

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

JULY 15, 2013 1:00 P.M.

Present at the meeting were the following:

Members of the Commission:

John Lewis
Patrick McDonald
Clarence Mingo II
William Morgan
Amy Sabath
Elizabeth Vaci

Executive Staff of the Commission:

Dennis Berg, Director
Greg Bowers, Acting Deputy Director, Finance
Carol Brown Deputy Director, Internal Audit
Danielle Frizzi-Babb, Deputy Director, Communications
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
Michael Petro, Deputy Director, Information Technology
Liz Popadiuk, Deputy Director, Human Resources
Patricia Vasil, Deputy Director, Sales
Traci Konesky, Assistant to the Director

Also Present Were:

Ron Fornaro, Instant Gaming System Manager, Product Development Karen Russo, Office of Government and Community Relations
Aaron Schmidt, Office of Legal Counsel
Chuck LoPresti, Office of Legal Counsel
Mike Gonzalez, Office of Finance
Marie Kilbane Seckers, Office of Communications
Tom Bogus, Office of Communications
Fran Cash, Scientific Games
Duane Miller, Hooven Dayton
Robert Wood, IGT
Tom Ott, The Plain Dealer
Doug McMillan, Casino Control Commission
Steve Tugend, Kegler Brown
Lloyd Pierre-Louis, Kegler Brown

CALL TO ORDER AND PLEDGE OF ALLEGIANCE

The Ohio Lottery Commission ("the OLC") meeting of July 15, 2013, was called to order at 1:06 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: John Lewis, Pat McDonald, Clarence Mingo, William Morgan, Amy Sabath and Elizabeth Vaci.

INTRODUCTION OF FIRST TIME ATTENDEES

Chairman McDonald offered first time attendees an opportunity to introduce themselves. There were no first time attendees present.

APPROVAL OF MINUTES OF JUNE 17, 2013

Chairman McDonald requested a Motion to approve the June 17, 2013 Minutes. Commissioner Lewis made a Motion that was seconded by Commissioner Vaci. The Motion was affirmatively voted upon by all Commissioners present.

CHAIRMAN MCDONALD'S COMMENTS

- Chairman McDonald reported that the OLC has generated record profits for FY 2013 of \$803 million. The profit transfer last fiscal year was \$771 million. Mr. Bowers added that the OLC has had eight (8) consecutive years of profit growth.
- Chairman McDonald requested that Ms. Tricarichi report on the sweepstakes legislation.
- Chairman McDonald asked if Mr. Miltner could provide the Commission with Ethics Training prior to the September 16, 2013 Commission Meeting. Mr. Miltner responded that he would be happy to conduct training. He also stated that the Ethics Commission will be holding one (1) hour webinars once a month that will satisfy the Ethics Training requirements for the year.
- Chairman McDonald reported that Mills James will now be conducting the daily drawings at a studio in the warehouse district in downtown Cleveland.

DIRECTOR'S REPORT, DENNIS BERG, DIRECTOR

- Director Berg reported that June represented the final month of Fiscal Year 2013, and the OLC concluded the fiscal year on a record breaking note.
- For Fiscal Year 2013, the OLC achieved a record profit transfer to the Lottery Profits Education Fund ("LPEF") of \$803.1 million thereby surpassing last year's profit transfer by \$32.1 million. For the year, the OLC achieved its highest annual sales results in the *Keno* game, *EZPLAY*® games, and the *Powerball*® game. *Keno* Happy Hours, *Keno to Go*, Progressive *EZPLAY*® Games and Higher Jackpots on *Powerball*® all helped to achieve this. Profits were also enhanced by the operation of

two (2) racinos. Scioto Downs and Thistledown. Greg Bowers will be providing a year-end recap on the performance of our games.

