



**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**

**NOVEMBER 21, 2016
12:00 P.M.**

Present at the meeting were the following:

Members of the Commission:

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

Executive Staff of the Commission:

Dennis Berg, Director
Greg Bowers, Deputy Director, Finance
Danielle Frizz-Babb, Deputy Director, Communications
Steve Kmiotek, Interim Deputy Director, General Services
Sandy Lesko Sabbath, Deputy Director, Marketing Communications
Constance Miller, Deputy Director, Operations
Lawrence Miltner, Chief Legal Counsel
Richard Perk, Interim Deputy Director, Sales Management
Mike Petro, Deputy Director, Information Technology
Liz Popadiuk, Deputy Director, Human Resources
Carla Tricarichi, Deputy Director, Government and Community Relations
Jennifer Wilson, Deputy Director, Internal Audit
Traci Konesky, Assistant to the Director

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Also Present Were:

Ron Fornaro, Instant Ticket Product Manager
Marie Kilbane Seckers, Office of Communications
Traci Pinkney, Office of Finance
Rebecca McLemore, Office of Communications
Elizabeth Abate, Marcus Thomas
Bruce Anderson, Intralot
Darick Cornelious, Intralot
Duane Miller, Hooven-Dayton
John Walker, Scioto Downs
Kyle Wentz, Hard Rock Rocksino
Greg Kolocin, Hard Rock Rocksino
Jason Birney, Hollywood Gaming, Dayton
John Oberle, Ice Miller
Colleen Rowan, IGT
Eric Sarmiento, Cavitch

CALL TO ORDER AND PLEDGE OF ALLEGIANCE

- The Ohio Lottery Commission (“OLC”) meeting of November 21, 2016, was called to order at 12:06 P.M. at the Frank J. Lausche Building, Fourth Floor Conference Room 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 attendees Rebecca McLemore from the Office of Communications; and Jason Birney, the new General Manager of Dayton Hollywood.

APPROVAL OF MINUTES OF OCTOBER 17, 2016

- Chairman McDonald requested a Motion to approve the October 17, 2016 Minutes. Commissioner Lewis made a Motion that was seconded by Commissioner Whalen. The Motion was affirmatively voted upon by all Commissioners present.

CHAIRMAN'S COMMENTS

- Chairman McDonald stated that he would like staff to touch upon the growing *Powerball*® jackpot.
- Chairman McDonald stated that he would like an update on the holiday instant tickets.
- Chairman McDonald announced that Rick Perk was named the Interim Sales Director. He congratulated Mr. Perk and stated that he looks forward to working with him. Mr. Perk stated that he looks forward to the challenge.

DIRECTOR'S REPORT AND THE OFFICE OF FINANCE REPORT, DENNIS BERG, DIRECTOR

- Director Berg reported that October represented the fourth month of fiscal year 2017. The news on the financial side is mixed with online sales exceeding last October's sales but instant ticket sales are trending below last October. Both VLT and *Keno* sales continue to perform strong enabling the OLC to offset some of the declines in instant ticket sales.
- Director Berg stated that the trend that the OLC is seeing is playing out on the statewide level. He stated that he attended Impact Ohio on November 17, 2016, and he sat in on a session related to the Executive Budget. The Office of Budget and Management ("OBM") Director, Tim Keen, shared that year-to-date, sales tax and personal income tax collections are down \$160 million. In some instances, this is

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due to reduction in the cost of goods sold and lagging retail and automobile sales. The Administration hopes to manage the fiscal year 2017 budget with spending controls, but this trend will impact the money available for fiscal years 2018 and 2019.

- Director Berg reported that total sales for the month of October were \$231.8 million. This was \$5.2 million or 2.3% lower compared to last October. Multistate game sales of \$14.9 million were virtually flat with last year's sales results, and instant ticket sales of \$117.9 million were down \$7.7 million or roughly -6.1% from last October.
- Traditional *Keno* sales of \$31.9 million were \$2.8 million or 9.6% higher than last October and broke an all-time monthly sales record the month of October. Sales for the 50/50 Raffle Game were \$710,000 for October. VLT sales for October were \$74.6 million, of which \$25.0 million went to the OLC. Each track exceeded sales for last October.
- Director Berg reported that transfers to the Lottery Profits Education Fund ("LPEF") of nearly \$85.7 million were \$4.9 million above projection and \$263,000 above last October's profit transfer. Year-to-date, sales are up \$41.6 million on online games and down \$19.3 million on instant ticket games.
- Director Berg stated that in regards to *Powerball*®, the OLC has big numbers to match against sales last fiscal year in December and January. The current *Powerball*® jackpot is \$359 million.

