



**MINUTES OF THE MEETING OF
THE OHIO LOTTERY COMMISSION**

**HELD AT:
MILLS JAMES
3545 FISHINGER BLVD.
COLUMBUS, OH 43026**

**AUGUST 16, 2016
12:30 P.M.**

Present at the meeting were the following:

Members of the Commission:

James Brady
Allan Krulak
John Lewis
Trevor A. McAleer
Patrick McDonald
Angela Mingo
William N. Morgan
Elizabeth D. Vaci
Sean Whalen

Executive Staff of the Commission:

Dennis Berg, Director
Greg Bowers, Deputy Director, Finance
Danielle Frizz-Babb, Deputy Director, Communications
Constance Miller, Deputy Director, Operations
Lawrence Miltner, Chief Legal Counsel
Mike Petro, Deputy Director, Information Technology
Traci Konesky, Assistant to the Director

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Also Present Were:

Richard Perk, Assistant Deputy Director of Sales
Karen Russo, Office of Government and Community Relations
Brad Feightner, Columbus Regional Manager
David Schiavone, Dayton Regional Manager
Kate Weckerly, Intern in the Office of Communications
Terry Patterson, Intralot
Paul Ostendorf, Intralot
Byron Boothe, Intralot
Kendal Russo, Intralot
Dee Woebkenberg, Miami Valley Gaming
John Marshall, Miami Valley Gaming
John Walker, Scioto Downs
Greg Kolocin, Hard Rock Rocksino
Mike Galle, Penn National, Hollywood Mahoning Valley
John Oberle, Ice Miller
Jon Reed, Gongwer News Service
Karen Cincione, Vorys

CALL TO ORDER AND PLEDGE OF ALLEGIANCE

- The Ohio Lottery Commission (“OLC”) meeting of August 16, 2016, was called to order at 12:30 P.M. at Mills James by Chairman Pat McDonald, followed by the Pledge of Allegiance.

ROLL CALL

- The following members of the Commission answered present to the Roll Call: James Brady, Allan Krulak, John Lewis, Trevor McAleer, Pat McDonald, Angela Mingo, William Morgan, Elizabeth Vaci and Sean Whalen.

INTRODUCTION OF FIRST TIME ATTENDEES

- Chairman McDonald recognized first time attendee Kate Weckerly, an intern in the Office of Communications.

APPROVAL OF MINUTES OF JULY 11, 2016

- Chairman McDonald requested a Motion to approve the July 11, 2016 Minutes. Commissioner Lewis made a Motion that was seconded by Commissioner McAleer. The Motion was affirmatively voted upon by all Commissioners present.

CHAIRMAN'S COMMENTS

- Chairman McDonald thanked everyone for attending the Meeting today at Mills James to get a firsthand look at the *Cash Explosion*® Game Show. He also thanked Connie Miller, Barry Riley and the Mills James team for putting together the tour.
- Chairman McDonald stated that he would like an update on the Cooperative Services Program ("CSP") contract.
- Chairman McDonald stated that he would like an update on the Business Assessment.
- Chairman McDonald stated that he would also like a recap on the recent National Conference on Problem Gambling.
- Chairman McDonald stated that at the end of the Meeting, he will discuss the Commission's next road trip.

DIRECTOR'S REPORT, DENNIS BERG, DIRECTOR

- Director Berg thanked Ms. Miller and her team for coordinating the tour and *Cash Explosion*® taping prior to today's Meeting. He also thanked the Mills James staff for their assistance as well and also for hosting today's Commission Meeting.

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- Director Berg reported that July represented the first month of fiscal year 2017. Total Sales of \$262.0 million were up \$26.9 million or 10.3% higher compared to last July.
- *Keno* sales of \$33.2 million were \$5.5 million or 20.0% higher than last July and broke an all-time monthly sales record for the month of July.
- Director Berg reported that multi-state game sales were up \$41.4 million or 26.3% compared to last July.
- The *Mega Millions*® jackpot was hit at \$540 million on July 8, 2016. There were three (3) drawings during July leading up to the hit, totaling \$14.6 million in sales. Total sales for the thirty-two (32) draw series, which began on March 11, 2016, equaled \$49.9 million.
- The *Powerball*® jackpot was hit at \$487 million on July 30, 2016. There were nine (9) drawings during July leading up to the hit, totaling \$20.5 million in sales. Total sales for the twenty-four (24) draw series, which began on May 11, 2016, equaled \$33.3 million.
- Director Berg reported that instant ticket sales of \$119.9 million were down \$3.1 million or roughly 2.5% from last July. However, total sales of \$262.3 million were the highest ever for the month of July in OLC history.
- VLT sales for July were \$80.1 million, of which \$26.8 million went to the OLC. This was the highest month ever in VLT sales, and each track exceeded sales for last July.