- Director Berg reported that the OLC is moving along with its plans to participate in a first ever multi-state raffle game for this fall. To date, the preliminary roster of States wishing to participate includes Indiana, Iowa, Michigan, New Jersey, New York, Ohio and Oklahoma.
- Starting August 1, 2013, the production of the daily Lottery drawings will move from WEWS Television Studios in Cleveland to a new facility operated by Mills James Productions which will be located right down the street in the Warehouse District. Mills James also produces the weekly Cash Explosion® Television Show. Director Berg invited the commissioners to visit the Mills James Facility prior to one of the upcoming commission meets to watch the production of the mid-day daily drawings.
- The Multi-State Lottery Association is working on a tentative promotional program with NASCAR which would be tied to the Powerball® game. It appears that it would be optional for states to participate. We are monitoring the developments and any further details that will be made available on how the promotion will operate and if the timelines for the promotion can be accommodated by the OLC.
- Director Berg reported that there are numerous summer sponsorships around the state including most minor league baseball teams and special events like the Taste of Blue Ash. Later this month we will be returning to the Ohio State Fair for several days with our marketing and cash explosion staff.
- This fall there are two Cash Explosion® Road Shows planned. The first, at the Barnesville Pumpkin Festival in late September. The second, on Veteran's Day, will

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be at the Lima Veterans Museum. More information about both will be provided as details are finalized.

APPROVAL OF EIGHT (8) INSTANT GAME RULES IN PROPOSED FORM

Ms. Penn brought before the Commission eight (8) Instant Game Rules for approval in Proposed Form. Mr. Fornaro presented the details of the game:

- Rule 3770:1-9-161, Triple Black Cherry (\$2.00);
- Rule 3770:1-9-163, *5X The Money* (\$1.00);
- Rule 3770:1-9-164, 10X The Money (\$2.00);
- Rule 3770:1-9-165, 20X The Money (\$5.00);
- Rule 3770:1-9-166, 50X The Money (\$10.00);
- Rule 3770:1-9-934, EZPLAY® *Buckeye Bingo* (\$2.00);
- Rule 3770:1-9-935, EZPLAY® Break the Vault (\$1.00); and
- Rule 3770:1-9-936, EZPLAY® *Coin Drop* (\$2.00)

Chairman McDonald then requested a Motion to approve the eight (8) Instant Game Rules in Proposed Form. Commissioner Mingo made a Motion that was seconded by Commissioner Morgan. With no further discussion, the Motion was affirmatively voted upon by the Commissioners present.

APPROVAL OF FIVE (5) INSTANT GAME RULES IN FINAL FORM

Mr. Miltner brought before the Commission five (5) Instant Game Rules for approval in Final Form. These rules were approved in Proposed Form at the June 17, 2013 Commission Meeting. The rules are as follows:

- Rule 3770:1-9-156, *Holiday Cash* (\$1.00);
- Rule 3770:1-9-157, *Holiday Gift* (\$2.00);

- Rule 3770:1-9-158, *Happy Holidays* (\$3.00);
- Rule 3770:1-9-159, Holiday Lucky Times Ten (\$5.00); and
- Rule 3770:1-9-160, *Holiday Spectacular* (\$10.00).

Chairman McDonald then requested a Motion to approve the five (5) Instant Game Rules in Final Form. Commissioner Mingo made a Motion that was seconded by Commissioner Lewis. 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 showed the Commission how to access the Ethics Training webinars on the Ethics Commission's homepage on the Internet. There are four (4) available webinars.

RESOLUTION TO APPROVE VIDEO LOTTERY GAME THEMES

Ms. Miller brought before the Commission a Resolution to approve fifty-nine (59) Video Lottery Game Themes: seven (7) game themes submitted by Aristocrat; four (4) game themes submitted by Bally Technologies, Inc; twenty-one (21) game themes submitted by Konami; twenty-four (24) game themes submitted by Multi-Media; one (1) game theme submitted by Scientific Games; and two (2) game themes submitted by Williams.

Chairman McDonald then requested a Motion to approve the Resolution for fifty-nine (59) Video Lottery Game Themes. Commissioner Sabath made a Motion that was seconded by Commissioner Morgan. With no further discussion, the Motion was affirmatively voted upon by the Commissioners present.

