



THE OHIO LOTTERY COMMISSION

MEETING MINUTES

December 11, 2019

12:00 P.M.

Members of the Commission

Matthew Blair, Chairman

James Brady

Angela M. Mingo

Martin Sweeney

Sean Whalen

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 Director

Terri Jones, Administrative Assistant- Executive Office

Daniel Carter, Deputy Chief Legal Counsel

Charles LoPresti, Chief Legal Counsel

Greg Bowers, Deputy Director, Finance

Danielle Frizzi-Babb, Deputy Director, Communications

Marie Kilbane Seekers, Office of Communication

Jon Dillinger, Deputy Director, General Services

Nick Ciofani, Chief Legislative Officer, Government and Community Relations

Karen Russo, Director, Office of Public Policy

Sandy Lesko Sabbath, Deputy Director Marketing

Ron Fornaro, Instant Ticket Product Manager

Joe Angelillo, Deputy Director, VLT Management

Mike Gonzalez, Deputy Director, Product Development

Liz Alex, Director, Human Resources & Labor Relations

Connie Miller, Director, Operations

Michael Black, Director, Security

Rick Perk, Director, Sales

Greg Beyers, Director, Internal Audit

Michael Gonzalez, Director, Product Innovation

Thomas Spayd, VLT Management

Also Present Were:

Ed Dick, Jack Thistledown Casino

David Evans, Marcus Thomas, LLC

Greg Kolocin, MGM
John Walker, Scioto Downs
David Evans, Marcus Thomas, LLC
Jim Nash, Marcus Thomas, LLC

CALL TO ORDER, PLEDGE OF ALLEGIANCE & ROLL CALL

Chairman Blair called the meeting of the Ohio Lottery Commission to order at 12:00 p.m. in the Central Office of the Ohio Lottery Commission, 4th floor Conference Room, located at 615 W. Superior Avenue, Cleveland, Ohio.

After the Pledge of Allegiance, attendance was taken, and a quorum was present.

INTRODUCTION OF FIRST TIME ATTENDEES

Chairman Blair asked to recognized individuals attending the Commission meeting for the first time. None were present.

APPROVAL OF MINUTES OF NOVEMBER 13, 2019

Chairman Blair presented to the Commission for approval the minutes from the November 13, 2019 meeting. Commissioner Sweeney made a motion to approve the minutes, seconded by Commissioner Mingo. The motion was affirmatively voted upon by five Commissioners present.

CHAIRMAN'S COMMENTS

Chairman Blair welcomed everyone and wished everyone a Happy Holiday season.

APPROVAL OF ONE (1) SCRATCH OFF GAME IN PROPOSED AND FINAL FORM

Ron Fornaro, Instant Ticket Manager presented before the Commission One Scratch Off Game for approval in Proposed and Final Form.

- Rule 3770:1-9-562, *Grand Diamond Dollars (\$10.00)*

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

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

Charles LoPresti, Chief Legal Counsel, presented before the Commission Three (3) Scratch Off Games Rules in Proposed Form.

- Rule 3770:1-9-571, *Triple 777 Red Hot™ Slots (\$2.00)*
- Rule 3770:1-9-573, *Double the Money (\$5.00)*

- Rule 3770:1-9-574, *\$1,000,000 Black Titanium (\$10.00)*

Commissioner Mingo moved to approve the Rules as presented in Proposed Form, with Commissioner Whelan offering a second to the Motion. The Motion was affirmatively voted upon by the five Commissioners present.

APPROVAL OF FOUR (4) SCRATCH OFF GAMES IN FINAL FORM

Charles LoPresti, Chief Legal Counsel, presented before the Commission Four (4) Scratch Off Games in Final Form.

- Rule 3770:1-9-567, *I Love to Win! (\$1.00)*
- Rule 3770:1-9-568, *Joker's Wild (\$2.00)*
- Rule 3770:1-9-569, *7 (\$5.00)*
- Rule 3770:1-9-570, *Spectacular Riches (\$20.00)*

Commissioner Sweeney moved to approve the RULES, with Commissioner Brady offering a second to the Motion. The Motion was affirmatively voted upon by the five Commissioners present.

RESOLUTION TO APPROVE TOUCH & WIN EZPLAY®TAP GAME THEME

Charles LoPresti, Chief Legal Counsel, presented a Resolution to approve TOUCH & WIN EZPLAY®TAP GAME theme *Jackpot Town*.

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

RESOLUTION TO APPROVE VIDEO LOTTERY GAME THEMES

Charles LoPresti, Chief Legal Counsel, presented a Resolution to approve Forty-Three Video Lottery Game Themes.

