OLC testified in front of the State Controlling Board advocating the requested purchase of up to 1,200 Multi-Purpose Next Generation (“MPNG”) Lottery devices at a cost of \$19.2 million. These devices would be eligible to be placed in veteran and fraternal organizations. Games developed for the MPNG devices would provide a legal gaming solution that these organizations can provide to their patrons.
- Over twenty (20) information open-house sessions have been conducted throughout the State providing clarifying information to the veteran and fraternal organizations. More sessions are planned for the upcoming weeks as the awareness and interest in the MPNGs is increasing and these organizations are more comfortable knowing the bi-partisan State Controlling Board voted unanimously 7-0 to allow the purchase of these devices and the Attorney General stated he can defend the constitutionality of these games.
- Director Berg thanked Connie Miller who fielded numerous questions from the Controlling Board members for nearly an hour.

- Director Berg stated that OLC staff are working diligently with the management staff of Belterra Park in Cincinnati for the grand opening of the State's fifth racino. Several associates from Belterra Park are present today to give a presentation regarding the property launch.

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

Ms. Penn brought before the Commission four (4) Instant Game Rules for approval in Proposed Form. Ms. Penn presented the details of the game:

- Rule 3770:1-9-197, *Magic 8 Ball™* (\$2.00);
- Rule 3770:1-9-198, *Fun 5's* (\$5.00);
- Rule 3770:1-9-199, *100X The Money* (\$20.00); and
- Rule 3770:1-9-200, *Cash Explosion®* (\$2.00).

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

**APPROVAL OF SEVEN (7) INSTANT GAME RULES IN FINAL FORM**

Mr. Miltner brought before the Commission seven (7) Instant Game Rules for approval in Final Form. The rules are as follows:

- Rule 3770:1-9-191, *Lucky Seven* (\$1.00);
- Rule 3770:1-9-192, *Red Hot and Blue 7s* (\$2.00);
- Rule 3770:1-9-193, *Triple Black 777* (\$5.00);
- Rule 3770:1-9-194, *Bingo and Diamonds* (\$2.00);

- Rule 3770:1-9-937, EZPLAY® *In Between* (\$1.00);
- Rule 3770:1-9-943, EZPLAY® *Match 5 Doubler* (\$10.00); and
- Rule 3770:1-9-944, EZPLAY® *Going Pro* (\$5.00).

Chairman McDonald then requested a Motion to approve the seven (7) Instant Game Rules in Final Form. Commissioner Brady made a Motion that was seconded by Commissioner Lewis. With no further discussion, the Motion was affirmatively voted upon by the Commissioners present.

**MANDATORY RULE REVIEW PURSUANT TO CHAPTER 119 IN PROPOSED FORM – AMENDMENTS**

Mr. Miltner brought before the Commission the approval of three (3) Administrative Rules based on the Mandatory Rule Review Pursuant to Chapter 119, amendments, in Proposed Form. The Administrative Rules are as follows:

- Rule 3770-4-07, *Stolen and destroyed tickets.*;
- Rule 3770-4-08, *Payment of minor prizes.*; and
- Rule 3770:1-8-01, *Persons entitled to receive prizes.*

Chairman McDonald then requested a Motion to approve three (3) Administrative Rules based on the Mandatory Rule Review Pursuant to Chapter 119, amendments, in Proposed Form. Commissioner Morgan made a Motion that was seconded by Commissioner Sabath. 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 date the Ethic Commission has been moved the due date for filing Financial Disclosure statements from April 15, 2014 to May 15, 2014. Prior to filing with the Ethics Commission, Mr. Miltner needs to review everyone's statements.

**RESOLUTION TO APPROVE VIDEO LOTTERY GAME THEMES**

Ms. Miller brought before the Commission a Resolution to approve forty-four (44) Video Lottery Game Themes. The forty-four (44) Game Themes are as follows: twenty-seven (27) game themes submitted by Ainsworth; eight (8) game themes submitted by Aristocrat; one (1) game theme submitted by Bally Technologies; one (1) game theme submitted by IGT; two (2) game themes submitted by Multi-Media; and five (5) game themes submitted by Williams.

Chairman McDonald then requested a Motion to approve the Resolution for forty-four (44) Video Lottery Game Themes submitted. Commissioner Sabath made a Motion that was seconded by Commissioner Vaci. With no further discussion, the Motion was affirmatively voted upon by the Commissioners present.

**BELTERRA PARK GAMING AND ENTERTAINMENT CENTER, NEIL WALKOFF, EXECUTIVE VICE PRESIDENT OF OPERATIONS, PINNACLE ENTERTAINMENT**

Neil Walkoff, Executive Vice President of Operations for Pinnacle Entertainment, gave a high level overview of the OLC's VLT facility at Belterra Park Gaming and Entertainment Center.

**OFFICE OF GOVERNMENT AND COMMUNITY RELATIONS REPORT, ON  
BEHALF OF CARLA TRICARICHI, DEPUTY DIRECTOR, DENNIS BERG**

Director Berg stated that the Government and Community Relations Report stands as written.

