



THE OHIO LOTTERY COMMISSION

MEETING MINUTES

JANUARY 13, 2021

VIA TELECONFERENCE

Members of the Commission

Matthew Blair, Chairman
James Brady, Vice Chairman
Nita Gupta
Jonathan Hughes
Angela M. Mingo
Mark Rickel
Martin Sweeney
Matthew Szollosi

Director and Staff of the Ohio Lottery Commission

Pat McDonald, Executive Director
Sean Webster, Assistant Director, Operations and Administration
Nicole Kostura, Assistant Director, Sales and Marketing
Nick Stadler, Executive Assistant to the Director
Michael Gonzalez, Deputy Director, Office of Product Innovation
Charles LoPresti, Chief Legal Counsel, Office of Legal Counsel
Greg Bowers, Deputy Director, Office of Finance
Terri Jones, Administrative Assistant, Executive Office
Greg Beyer, Deputy Director, Office of Internal Audit
Ron Fornaro, Instant Ticket Product Manager, Office of Sales
Danielle Frizzi Babb, Deputy Director, Office of Communications
Connie Miller, Deputy Director, Office of Operations
Karen Russo, Deputy Director, Office of Responsible Gambling
Dan Carter, Deputy Director, Office of Legal Counsel
Nick Ciofani, Deputy Director, Office of Government & Community Affairs
Marty Morrow, Deputy Director, Office of Sales
Rick Perk, Deputy Director, Office of Sales
Sandy Lesko-Sabbath, Deputy Director, Office of Marketing

Rebecca McLemore, Audio Visual Production Specialist, Communications
Jon Dillinger, Deputy Director, Office of General Services
Marie Kilbane Seckers, Communications
Michael Black, Deputy Director, Office of Security
Carla Reeves, Internal Audit
Thomas Spayd, VLT Management
Jane Parker, Finance

Additional Attendees

Claire Bennett, Squire Patton Boggs
Tom Garcia, Arrow International Dennis Karras, Intralot
Daniel Kennedy, Hollywood Dayton Raceway
Rick Limardo, MGM Resorts International
Aaron Ockerman, Ockerman Consulting
Debbie Pirone, Marcus Thomas LLC
Sam Porter, IceMiller, LLC Justin Remschneider, Belterra Park Rob Swedinovich, Miami Valley
Gaming and Racing
Shane Stadtmiller, Hannah News Service

Caller did not identify his/herself from the following numbers:

330-202-8726

CALL TO ORDER

Chairman Blair called the meeting of the Ohio Lottery Commission to order at 12:00 p.m. The meeting was held via teleconferencing due to COVID-19 (coronavirus).

ROLL CALL

The following members of the Commission answered present to Roll Call: Matthew Blair, James Brady, Nita Gupta, Jonathan Hughes, Angela Mingo, Mark Rickel, Martin Sweeney and Matthew Szollosi.

ELECTION OF 2021 OFFICERS

Commissioner Mingo made a Motion to nominate Chairman Blair to maintain his Chairman position for the upcoming year. The nomination was seconded by Commissioner Sweeney. The Motion was affirmatively voted upon by eight Commissioners present.

Chairman Blair made a Motion to nominate Commissioner Brady for the position of Vice Chairman for the upcoming year. The nomination was seconded by Commissioner Hughes. The Motion was affirmatively voted upon by eight Commissioners present.

APPOINTMENT OF COMMITTEE MEMBERS

Chairman Blair asked that Commissioner Mingo serve as Chair of the Audit Committee and Commissioners Sweeney and Szollosi serving as active members of the Audit Committee. All Commissioners agreed to serve on the Audit Committee.

Chairman Blair recognized Commissioner John Hughes, who will continue his services as the Addiction Services Liaison for the Commission.

APPROVAL OF MINUTES OF DECEMBER 9, 2020

Chairman Blair presented to the Commission for approval the minutes from the December 9, 2020 meeting. Commissioner Blair made a Motion to approve the minutes, seconded by Commissioner Sweeney. The Motion was affirmatively voted upon by all Commissioners present.