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- Transfers to the Lottery Profits Education Fund (“LPEF”) of nearly \$89.9 million were \$10.6 million above projection and \$5.4 million above last July’s profit transfer.
- Director Berg stated that regarding the CSP contract, the OLC’s current vendor is Intralot. The Request for Proposal (“RFP”) for the CSP contract, the OLC’s Instant Ticket Warehouse, Distribution, and TelSell Services, was issued on August 23, 2016.
- The RFP contains an embedded minority set-aside component to encourage responding vendors to utilize certified MBE vendors in the State of Ohio. Vendors have the opportunity to submit questions during the inquiry period of August 3, 2016 through August 19, 2016. Ms. Miller stated that they extended the inquiry period through September 2, 2016.
- Director Berg reported that proposals are due by September 23, 2016. The evaluation period begins on September 23, 2016 and ends on October 28, 2016. The Department of Administrative Services and the OLC will review the committee’s selection on or before January 2017 to award the contract. The contract will be executed shortly after the approval of the awarded contractor.
- Commissioner McAleer inquired as to when the current contract ended. Director Berg responded that the current contract goes through June 30, 2017.
- Director Berg stated that Karen Russo attended the National Council on Problem Gambling Conference in July. There were over 550 attendees dedicated to problem gambling initiatives. This conference brings in experts in the problem gambling field together to share best practices in prevention, treatment, and recovery related to this addiction. The OLC, along with its Ohio for Responsible Gambling (“ORG”)

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partners, received three (3) national awards in the categories of Public Awareness, Social Media, and Website for the “Be The 95%” Campaign. In addition, ORG won the People Choice Award by a vote of the attendees at the conference.

- Ms. Russo stated that this conference brings experts in the problem gambling field together from all over the world. At the 2012 conference, she was one (1) of three (3) lottery representatives present, and now there are many representatives from lotteries and gaming entities nationally. It was a sweep in terms of awards for Ohio, and the OLC is very proud of this campaign and all of its efforts with ORG.
- Chairman McDonald asked Ms. Russo what it was that she learned the most at the conference. Ms. Russo responded that they are focusing more on the prevention side. There is a lot of research on what is an effective way to get the message out to players to play responsibly. The OLC is going to take those techniques and put them in its own messaging.
- Director Berg stated that he met with Spectrum last week to discuss the finishing touches on their report. A raw draft is expected in the near future that can be reviewed first before a final draft is published.
- Director Berg stated that Maureen Hall, an employee in Information Technology, was a recipient of the Powers Award at the National Association of State and Provincial Lotteries (“NASPL”) Conference in Pittsburg. Mr. Petro is Ms. Hall’s Supervisor, and he submitted a nomination for her work on the e-Licensing project and the Sales Force Automation program.
- Mr. Petro stated that those were two (2) major projects that ended up being very successful. The e-Licensing project was so successful that Ms. Hall was asked to do a presentation at the NASPL Conference in Pittsburg.

- Chairman McDonald asked if all of the 1,000 *Quick Keno* machines have been installed. Mr. Petro responded that it is tough to have all 1,000 machines installed at the same time because some retailers cancel. It is consistently in the 997-998 range.
- Chairman McDonald asked if there have been any retailers that have cancelled in this short time period. Mr. Petro responded that there is a pretty decent turnover of retailers whether it is a cancellation or a sale of business.

