



**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**

**AUGUST 17, 2015
12:00 P.M.**

Present at the meeting were the following:

Members of the Commission:

James Brady
Allan Krulak
John F. 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 Frizzi-Babb, Deputy Director, Communications
Sandy Lesko Mounts, Deputy Director, Marketing Communications
Steve Kmiotek, Interim Deputy Director, General Services
Lawrence J. Miltner, Chief Legal Counsel
Michael Petro, Deputy Director, Information Technology
Carla Tricarichi, Deputy Director, Government and Community Relations
Patricia Vasil, Deputy Director, Sales
Jennifer Wilson, Deputy Director, Internal Audit
Traci Konesky, Assistant to the Director

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Also Present Were:

Joe Angelillo, VLT Management
Gwen Penn, Contract Compliance Manager
Ron Fornaro, Instant Ticket Product Manager
Karen Russo, Office of Government and Community Relations
Marie Kilbane Seckers, Office of Communications
Nick Kolar, Intern, VLT Management
Duane Miller, Hooven Dayton
Tara Smith, Intralot
Kendal Russo, Intralot
Debbie Pirone, Marcus Thomas
Kyle Wentz, Hard Rock Rocksino
Kim Suchora, Hard Rock Rocksino
Mike Galle, Hollywood Mahoning Valley
Kathy Lenhardt, Hollywood Mahoning Valley
Gary DeWitt, Hollywood Dayton
John Walker, Scioto Downs
John Oberle, Ice Miller
Karen Farkas, The Plain Dealer

CALL TO ORDER AND PLEDGE OF ALLEGIANCE

- The Ohio Lottery Commission (“OLC”) meeting of August 17, 2015, was called to order at 12:03 P.M. at the Frank J. Lausche Building, Fourth Floor Conference Room by Chairman Pat McDonald, followed by the Pledge of Allegiance.
- Chairman McDonald welcomed Trevor McAleer, the OLC’s newly appointed Commissioner. Commissioner McAleer previously worked at the Cuyahoga County Board of Elections as the Fiscal and Operations Manager, and he is currently working as the Legislative Budget Advisor for the Cuyahoga County Council.
- Chairman McDonald stated that the Governor reappointed himself, Commissioner Krulak and Commissioner Morgan each for another three (3) year term on Friday, August 14, 2015.

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 attendees Kim Suchora, from Hard Rock Rocksino; Nick Kolar, a summer intern in VLT Management; Kathy Lenhardt, from Hollywood Mahoning Valley; and Kendal Russo, from Intralot.

APPROVAL OF MINUTES OF JULY 20, 2015

- Chairman McDonald requested a Motion to approve the July 20, 2015 Minutes. Commissioner Lewis made a Motion that was seconded by Commissioner Krulak. The Motion was affirmatively voted upon by all Commissioners present except Commissioner McAleer who abstained.

CHAIRMAN'S COMMENTS

- Chairman McDonald stated that approximately four (4) months ago he had asked the Commissioners to submit to him recommendations for changes to the Commission Meetings. Now that there is a full Board, Chairman McDonald asked if the Commissioners could resend those recommendations to him.
- Chairman McDonald stated that there are some Commissioners Bios that are not posted on the OLC's website and some Bios need tweaking. Chairman McDonald asked that the Commissioners please submit their Bios to Ms. Konesky over the next month so that they are all up-to-date by the September 21, 2015 Meeting.
- Chairman McDonald stated that he would like more details on the Ohio Responsible Gaming Initiative on August 25, 2015.

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- Ms. Tricarichi stated that a press conference is being held on August 25, 2015. The Ohio Department of Mental Health and Addiction Services (“OMHAS”) is initiating a new prevention oriented marketing campaign. The OLC is funding part of the media portion of that campaign. Tracy Plouck, Director of OMHAS; Director Berg, and Matt Schuler, Director of the Casino Control Commission, will all be speaking at the press conference. Also, there will be video clips of the new campaign shown.
- Ms. Tricarichi stated that the press conference will be held in Columbus in the Statehouse Atrium, and she will forward more details to the Commissioners in case they are able to attend.
- Chairman McDonald inquired as to whether or not it has been decided where the next *Cash Explosion*® Road Show will be held.
- Director Berg responded stating that the mini game show was at the State Fair, and the OLC is attempting to get another Road Show for this Fall. He stated that he will provide more details on the status of an upcoming *Cash Explosion*® Road Show at the September 21, 2015 Meeting.
- Chairman McDonald stated that he would like a status update on the Holiday Campaign. Ms. Lesko Mounts responded stating that she plans on showing the creative at the September 21, 2015 Meeting. Chairman McDonald asked if it will be finalized at that point in time. Ms. Lesko Mounts stated that it has already been determined that it is going to be an animated campaign, and she can email some conceptual ideas to the Commissioners.