AUDIT COMMITTEE UPDATE

Commissioner Mingo provided an update of the December Audit Committee Meeting. Commissioner Mingo welcomed Commissioner Szollosi to the audit team. The Audit team has been using Microsoft TEAMS for virtual meetings. The Internal Audit team has been able to review and verify the implementation of ten (10) audit recommendations since the beginning of the fiscal year. Fiscal year 2021 activity and accomplishments through December 31, 2020 include the full completion of one (1) audit, four (4) audits in progress, ten (10) issues have been closed and we are currently managing twenty-eight (28) open issues. During our December 9, 2020 committee meeting the Office of budget Management Internal Audit presented their draft report of the liquidated damages consulting engagement. In addition the Auditor of State's office presented their draft finding from the annual Financial and IT Controls Audit. The Audit Committee remains grateful to both offices for their ongoing support of the Lottery Commission and our Internal Audit Committee oversight of internal controls and operational efficiencies.

APPROVAL OF THREE (3) SCRATCH OFF GAMES IN PROPOSED FORM

Charles Lopresti, Chief Legal Counsel presented before the Commission three (3) Scratch Off Game Rules in Final Form.

- ✦ Rule 3770:1-9-654, PAC- MAN® (\$2.00)
- ✦ Rule 3770:1-9-655, Triple Double Lucky 7's™ (\$5.00)
- ✦ Rule 3770: 1-9-656, Triple Red 777's (\$10.00)

Commissioner Blair moved to approve the Rules as presented in Final Form, with Commissioner Brady offering a second to the Motion. The Motion was affirmatively voted upon by the eight Commissioners present.

APPROVAL OF ONE (1) EZPLAY® GAME IN PROPOSED FORM

Mike Gonzalez, Deputy Director Product Innovation presented before the Commission one EZPLAY game in Proposed Form.

- ✦ Rule 3770:1-9-954 EZPLAY® PAC-MAN® (\$2.00)

Commissioner Blair moved to approve the Rule as presented in Proposed Form. Commissioner Gupta offered a second to the Motion. The Motion was affirmatively voted upon by the eight Commissioners present.

APPROVAL OF ADMENDMENT TO ADMISTRATIVE RULE IN PROPOSED FORM

Mike Gonzalez, Deputy Director Product Innovation presented before the Commission an Amendment to an Administrative Rule in Proposed Form.

- ✦ Rule 3770:1-9-954, Lucky for Life (\$2.00)

Commissioner Blair moved to approve the Amendment presented in Proposed Form, with Commissioner Sweeney offering a second to the Motion. The Motion was affirmatively voted upon by the eight Commissioners present.

MANDATORY RULE REVIEW PURSUANT TO CHAPTER 119 IN FINAL FORM-ADMENDMENT

Charles LoPresti, Chief Legal Counsel presented before the Commission a Mandatory Rule Review Pursuant to Chapter 119 in Final Form.

- ✦ Rule 3770:4-06, *Video lottery sales agent employee licenses, suspension or revocation.*

Commissioner Blair moved to approve the Rule presented in Final Form, with Commissioner Szollosi offering a second to the Motion. The Motion was affirmatively voted upon by the eight Commissioners present.

MANDATORY RULE REVIEW PURSUANT TO CHAPTER 119 IN PROPOSED AND FINAL FORM- NO CHANGE

Charles LoPresti, Chief Legal Counsel presented before the Commission three No Change Rules under Mandatory Rule Review Pursuant to Chapter 119 in Proposed and Final Form.

- ✦ Rule 3770:2-1-01 *Authority and purpose.*

- ✦ Rule 3770:2-1-02, *Incorporation of by – laws.*
- ✦ Rule 3770:2-9-01, *Severability.*

Commissioner Brady moved to approve the Rule presented in Proposed and Final Form, with Commissioner Szolloski offering a second to the Motion. The Motion was affirmatively voted upon by the eight Commissioners present.

RESOLUTION TO APPROVE VIDEO LOTTERY GAME THEMES

Charles LoPresti, Chief Legal Counsel, presented a Resolution to approve thirty-nine (39) Video Lottery Game Themes.

Commissioner Blair moved to approve the Resolution, with Commissioner Mingo offering a second to the Motion. The Motion was affirmatively voted upon by the Commissioners present.

FINANCIAL REPORT

Greg Bowers, Deputy Director, Finance, provided to the Commissioners a financial update for the month of December 2020.