- Director Berg reported that regarding the holiday instant tickets, all of the games are in full distribution, and the OLC is also running a second chance bonus program through MyLotto Rewards. The holiday media campaign began last week, and Ms. Lesko Sabbath will be sharing the spots with the Commission during her report.
- Director Berg reported that regarding the Business Assessment, OLC staff is still in the process of vetting the Report. The months of October and November were busy with focus on national and statewide elections.

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

- Mr. Fornaro brought before the Commission one (1) Instant Game Rule for approval in Proposed and Final Form. The Rule is as follows:
 - Rule 3770:1-9-370, *Game of Gold* (\$5.00).
- Commissioner McAleer asked if the app is an OLC App or is it specific to the game. Mr. Fornaro responded that the app is specific to the game and it needs to be downloaded by players.
- Commissioner Whalen asked if it would be more conducive to have it be an OLC app so that the game can be tracked.
- Ms. Miller responded that initially the OLC was intending to put it behind MyLotto Rewards. However, the vendor was concerned that that would be an additional barrier because players would have to create an additional account so they asked that this game be released separately.
- Mr. Fornaro stated that New York is currently running this game so the OLC should be able to get the matrices on it.

- Chairman McDonald then requested a Motion to approve the one (1) Instant Game Rule in Proposed and Final Form. Commissioner Brady made a Motion that was seconded by Commissioner McAleer. With no further discussion, the Motion was affirmatively voted upon by the Commissioners present.

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

- Mr. Fornaro brought before the Commission four (4) Instant Game Rules for approval in Proposed Form. The Rules are as follows:
 - Rule 3770:1-9-381, *Give Me 5* (\$1.00);
 - Rule 3770:1-9-382, *The Three Stooges*® (\$2.00);
 - Rule 3770:1-9-383, *The Price is Right*® (\$5.00); and
 - Rule 3770:1-9-384, *\$100,000,000 Fortune* (\$20.00).
- Chairman McDonald then requested a Motion to approve the four (4) Instant Game Rules in Proposed 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 SIX (6) INSTANT GAME RULES IN FINAL FORM

- Mr. Miltner brought before the Commission six (6) Instant Game Rules for approval in Final Form. Mr. Miltner stated that there were some no substantive changes made to the 30th Anniversary Cash Explosion® game rule, however, it does not change the way the game is played. The Rules are as follows:
 - Rule 3770:1-9-374, *Cash X5* (\$1.00);
 - Rule 3770:1-9-375, *Cash X10* (\$2.00);
 - Rule 3770:1-9-376, *Cash X15* (\$3.00);
 - Rule 3770:1-9-377, *Cash X20* (\$5.00);

- Rule 3770:1-9-378, *Cash X50* (\$10.00); and
 - Rule 3770:1-9-379, *30th Anniversary Cash Explosion*® (\$2.00).
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- Chairman McDonald then requested a Motion to approve the six (6) Instant Game Rules in 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.

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

- Mr. Miltner brought before the Commission the approval of four (4) Administrative Rules based on the Mandatory Rule Review Pursuant to Chapter 119, no change, in Proposed and Final Form. Mr. Miltner stated that these Rules were sent to the Common Sense Initiatives Office, and they had no changes. The Rules are as follows:
 - Rule 3770:2-6-01, *Video lottery operations; hours of operation and number and type of video lottery terminals.*
 - Rule 3770:2-6-05, *Video lottery operations; advertising and promotion.*
 - Rule 3770:2-7-01, *Video lottery game requirements; video lottery game play.*
 - Rule 3770:2-7-02, *Video lottery game requirements; video lottery prize payments.*

- Chairman McDonald then requested a Motion to approve four (4) Administrative Rules based on the Mandatory Rule Review Pursuant to Chapter 119, no change, in Proposed and Final Form. Commissioner Lewis 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 AND FINAL FORM – RESCIND

- Mr. Miltner brought before the Commission the approval of one (1) Online Game Rule based on the Mandatory Rule Review Pursuant to Chapter 119, rescind, in Proposed Form. Mr. Miltner stated that this is an old *Powerball*® Rule that is no longer in use and there are no prizes left to be paid. The Rule is as follows:
 - Rule 3770:1-9-57, *Powerball*®.
- Chairman McDonald then requested a Motion to approve one (1) Online Game Rule based on the Mandatory Rule Review Pursuant to Chapter 119, rescind, in Proposed Form. Commissioner Lewis made a Motion that was seconded by Commissioner Vacì. With no further discussion, the Motion was affirmatively voted upon by the Commissioners present.