- Director Berg added that he and Ms. Lesko Mounts had a meeting to look at the concepts and he thinks they are creative.
- Chairman McDonald stated that he would like to have as the featured presentation for September to be an overview of the operation and history of OLC Games. This would be a good educational process for the Commissioners to know what the OLC is selling. Director Berg agreed with Chairman McDonald and stated that it would be very helpful.

DIRECTOR'S REPORT, DENNIS BERG, DIRECTOR

- Director Berg welcomed Commissioner McAleer to the OLC Board. I believe you will be pleased to serve on the Lottery Commission and will find your tenure with the Commission to be a rewarding experience. The Ohio Lottery has a team of dedicated public servants who are instrumental in accomplishing our mission of maximizing revenues and profit transfers to our State's educational system, and the Ohio Lottery is considered a leader in the North American Lottery industry and we strive to perform our mission with the utmost integrity knowing that we must always gain the trust of our players and the citizens of Ohio.
- Director Berg reported that July represented the first month of fiscal year 2016.
- Total Sales of \$232.7 million were up \$3.7 million or 1.6% higher compared to last July. This was the largest overall sales figure achieved for the month of July in the OLC's history.
- Director Berg reported that *Pick 3*, *Pick 4* and *Pick 5* sales were up \$2.5 million higher compared to last year with \$48.7 million in sales.

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- *Keno* sales of \$27.6 million were \$1.9 million or 7.5% higher than last July and broke an all-time monthly sales record for the month of July since the game's inception in August 2008. In addition, *EZPLAY*® sales of \$9.1 million were \$1.4 million or 17.8% higher than last July and also broke an all-time monthly sales record.
- Director Berg reported that instant ticket sales of \$123.0 million were down \$3.6 million or -2.9% from last July.
- VLT sales of \$73.1 million, of which \$24.5 million went to the OLC, was the second best performing month for VLTs. \$3.8 billion have been wagered in Casinos and Racinos since May 2012.
- Director Berg reported that transfers to the Lottery Profits Education fund ("LPEF") of \$84.5 million were \$3.6 million over projection and \$6.3 million above last July's LPEF.
- Director Berg stated that the Statewide Combined Charitable Campaign Kickoff event will be held on September 3, 2015 from 10:00 a.m. to 12:00 noon in the Second Floor Auditorium of the Frank J. Lausche State Building. Chairman McDonald will be a speaker at the event. Director Berg invited all Commissioners to attend the event if their schedules permit.

HOLLYWOOD GAMING AT MAHONING VALLEY RACE COURSE, MIKE GALLE, GENERAL MANAGER

- Mike Galle, General Manager, gave an in-depth presentation on the first year of operations at Hollywood Gaming at Mahoning Valley Race Course. The facility opened on September 17, 2014, and the Race Course opened on November 24, 2014.

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Key areas that were touched on were team member engagement, community involvement, responsible gaming and newly added programs to the facility.

- Chairman McDonald inquired as to when Mahoning Valley plans on adding the seventy-five (75) additional VLTs. Mr. Galle responded that they are expected to go live with those VLTs by the end of August.
- Chairman McDonald asked Mr. Galle, in his opinion, how he feels sales and foot traffic has been for the first year. Mr. Galle responded that he is happy with the foot traffic, and on live race days they see anywhere from 600 to 800 people. Since opening, Mahoning Valley is seeing month over month sales growth.
- Chairman McDonald asked Mr. Galle how many employees they ended up hiring. Mr. Galle responded that they projected hiring approximately 500 employees. They were close to their projections and hired between 400 and 420 employees, and Mahoning Valley has a great group of team members.
- Chairman McDonald asked Mr. Galle if there was anything the Commission or the OLC could do to help their business or is there anything that he would change. Mr. Galle responded that OLC staff and OLC Commissioners have been the best lottery staff that he has worked with in this business, and there is nothing that he would change.
- Commissioner Mingo inquired as to where the majority of employees hired coming from. Mr. Galle responded that over 90% of team members are hired from the Mahoning Valley area. However, the offset to that is that they have to do a lot of training especially early on.

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

- Ms. Tricarichi stated that there is nothing new to report on the Restoration of America's Wire Act ("RAWA") bill because Congress is in recess. However, there is a Government Relations call next week with the National Association of State and Provincial Lotteries ("NASPL"), and she should have more information at the September Meeting.

