



THE OHIO LOTTERY COMMISSION

MEETING MINUTES

APRIL 13, 2022

VIA TELECONFERENCE

Members of the Commission

Matthew Blair, Chairman
James Brady, Vice Chairman
Nita Gupta
Jonathon Hughes
Angela 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
Charles LoPresti, Chief Legal Counsel, Office of Legal Counsel
Greg Bowers, Deputy Director, Office of Finance
Terri Jones, Administrative Assistant, Executive Office
Nick Ciofani, Deputy Director, Office of Government & Community Affairs
Collin Sheehy, Executive Assistant to the Director
Ron Fornaro, Scratch Off Ticket Product Manager, Office of Product Development
Tom Ackerman, Deputy Director, Marketing
Greg Beyer, Deputy Director, Office of Internal Audit
Danielle Frizzi Babb, Deputy Director, Office of Communications
Daniel Carter, Legal Counsel
Susan Diamond, Video Lottery Regulator, Operations
Jon Dillinger, Deputy Director, General Services
Raymond Durant, Deputy Director, Security
Michael Gonzalez, Deputy Director, Product Innovation
Marie Kilbane-Seckers, Public Information Officer, Communications

Marty Morrow, Deputy Director, Office of Sales

Carla Reeves, Administrative Assistant, Internal Audit
Hurst Talbott, Project Manager, Product Innovation

Additional Attendees

Claire Bennett, Cosgrove Jonhenry LLC
Matthew Block, Scientific Games
Ed Dick, Compliance Manager, JACK Thistledown Racino
Debbie Pirone, Marcus Thomas, LLC
Nabil Pervaiz, Problem Gambling Network of Ohio
Kevin Davis, Hollywood Gaming at Dayton Raceway
Heather Zeallear, Ice Miller LLP
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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.

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, Matthew Szollosi

APPROVAL OF MINUTES OF MARCH 9, 2022

Chairman Blair presented to the Commission for approval the minutes from the March 9, 2022, meeting. Commissioner Sweeney made a Motion to Approve the minutes, seconded by Commissioner Mingo. The Motion was affirmatively voted upon by the eight Commissioners present.

INTERNAL AUDIT UPDATE

Audit Committee Chair Mingo presented an Audit Committee update. The agenda item of note for the March Audit Committee Meeting was reviewing the annual governance documents. This included the Audit Committee Charter, the Internal Audit Charter, and the Internal Audit Policy and Procedure Manual. These documents were approved in draft form and will be presented in final form during the June Audit Committee meeting.

The Audit Committee discussed the results of the three final audit reports that were recently issued.

- The Cashless program review considered the overall effectiveness, compliance, and oversight of our Cashless program.
- The Minority Business Enterprise audit reviewed Lottery oversight and compliance for this state-wide program.
- The Mobile Cashing Financial Controls audit evaluated the controls of our financial reconciliation processes for the Mobile Cashing application.

Chair Mingo reported that there were no material issues noted in any of these audits.

Positive progress continues to be made on the remediation of outstanding audit recommendations. As of the March meeting we are tracking 25 open issues. Chair Mingo thanked her fellow commissioners for taking the time to complete the Risk Assessment Survey last month. There was 100% participation. The responses are currently being reviewed and will help us build an audit plan that supports the Lottery's strategic goals and objectives for Fiscal Year 2023.

APPROVAL OF ONE EZPLAY® GAME IN PROPOSED FORM

Mr. Hurst Talbott, Product Manager Draw Games presented before the Commission one (1) EZPLAY® Game in Proposed Form.

- ✦ Rule 3770:1-9-966, *Battleship* (\$2.00)

Chairman Blair moved to approve the Game rule as presented in Proposed Form, with Commissioner Brady offering a second to the Motion. The Motion was affirmatively voted upon by the Commissioners present.

APPROVAL OF FIVE (5) SCRATCH-OFF GAMES IN FINAL

Mr. Charles LoPresti, Chief Legal Counsel presented before the Commission five (5) Scratch-Off Games in Final Form.

- ✦ Rule 3770:1-9-725, *Lucky Green* (\$1,00)
- ✦ Rule 3770:1-9-726, *Battleship* (\$2.00)
- ✦ Rule 3770:1-9-727, *\$500 Frenzy* (\$5.00)
- ✦ Rule 3770:1-9-728, *\$2,000,000 Cash Blowout* (\$10.00)
- ✦ Rule 3770:1-9-729, *Magnificent Millions* (\$20.00)

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

RESOLUTION TO APPROVE OF TWO (2) TOUCH & WIN EZPLAY® TAP GAME THEMES

Mr. LoPresti presented before the Commission Two (2) Touch & Win EZPLAY® Game Themes.