OFFICE OF GOVERNMENT AND COMMUNITY RELATIONS REPORT, CARLA TRICARICHI, DEPUTY DIRECTOR

- Ms. Tricarichi reported that the provision in the House version of the budget bill
 prohibiting the use of a computer in the purchase of lottery tickets was deleted.
 Accordingly there were no provisions in the budget bill that will adversely affect the
 OLC.
- Ms. Tricarichi reported that the Governor signed a bill in June 2013 limiting sweepstakes awards to ten dollars or less. However, the Senate recently passed an amended bill which would modify that legislation. The amended legislation would require that prizes not total more than 5% of the sponsoring entity's gross revenues.
- Ms. Tricarichi reported that shortly before the July Commission Meeting, Representative Peter King, a Republican from New York, introduced a federal internet gaming bill in Congress, and to her knowledge there have been no hearings held on it yet. Recently, Representative Joe Barton, a Republican from Texas, introduced the Internet Poker Freedom Act, which deals with the regulation of online poker.
- Ms. Tricarichi reported that based on HB 386, effective July 1, 2013, the OLC will collect an additional .5% of VLT net win to support responsible gambling programs.
- Ms. Tricarichi stated that the OLC will be meeting with the ORG partners next week to discuss putting together a media campaign for problem gambling prevention.

OFFICE OF FINANCE REPORT, GREG BOWERS, ACTING DEPUTY DIRECTOR

Mr. Bowers provided the Commission with a power point presentation on a FY 2013 sales recap and financial performance overview.

OFFICE OF INFORMATION TECHNOLOGY REPORT, MIKE PETRO, DEPUTY DIRECTOR

- Mr. Petro reported that there is a new software batch that will be released in August for the gaming system that will include the National Raffle game, new *EZPLAY®* games and the new jackpot games.
- Mr. Petro reported that the Auditor of State is at OLC headquarters for this year's ISA audit, and the kickoff meeting was on June 25, 2013. The anticipated date of completion is September 30, 2013.
- The North American Association of State and Provincial Lotteries ("NASPL") has a certification program where they identify best practices for various functions of lotteries. One of those is quality assurance acceptance testing. OLC staff in Strongsville has been working with NASPL to get certified in OLC acceptance testing. Representatives from NASPL will be in Strongsville on July 16, 2013 to see if the OLC is certified.

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

- Ms. Lesko Mounts reported that to date, there have been close to 200,000 OLC mobile app downloads.
- In June 2013, there were 260,000 OLC tickets scanned with the mobile app.
- Ms. Lesko Mounts reported that the Rock'n 777s Facebook promotion ends at 11:59 p.m. on July 15, 2013. There are close to 125,000 entries into this promotion. The drawing will be held on July 20, 2013.

OFFICE OF COMMUNICATIONS REPORT, DANIELLE FRIZZI-BABB, DEPUTY DIRECTOR

- Ms. Frizzi-Babb reported that a press release went out the beginning of July with the OLC's fiscal year ending numbers and contribution to education.
- Ms. Frizzi-Babb stated that part of the Rock'n 777s Facebook promotion was to draw more players to the OLC's Facebook page. The OLC is now up to over 23,000 likes on its Facebook page.

OFFICE OF SALES MANAGEMENT REPORT, PATRICIA VASIL, DEPUTY DIRECTOR

- Ms. Vasil stated that the Commissioners received an information sheet that the retailers in Cuyahoga County will be getting along with a sample quick pick slip utilizing the QR code for *EZPLAY®* games. The pilot will be in the Cleveland Region and will begin September 2, 2013 and end October 31, 2013.
- Ms. Vasil reported that there will be an OLC retailer at the Ohio State Fair. Whitehall Shell will be at the fair selling OLC tickets, and they have been at the fair for the last five (5) years and it has been three (3) generations of their family that have been working at the fair.

OFFICE OF PRODUCT DEVELOPMENT REPORT, GWEN PENN, DEPUTY DIRECTOR

Ms. Penn reported that the Office of Product Development continues to work on the OLC's product plan for both online games and instant games.

OTHER MATTERS

Steve Tugend from Kegler Brown introduced Lloyd Pierre-Louis also from Kegler Brow. They arrived after the introduction of first time attendees.

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ADJOURNMENT

Chairman McDonald requested a Motion to adjourn the July 15, 2013 Commission Meeting. Commissioner Morgan made a Motion that was seconded by Commissioner Lewis. Chairman McDonald adjourned the meeting at 2:16 P.M.

Secretary – Dennis Berg, Director

Approved:

Patrick McDonald, Chairman