RESPONSIBLE GAMING EDUCATION WEEK, KAREN RUSSO, COMMUNITY OUTREACH COORDINATOR

- Ms. Russo reported that the week of August 3-7, 2015, was Responsible Gaming Education Week for Casinos and Racinos. This is a national campaign through the American Gaming Association. March is Problem Gambling Awareness Month for lotteries through the National Council on Problem Gambling.
- Ms. Russo stated that she was a speaker at a press conference held on August 3, 2015 at Mahoning Valley Race Course. She showed pictures from Responsible Gaming Education Week as well as a news clip from the press conference.
- Commissioner McAleer asked if there is a spike in the number of people that call for help during that week. Ms. Tricarichi responded that the 24/7 helpline calls are tracked, however, the data for that week is not available as of yet. She also stated that in the past, there has been a spike in calls for that week.

APPROVAL OF FOUR (4) INSTANT GAME RULES IN PROPOSED AND FINAL FORM

- Mr. Miltner stated that the Rules had a couple of minor changes to them after they were sent electronically to the Commissioners. The Rules, as revised, are in the

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Commissioner's materials in the gray folders, and those are the Rules that will be voted on this afternoon.

- Mr. Fornaro brought before the Commission four (4) Instant Game Rules for approval in Proposed and Final Form. The Rules are as follows:
 - Rule 3770:1-9-284, *Holiday Cash* (\$1.00);
 - Rule 3770:1-9-285, *\$20,000 Holiday Gold* (\$2.00);
 - Rule 3770:1-9-286, *Holiday Bingo!* (\$3.00); and
 - Rule 3770:1-9-288, *Merry Money* (\$10.00).

- Chairman McDonald then requested a Motion to approve the four (4) Instant Game Rules in Proposed and Final Form. Commissioner Morgan made a Motion that was seconded by Commissioner Vaci. With no further discussion, the Motion was affirmatively voted upon by the Commissioners present.

- Chairman McDonald handed out a spreadsheet to the Commissioners. He stated that it gives a great synopsis year-to-date and month-to-month comparing the Racinos to the Casinos, on a slot-to-slot comparison. Chairman McDonald asked Mr. Bowers if he could please hand this spreadsheet out at each Meeting.

Commissioner McAleer left the Meeting at 12:54 p.m.

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

- Mr. Miltner brought before the Commission one (1) Online Game Rule for approval in Proposed and Final Form. The Online Game Rule is as follows:
 - Rule 3770:1-9-954, *Lucky for Life*[™] (\$2.00).
- Chairman McDonald then requested a Motion to approve one (1) Online Game Rule in Proposed and Final Form. Commissioner Krulak made a Motion that was seconded by Commissioner Brady. With no further discussion, the Motion was affirmatively voted upon by the Commissioners present.

MANDATORY RULE REVIEW PURSUANT TO CHAPTER 119 IN PROPOSED FORM – AMENDED RULE

- Mr. Miltner brought before the Commission the approval of one (1) Administrative Rule based on the Mandatory Rule Review Pursuant to Chapter 119, amended rule, in Proposed Form. The Administrative Rule is as follows:
 - Rule 3770:1-8-04, *Payment of prizes*.
- Chairman McDonald then requested a Motion to approve one (1) Administrative Rule based on the Mandatory Rule Review Pursuant to Chapter 119, amended rule, in Proposed Form. Commissioner Brady made a Motion that was seconded by Commissioner Whalen. With no further discussion, the Motion was affirmatively voted upon by the Commissioners present.

MANDATORY RULE REVIEW PURSUANT TO CHAPTER 119 IN PROPOSED FORM – RESCISSION

- Mr. Miltner brought before the Commission the approval of one (1) Administrative Rule based on the Mandatory Rule Review Pursuant to Chapter 119, rescission, in Proposed Form. The Administrative Rule is as follows:
 - Rule 3770:1-9-50, *Lot 'O Play*.
- Chairman McDonald then requested a Motion to approve one (1) Administrative Rule based on the Mandatory Rule Review Pursuant to Chapter 119, rescission, in Proposed Form. Commissioner Whalen made a Motion that was seconded by Commissioner Lewis. With no further discussion, the Motion was affirmatively voted upon by the Commissioners present.

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

- Mr. Miltner brought before the Commission the approval of seven (7) Administrative Rules based on the Mandatory Rule Review Pursuant to Chapter 119, no change, in Proposed and Final Form. The Administrative Rules are as follows:
 - Rule 3770-6-01, *Personal information systems definition;*
 - Rule 3770-6-02, *Procedures for accessing confidential personal information;*
 - Rule 3770-6-03, *Valid reasons for accessing confidential personal information;*
 - Rule 3770-6-04, *Confidentiality statutes;*
 - Rule 3770-6-05, *Restricting and logging access to confidential personal information in computerized personal information systems;*

- Rule 3770:2-1-01, *Authority and purpose*; and
 - Rule 3770:2-1-02, *Incorporation of by-laws*.
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- Chairman McDonald then requested a Motion to approve seven (7) Administrative Rules based on the Mandatory Rule Review Pursuant to Chapter 119, no change, in Proposed and Final Form. Commissioner Morgan made a Motion that was seconded by Commissioner Whalen. With no further discussion, the Motion was affirmatively voted upon by the Commissioners present.