- ✦ *Detour for dollars* (Tap Game)
- ✦ *Gem Match* (Touch & Win)

Chairman Blair moved to approve the resolution to approve Touch & Win EZPLAY® Game Themes, with Commissioner Rickel offering a second to the Motion. The Motion was affirmatively voted upon by the eight Commissioners present.

RESOLUTION TO APPROVE VIDEO LOTTERY GAME THEMES

Mr. LoPresti presented a Resolution to approve 23 Video Lottery Game Themes.

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

FINANCIAL REPORT

Office of Finance Deputy Director Greg Bowers provided to the Commissioners a financial update for the month of February 2022.

- Total sales from Traditional Lottery products for month of March.
- Scratch-off game sales decreased by roughly 8.8% however, in review of other lotteries, most are experiencing the same trend. RC5 and Classic Lotto were up a combined 14%.
- Video Lotter Gross Gaming Revenue (GGR) for the month was \$123.0 million – the highest this fiscal year. The Lottery share of that revenue was \$41.2 million, generating profit of \$40.3 million. This was down from last year by \$0.5 million or 1.5%.
- Total prize expense equaled 66.8% of sales, which is higher than last year March.
- The Lottery increased the cashing threshold for our mobile cashing app to \$25K, prior it was capped at \$5,000. We have successfully cashed 255 claims above \$5,000 using the app since the increase. The Lottery continues to innovate and strive to be a pioneer in developing new cashing opportunities.
- On March 23rd, the Lottery started withholding 4% state tax on prizes \$600 and up. This was changed in HB29, the Sports Gaming bill. Previously, state taxes were withheld for prizes \$5,000 and up.

NEW BUSINESS/EXECUTIVE DIRECTOR'S COMMENTS

Director McDonald informed the Commissioners that the Lottery requested OBM to transfer \$123.9 million to the Lottery Profits Education Fund (LPEF), representing estimated profits earned during the month of March. This is approximately \$11.5 million less than last March. Upon posting of this transfer, year-to-date through March, Lottery profits will be \$123.6 million more

than budgeted. March was a record month for Racinos. Year-to-date profits are higher due to the pandemic restrictions in place this time last year.

The Lottery continues to make progress on the Type C Sports gaming front. Interested retailers/hosts need to acquire our recommendation before being licensed by the OCCC. The Lottery will release an information packet for the hosts next week for public comment. The packet will be posted on our website and emailed to those who have expressed interest. There will be a retailer/host stakeholder meeting the last week of April. The Lottery's current plan is to begin reviewing interested retailers starting the first week of May. This will help streamline the process once the Casino Control Commission opens their application for licensure in the fall.

The type C proprietor rules will be forthcoming for public comment. Our proprietor rules will be comparable to the Type A and B proprietor rules that the OCCC released. Therefore, interested vendors should expect to comply with those standards, at a minimum. The Lottery has updated our portion of the Ohio Voluntary Exclusion Program rules to include sports gaming. Those rules will be posted for comment this week. It is the Lottery's intention to bring rules for the type C hosts and proprietor to the Commission in May. All questions should be directed to sportsgaming@lottery.ohio.gov.

Director McDonald announced that the position of Sports Betting Project Manager was awarded to Mr. Jon Dillinger, current Deputy Director of General Services. The Director announced he promoted Mr. Percy Turner as the new Deputy Director of General Services.

Mr. Rick Perk, Deputy Director of Sales presented to the Commission information regarding sales in March. March is one of the busiest months of the year due to the NCAA tournament as well as St. Patrick's Day. Mr. Perk gave an overview of the Keno activity over the past month.

Director McDonald informed the Commissioners that the Lottery will be returning to the office in a hybrid capacity by April 25th.

Ms. Danielle Frizzi-Babb, Deputy Director of Communications provided a brief overview of her department, employees and the current programs that are taking place in Communications.

ADJOURNMENT

With no further business before the Ohio Lottery Commission, Commissioner Brady informed Commissioners that the next meeting will be held on Wednesday, May 11, 2022, at 12:00 p.m. via teleconferencing and in person by invitation.

Respectfully Submitted,



Pat McDonald, Executive Director



Matthew Blair, Commission Chair