- Profits for the month of December were \$114.1 million. This was achieved through sales of \$371.3 million from traditional lottery games, and \$72.7 million from VLT gross gaming revenue.
- Traditional Lottery sales were led by Scratch-off game sales, which generated \$210.3 million.
- In addition to robust sales from scratch-offs, the Numbers games continue to perform well with combined sales of \$64.9 million.
- Keno and the Lucky One games played in social environments generated \$46.7 million.
- Gross gaming revenue at the seven racinos equaled \$72.7 million. The Lottery share was \$24.3 million, and after operating expenses are considered profit from the racinos during the month was \$23.5 million.
- Bowers reported that prize expense was relatively back to normal paying out 63.2%. Operating expenses were \$15.6 million, or 3.9 % of traditional lottery sales.

NEW BUSINESS/EXECUTIVE DIRECTOR'S COMMENTS

Executive Director McDonald congratulated Chairman Blair on his reappointment, Commissioner James Brady on his appointment as Vice Chair of the Commission, Angela Mingo on her appointment as Chairwoman of the Audit Committee, Martin Sweeney for his reappointment and Matt Szollosi on his appointment to the Audit Committee.

Executive Director McDonald informed the Commissioners of the following: The week of Christmas, our scratch-off tickets reached an all-time record for weekly sales, generating over \$58 million. This surpassed the previous record, set in May of 2020, by over \$7.6 million. Christmas Eve set a record for daily sales at \$13.5 million. This outperformed last Christmas Eve by \$2.8 million. Holiday-themed tickets continue to outpace last year, up \$19.4 million, or approximately 17%. Christmas week saw twenty-one unique scratch-off products exceed \$1.0 million in sales.

Overall, for the month of December, Scratch-off sales were \$210,287,782 which surpassed December 2019 sales by over \$30.4 million, which is a 16.95% increase. This is the second highest sales month in Lottery History. New Years week brought record Keno sales of \$11.3 million, with \$3 million of that from keno-to-go which is sold in our traditional retailers. The Lottery has promoted playing Keno safely – utilizing our advanced draw options, the timing of the new year with people having time off and the ability to safely visit social establishments during the college and NFL games, and promotion of Keno to go in our traditional retail locations. The lottery hit \$2 billion in our fiscal year to date with traditional product sales. This is the fastest we have reached the \$2 billion mark in Ohio Lottery history. This success enabled us to exceed our profit commitment to education for December and support the economy via our retailers, two – thirds which are independently owned businesses. The first six months of this fiscal year, Lottery retailers are on track to earn roughly \$139 million in commissions on lottery products they sell, cashing bonuses and incentives. This is approximately \$30 million more than the same time period last year.

The Director informed the Commissioners that the Mega Millions jackpot for yesterday's drawing was \$625 million, which was the 4th largest jackpot in Mega Millions history and the 8th largest in U.S. Lottery history. At \$1.3 billion, this is the highest combined jackpot total for Mega Millions and Powerball since October 2018, when the Mega Millions jackpot reached its all - time record of \$1.537 billion. This is only the third time that both games have simultaneously had advertised jackpots larger than \$500 million. Due to the high jackpots, the lottery has strongly emphasized to our retailers the importance of continuing to abide by COVID guidelines.

The Director informed the Commissioners that the Lottery kicked off on Monday with the regional staff on TEAMS call, which included presentations from our senior staff on relevant matters happening within their departments. Our partnering vendors, SciGames and Intralot, also had personnel on the call to provide updates from their end. The week consisted of senior sales staff from central office meeting with individual regions, which allows for more personal discussion with staff.

The Lottery has worked closely with the Governor's office on our budget submission and anticipate the Executive Budget will be submitted to the General Assembly early next month. House budget hearings will take place from February through April and Senate budget hearings will follow and last potentially until June. The goal of course will be to have a signed budget on or by June 30th. Director McDonald will be providing budget testimony on behalf of the Lottery Commission to the Primary and Secondary Education Subcommittees in the House and Senate. At this time the Lottery does not know who the subcommittee chairs and members will be, or whether budget testimony will be provided in person or virtually.

The Director showed the Commissioners a short video reflecting back at the Lottery winners from 2020.

ADJOURNMENT

With no further business before the Ohio Lottery Commission, Chairman Blair complimented the Lottery staff on doing an incredible job. Commissioner Blair informed Commissioners that the next meeting will be held on Wednesday, February 10, 2021 at 12:00 p.m. via teleconferencing.

Respectfully Submitted,

Handwritten signature of Pat McDonald in blue ink.

Pat McDonald, Executive Director

Handwritten signature of Matthew Blair in blue ink.

Matthew Blair, Commission Chair