RESCISSION OF FIFTY (50) GAME RULES IN PROPOSED AND FINAL FORM-NO LONGER IN USE

- Mr. Miltner brought before the Commission the rescission of fifty (50) Game Rules that are no longer in use for approval in Proposed and Final Form. All of the games are no longer in use and all of the prizes have been paid out. Removal of these game rules will free-up these rule numbers so that they can be used for future rules. The list of the fifty (50) Game Rules is in the Commissioner's materials.
- Chairman McDonald then requested a Motion to approve the rescission of fifty (50) Game Rules that are no longer in use in Proposed and Final Form. Commissioner Krulak made a Motion that was seconded by Commissioner Vaci. With no further discussion, the Motion was affirmatively voted upon by the Commissioners present.

RESOLUTION TO APPROVE VIDEO LOTTERY GAME THEMES, JOE ANGELILLO, VLT MANAGER

- Mr. Angelillo brought before the Commission a Resolution to approve twenty-eight (28) Video Lottery Game Themes. The twenty-eight (28) Game Themes are as follows: eleven (11) game themes submitted by IGT; six (6) game themes submitted by MGAM; and eleven (11) game themes submitted by Williams.

- Chairman McDonald then requested a Motion to approve the Resolution for twenty-eight (28) Video Lottery Game Themes. Commissioner Morgan made a Motion that was seconded by Commissioner Lewis. With no further discussion, the Motion was affirmatively voted upon by the Commissioners present.
- Chairman McDonald stated that in the Commissioner's materials is an Internal Audit Report, and he asked Commissioner Whalen if he would like to say anything about it.
- Commissioner Whalen stated that the Internal Audit Department has created its Annual Report as required by the Ohio Revised Code. The Annual Report specifies the work that has been completed over the course of the fiscal year, as well as reporting on the compliance of the Internal Audit plan overall. In addition, it gives some highlights of the next fiscal year plan.
- Commissioner Whalen stated that the Annual Report also provides some insights into the structure of the Internal Audit group, as well as the Commissioners who serve on the Audit Committee and their role.

OFFICE OF FINANCE REPORT, GREG BOWERS, DEPUTY DIRECTOR

- Mr. Bowers stated that there is one (1) correction that needs to be made in his written report. On the Finance summary page letter "D", it mentions that sales are \$2.1 million less than forecast, when in fact, sales are \$2.1 million more than forecast for the July period.
- Sales in July of \$232.7 million were also \$3.7 million more than last year. All the gains were on the online games, including *Mega Millions*®. Also, positive variances were seen in *Keno* and *EZPLAY*® games.

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- Mr. Bowers reported that the OLC was also fortunate this month, as prize expense for *Pick 3* was unusually low paying out 39%, whereas last month prize payouts for both *Pick 3* and *Pick 4* were unusually high, paying out 63% and 65% respectively.
- The OLC's share of the VLT revenue was \$24.5 million. Of that amount, after expenses, \$23.8 million represented net income, which was higher than projected and more than last year. The OLC expected to exceed last year's numbers due to having two (2) more tracks opened compared to last July.
- Mr. Bowers reported that transfers to the LPEF in July totaled \$84.5 million, which was \$3.6 million more than the OLC's monthly commitment and \$6.3 million more than last year.
- In regards to the MBE program, for the fiscal year 2015 which ended June 30, 2015, the OLC had set-aside 15.3% of eligible expenditures. When including participation, the OLC is at 15.6% of total eligible expenditures, which exceeded its 15% target rate.
- Chairman McDonald stated that he was pleasantly surprised how much revenue was generated in July for *Keno*, and he asked if that was expected. Director Berg responded stating that it was a record sales month for July for *Keno*, and sales were up 7% from last July.

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

- Ms. Frizzi-Babb showed pictures from the *Cash Explosion*® Fan Appreciation Day at the Ohio State Fair. Many of the pictures are on the OLC Blog and all of them can be found on the OLC's FaceBook page.

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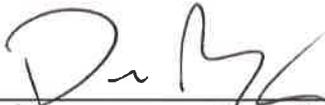
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- Ms. Frizzi-Babb stated that on September 18, 2015, the School of the Year presentation will be held in Lake County, and she will forward more information to the Commissioners.

ADJOURNMENT

- Chairman McDonald requested that Ms. Konesky please provide an updated Commissioner telephone roster to the Commissioners. Chairman McDonald requested a motion to adjourn the Meeting. Commissioner Morgan made a motion to adjourn the August 17, 2015 Meeting. Chairman McDonald adjourned the meeting at 1:07 p.m.


Secretary – Dennis Berg, Director

Approved:


Patrick McDonald, Chairman