**OFFICE OF FINANCE REPORT, GREG BOWERS, DEPUTY DIRECTOR**

- Mr. Bowers reported that the OLC had another very good month in respect to both VLT and traditional lottery, generating \$78.5 million in profits for the LPEF, of that amount \$14 million was related to VLT net income. Not only were total sales higher than sales realized last year in February by 25.7 million, but also greater than the forecast for the month.
- Recently, there has been some positive momentum in both the *Keno* and instant ticket product categories. Instant tickets, on a weekly basis, have exceeded last year's sales for seven (7) of the last eight (8) weeks. The new \$30 instant ticket price point has generated roughly \$6 million in sales per week. Higher price point tickets (\$10, \$20, \$30) now comprise more than half of instant ticket sales, on average. The \$30 instant ticket is roughly 20% of total instant ticket sales on a weekly basis. And more recently, starting with last week's sales, the OLC has seen double digit increases over last year in each of the last four (4) weeks.
- Sales for *Keno* surpassed the \$6 million weekly sales mark for the first time in mid-February. Since then, *Keno* sales have averaged nearly \$6.4 million per week and set an all-time weekly sales record for the week ending March 1, 2014, growing to \$6.5 million for that week.
- Mr. Bowers reported that year-to-date sales are \$9.2 million over last year through the end of February and now has grown to \$23 million through the end of last week.

For the year, the OLC is over its profit commitment through February by \$39.7 million, and \$52.7 million more than last year through February.

- Mr. Bowers stated that a milestone will be hit in early April, upon posting of our March profit transfers, the OLC will surpass the \$20 BILLION plateau in profits generated since its inception.

**OFFICE OF INFORMATION TECHNOLOGY REPORT, ON BEHALF OF MIKE PETRO, DEPUTY DIRECTOR, THOMAS SCHERVISH**

- Mr. Schervish reported that in regards to today's Audit Committee meeting, and in conjunction with the auditing of the OLC's processes, on March 24, 2014, the OLC will begin the security audit of the OLC's new system vendor.
- Mr. Schervish reported that also on March 24, 2014, the first software release of the calendar year is scheduled. The batch will contain the software to support the new *Lucky for Life* game and the mobile play slip application.

**OFFICE OF MARKETING COMMUNICATIONS REPORT AND OFFICE OF COMMUNICATIONS REPORT, SANDY LESKO MOUNTS, DEPUTY DIRECTOR**

- Ms. Lesko Mounts stated that she had an opportunity to speak at the ORG sponsored Problem Gambling conference that was held in Columbus March 4-5, 2014. This was an opportunity to give an overview of the current public awareness campaigns that are available to local communities. It was also an opportunity to highlight the Ilostabet.org campaign which is state-wide.
- Ms. Lesko Mounts played three (3) television spot for the ORG's Ilostabet.org campaign.

- Ms. Lesko Mounts showed a video of a Channel 3 story of a \$100,000 instant ticket winner. The story was also picked up by the Ellen Show and was shared on Ellen's Good News Blog. Both the Channel 3 story and the link to the Ellen Show blog are on the OLC's blog and YouTube Channel.

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

- Ms. Vasil reported that to date, the OLC has received 122 applications from retailers for the MPNGs, and they have asked for 433 total MPNGs thus far. The OLC has held twenty (20) open houses with more scheduled the week of March 24, 2014.
- Ms. Vasil stated that four (4) small chain locations have been identified for Jeff Sinacori from Scientific Games, to evaluate as part of the Salesmaker program. Several locations in each chain were visited the week of March 10, 2014, and then staff will meet with corporate representatives to go over a game plan to go into their stores and do a makeover. Ms. Vasil showed slides of Salesmaker makeovers.

Commissioner Morgan left the Meeting at 2:27 p.m.

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

Ms. Penn gave a recap of the sales through March 15, 2014 of the OLC's \$30 instant game: sales are at \$48 million; prize expense is at \$37 million; and averaging a 78.5% payout and the overall payout is 80%

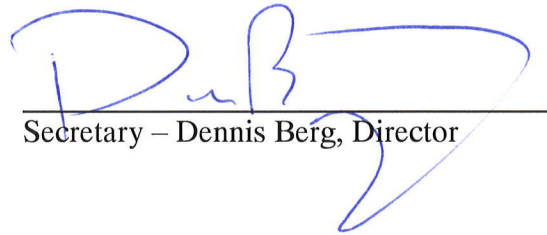
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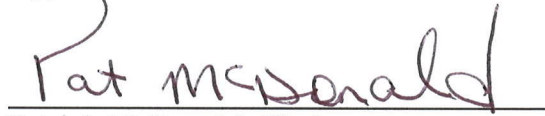
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**ADJOURNMENT**

Chairman McDonald thanked Belterra Park for their presentation. He stated that the next Commission Meeting will be held on Monday, April 21, 2014. Chairman McDonald adjourned the meeting at 2:39 P.M.

  
Secretary – Dennis Berg, Director

Approved:

  
Patrick McDonald, Chairman