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

FINANCIAL REPORT

Greg Bowers, Deputy Director, Finance, provided to the Commission a financial update for the month of November 2019.

- Traditional Sales for the month of November were \$276 million -highest month this fiscal year- and \$17.5 million, or 6.8% more than November 2018.
- In total, draw-based games were up \$7.7 million or 6.1% over last year.
- Scratch Off sales were higher than last year by \$9.8 million or 7.4%. As noted last month, this is fueled by solid gains in our holiday ticket campaign.
- Monthly records for the month of November were set for Pick 4, Keno, and Scratch Off games.

- Traditional sales were \$14.7 million, or 5.6% more than our original forecast. Of that surplus, \$11.5 million was from Scratch Off ticket sales.
- We did have a very large payout for P3 on the last day of the month, when the number 222 was drawn. We paid out over \$2.2 million in winnings, which was 450% of sales. (meaning 4.5 x the amount of sales generated). Still our Pick 3 payout for the month was only 53%, just a little bit higher than expected.
- This month may not fare as well, as both games (through the first 10 days) have paid out significant more than expected. (close to \$13 million more than expected)
- Operating expenses were just a little less than projected, as we're about a month behind in paying Marketing/Advertising invoices. (specifically gaming and marketing services contracts)
- In addition to stronger than expected traditional lottery sales, Net Profit generated from VLTs, were up over forecast by \$2.6 million.
- As a result, profit for the month was \$96.6 million, or \$8.5 million more than our commitment

This brings our YTD profit to \$491.2 million, which is now \$6.1 more than our commitment.

HOLIDAY SALES UPDATE

Richard Perk, Director, Sales, informed the commission that the scratch off Holiday campaign sales are the highest they have ever been at this time of year.

- \$20 Holiday Game is performing well above expectations
- \$10 Holiday Gigantix ticket is available at 5900 (75%) Retailers which is nearly 700 more than we forecasted.
- \$1, \$2 and \$3 Holiday Games are all selling well ahead of last year – same timeframe, indicating more new and casual players purchasing.
- As a % of overall scratch off sales, the Holiday games are performing at 20% higher than last year.
- Holiday Ads on both TV and Radio are a better complement to the games available.
- In-Store signage is more effective this year than in previous years.
- All Retailers have Holiday envelopes available to distribute to players as gifts of scratch off games.
- We have instructed SGEP (SciGames) to double up on inventory levels for all retailers – ensuring a strong inventory of games for the last 2 weeks of the season.

The Holiday tickets are sold in 75% of the retail stores. Commissioner Blair suggested that this was a good time to look at how the marketing campaigns measure against each other for each advertising agency. The Lottery has a two-year contract with each advertising agency. The Lottery has contracts with the following Advertising Agencies: Marcus Thomas LLC; Hitchcock Fleming & Associations; and Hart Inc.

The Commissioners asked marketing for a report of the cost vs return on investment for our Holiday Ad Campaign. We won't have those numbers until February. Ms. Sandy Lesko Sabbath, Director of Marketing assured the Commissioners they would receive the report when it is ready.

NEW BUSINESS/EXECUTIVE DIRECTOR'S COMMENTS

Executive Director McDonald informed the Commission of his recent travels to the Cincinnati Regional Offices and Miami Valley Gaming facility.

Executive Director McDonald and Barry Riley, Video Production Manager, Cash Explosion discussed the upcoming Cash Explosion Super Show slated for May 30, 2020 at the University of Dayton in Dayton Ohio. This will be the first show where contestants are selected “Live” out of the audience to participate and that there will be bigger “Payouts” to the contestants than in the past.

Connie Miller, Director, Operations informed the Commissioners of the upcoming three-year license renewals for Miami Valley and MGM Racinos.

Ms. Miller also informed the Commissioners of a request by Jack Thistledown and Jack Downtown Casino to transfer their real estate assets to VICI Properties, LLC for a sum of \$834 million.

Executive Director McDonald informed the Commission of the upcoming 17th Annual Ohio Problem Gaming Conference scheduled for February 20, 2020. Commissioner Mingo will be giving remarks at the conference on behalf of the Ohio Lottery Commission.

Executive Director McDonald & Chairman Blair wished the Commission officers a Happy Holiday Season.

ADJOURNMENT

With no further business before the Ohio Lottery Commission, Chairman Blair reminded Commissioners that the next meeting will be held on January 8th and adjourned the meeting at 12:55 p.m.

Respectfully Submitted,

Pat McDonald, Executive Director

Approved:

Matthew Blair, Chairman