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

- Mr. Miltner brought before the Commission eight (8) Instant Game Rules for approval in Final Form. The Rules are as follows:
 - Rule 3770:1-9-354, *20X The Money* (\$5.00);
 - Rule 3770:1-9-355, *Hit \$50!* (\$1.00);
 - Rule 3770:1-9-356, *Hit \$100!* (\$2.00);
 - Rule 3770:1-9-357, *Hit \$500!* (\$5.00);
 - Rule 3770:1-9-358, *\$5,000,000 Multiplier Spectacular* (\$20.00);
 - Rule 3770:1-9-363, *Special Edition Cashword* (\$5.00);
 - Rule 3770:1-9-951, *EZPLAY® Blustery Bucks* (\$10.00); and
 - Rule 3770:1-9-952, *EZPLAY® Twenty 20's* (\$20.00).
- Chairman McDonald then requested a Motion to approve the eight (8) Instant Game Rules in Final Form. Commissioner Krulak made a Motion that was seconded by Commissioner Mingo. With no further discussion, the Motion was affirmatively voted upon by the Commissioners present.

APPROVAL OF AMENDMENTS TO ONE (1) ONLINE GAME RULE IN PROPOSED AND FINAL FORM

- Mr. Miltner brought before the Commission Amendments to one (1) Online Game Rule for approval in Proposed and Final Form. The Rule is as follows:
 - Rule 3770:1-9-955, *Powerball*®
- Mr. Miltner stated that the official *Powerball*® Game Rule is incorporated by reference into the OLC's *Powerball*® Game Rule. Under Ohio law, the official date of the official Game Rule needs to be referenced in the OLC's Game Rule, and that date has changed. Approval is being asked in Proposed and Final Form because the official Game Rule will be effective in October.
- Chairman McDonald then requested a Motion to approve Amendments to one (1) Online Game Rule for approval in Proposed and Final Form. Commissioner Brady made a Motion that was seconded by Commissioner Krulak. With no further discussion, the Motion was affirmatively voted upon by the Commissioners present.

MANDATORY RULE REVIEW PURSUANT TO CHAPTER 119 IN FINAL FORM – AMENDMENTS

- Mr. Miltner brought before the Commission the approval of one Administrative Rule based on the Mandatory Rule Review Pursuant to Chapter 119, with Amendments, in Proposed Form. The Rule is as follows:
 - Rule 3770:2-3-01, *Video lottery licenses; applications.*
- Chairman McDonald then requested a Motion to approve one (1) Administrative Rule based on the Mandatory Rule Review Pursuant to Chapter 119, Amendments, in Final Form. Commissioner Vaci made a Motion that was seconded by

Commissioner Brady. With no further discussion, the Motion was affirmatively voted upon by the Commissioners present.

RESOLUTION TO APPROVE EZPLAY® TAP GAME THEMES, MIKE PETRO, DEPUTY DIRECTOR, INFORMATION TECHNOLOGY

- Mr. Petro brought before the Commission a Resolution to approve three (3) new EZPLAY® Tap Game Themes. These game themes have been internally reviewed for technical compliance, content and game matrix. The three (3) new EZPLAY® Tap Game Themes are as follows:

- *Zombie Zillions Keno;*
- *VolKeno Vault;* and
- *GO Keno.*

Chairman McDonald then requested a Motion to approve the Resolution to approve three (3) new EZPLAY® Tap Game Themes. Commissioner Whalen made a Motion that was seconded by Commissioner McAleer. With no further discussion, the Motion was affirmatively voted upon by the Commissioners present.

RESOLUTION TO APPROVE VIDEO LOTTERY GAME THEMES, CONSTANCE MILLER, DEPUTY DIRECTOR, OPERATIONS

- Ms. Miller brought before the Commission a Resolution to approve forty-one (41) Video Lottery Game Themes. These game themes have been internally reviewed for technical compliance, content and game matrix. The forty-one (41) Game Themes are as follows: three (3) game themes submitted by Ainsworth/KGM; five (5) game themes submitted by Aristocrat; three (3) game themes submitted by Bally; fifteen (15) game themes submitted by Everi; seven (7) game themes submitted by IGT;

three (3) game themes submitted by ITS; and five (5) game themes submitted by WMS.

- Chairman McDonald then requested a Motion to approve the Resolution for forty-one (41) Video Lottery Game Themes. Commissioner McAleer 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 OPERATIONS REPORT, CONSTANCE MILLER, DEPUTY DIRECTOR

- Ms. Miller played a video showing the history of the *Cash Explosion*® Show since its inception in 1987.
- Ms. Miller reported that a \$2.5 million contract was awarded to Mills James in 2013. There is one (1) two-year renewal left on the contract that will go until June 30, 2019.
- Ms. Miller stated that the next *Cash Explosion*® Roadshow will likely take place next fall and center around the show's thirty (30) year anniversary. They are looking in the Toledo area for a venue to have it at.
- Commissioner Whalen asked if over the years, have the ratings gone up, down or have they remained the same.
- Ms. Miller responded that the show performs very well on broadcast television. The question is, however, down the road when broadcast television is diminished, will it be worth \$2.5 million to keep the show on the air. When the contract was bid out last time, in order to make it palatable, the OLC agreed to go six (6) more years on television. The next time the contract is bid out, it may be a completely different market.

- Ms. Miller stated that she can get traditional ratings for the show.

OFFICE OF FINANCE REPORT, GREG BOWERS, DEPUTY DIRECTOR

- Mr. Bowers stated that as he reported last month, US Bank has decided not to renew their contract with the OLC to cash prizes, thus leaving a void in the western part of the State. Fortunately, the Hollywood Dayton Racino is now able to cash prizes between \$600-\$5,000, and the OLC is working next with Belterra in Cincinnati and Miami Valley Gaming near Dayton. Players are being directed to either go to the Dayton Racino, find the nearest PNC Branch that is participating in this program, or go the Regional Office to file a claim.
- Mr. Bowers stated that as he also mentioned last month, the OLC is going to be piloting a program where certain Giant Eagles throughout the State will also be able to cash prizes at the \$600-\$5,000 level. The OLC is currently in the process of training those retailers and should be up and running soon. If this proves successful, spreading this to other larger retailers could fill the gap in some areas around the State.
- Mr. Bowers reported that the OLC's final Minority Business Enterprises ("MBE") spend for fiscal year 2016 represented 26.3% of eligible expenditures. This is well over the OLC's goal of 15% which was established by the State. Second tier MBE contracts contributed over \$3.0 million, which was recently negotiated through the OLC's advertising vendors as well as Mills James.
- Commissioner McAleer asked how the 26% MBE spend compared to previous years. Mr. Bowers responded that 26% was the highest ever, and the OLC's standard is normally 18%-20%.

- Mr. Bowers stated that the OLC recently received the budget guidance from the Office of Budget and Management (“OBM”). The OLC’s budget submission is due to OBM by mid-October. Since the OLC is a non-General Revenue Fund (“GRF”) agency, 100% of estimated fiscal year 2017 spend can be submitted. In addition to this, the OLC can seek additional budget if it is supported with the additional revenue. GRF agencies can only seek 90% of their fiscal year 2017 spend as part of their initial request.
- Mr. Bowers stated that the OLC is halfway through the process of developing its fiscal year 2016 Comprehensive Annual Financial Report (“CAFR”). Finance staff are working meticulously to be fully compliant with the established deadlines to deliver the CAFR to OBM by September 30, 2016.

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

- Ms. Frizzi-Babb played a Facebook Live video announcing the winner of the OLC’s Mustang giveaway that was posted on the OLC’s Facebook page.

**OFFICE OF SALES MANAGEMENT REPORT, RICK PERK, ASSISTANT
DEPUTY DIRECTOR**

- Mr. Perk stated a Regional Managers meeting was held earlier in August. The main emphasis was on the upcoming holiday games and how to maximize the sale of those games with proper inventory and strategic placement.
- Mr. Perk reported that the retailer at the Ohio State Fair did very well with an additional \$11,000 in sales over last year. The OLC expanded its presence at the fair

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this year with having a *Keno* area on-site. This gave players the opportunity to play self-service machines at the fair.

- Mr. Perk stated that a new chain convenience store that will be moving into Ohio. Casey's General Store currently has 2,000 stores located in approximately eleven (11) states. They will be opening up nine (9) stores in Ohio within the year.
- Director Berg announced that Ms. Vasil will be retiring the end of October 2016.

ADJOURNMENT

- Chairman McDonald stated that the Commission still needs to visit Hollywood Mahoning Valley, Hollywood Dayton and Miami Valley. He proposed to possibly having the December Commission Meeting at Miami Valley or Dayton.
- Chairman McDonald stated that the next Meeting will be held on September 19, 2016 at 12:00 p.m. Chairman McDonald adjourned the August 16, 2016 Meeting at 1:23 p.m.


Dennis Berg, Secretary

Approved:


Patrick McDonald, Chairman