RESOLUTION TO APPROVE ONE (1) EZPLAY® TAP GAME THEME, MIKE PETRO, DEPUTY DIRECTOR, INFORMATION TECHNOLOGY

- Mr. Petro brought before the Commission a Resolution to approve one (1) new *EZPLAY*® Tap Game Theme. This game theme has been internally reviewed for technical compliance, content and game matrix. The one (1) new *EZPLAY*® Tap Game Theme is:
 - *Dolphin Dollars Keno*

- Chairman McDonald then requested a Motion to approve the Resolution to approve one (1) new *EZPLAY*® Tap Game Theme. Commissioner McAleer made a Motion that was seconded by Commissioner Whalen. With no further discussion, the Motion was affirmatively voted upon by the Commissioners present.

OFFICE OF OPERATIONS REPORT, CONSTANCE MILLER, DEPUTY DIRECTOR

- Ms. Miller reported that in addition to Hollywood Dayton appointing Jason Birney as the new General Manager, Belterra Park has also appointed a new Vice President/GM. Chris Corrado has replaced Kevin Kaufman who retired.
- Ms. Miller reported that both Miami Valley Gaming and the Hard Rock Rocksino at Northfield Park are in the process of filing renewal paperwork for their video lottery licenses. Both properties are celebrating their third anniversary with special events and promotions.

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

- Ms. Miller brought before the Commission a Resolution to approve forty-nine (49) Video Lottery Game Themes. These game themes have been internally reviewed for technical compliance, content and game matrix. The forty-nine (49) Game Themes are as follows: six (6) game themes submitted by Ainsworth/KGM; eleven (11) game themes submitted by Aristocrat; one (1) game theme submitted by Bally; one (1) game theme submitted by Everi; fourteen (14) game themes submitted by IGT; one (1) game theme submitted by ITS; nine (9) game themes submitted by Konami; and six (6) game themes submitted by WMS.
- Chairman McDonald then requested a Motion to approve the Resolution for forty-nine (49) Video Lottery Game Themes. Commissioner Brady made a Motion that

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

OFFICE OF FINANCE REPORT, GREG BOWERS, DEPUTY DIRECTOR

- Mr. Bowers stated that even though sales are down again in October, sales are still up year-to-date over the same time period last year by \$22.2 million, or 2.3%.
- Multi-State games have thus far benefitted from high jackpots at the beginning of the fiscal year, as well as the current *Powerball*® jackpot. As a result, sales have increased in this category and now sales up nearly \$19 million year-to-date over the same time period last fiscal year. Including *Lucky for Life*®, sales are up \$25.9 million or 40% over last fiscal year.
- Mr. Bowers reported that since the current *Powerball*® jackpot is at \$359 million, the OLC is going to continue to gain a little more in sales over last November. However, the \$1.58 billion jackpot sequence last fiscal year began in early November and rolled to January. During the last three (3) draws of that sequence, the OLC generated \$78 million in sales.
- *Keno* sales continue to have double digit growth over last fiscal year, and are up 11.4%, or \$12.7 million. *EZPLAY*® game sales are up slightly, and instant ticket sales are now 3.9% lower than sales through the same time period last fiscal year. Net profit from VLTs through October are \$7 million over the same time period last fiscal year.
- Mr. Bowers reported that through October, transfers to the LPEF equal \$341.6 million. This is \$23.9 million over the OLC's budgeted commitment and \$3.7 million more than last fiscal year through the same period.

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- Mr. Bowers stated that the theme of this year's Comprehensive Annual Financial Report (CAFR") will focus on OLC winners. Last year, the OLC spotlighted its retailer makeover program. The OLC is continuing to review the final draft before it is sent to the Auditor of State ("AOS") for their review. Once AOS gives the OLC the okay, the CAFR will be sent to State Printing. The hope is to have a final copy distributed at the December Commission Meeting.
- Mr. Bowers reported that the OLC heard back from OBM last week, and they had a few questions regarding some details of the budget. Those questions were answered, and OBM is now going to submit the OLC's budget to the Governor's Office. The Governor will not be submitting his budget to the House until early February.
- Mr. Bowers stated that he and Traci Pinkney, Manager of Retailer Accounts, have been working with PNC Bank to provide a solution for retailers to deposit any outstanding payments due to the OLC in a more convenient manner.
- Commissioner McAleer asked if it would be possible to get instant ticket sales by game comparing 2016 sales vs. 2017 sales. Mr. Bowers asked if he would like the comparison by price point or each individual instant ticket. Commissioner McAleer stated that he would like it by each game.
- Mr. Fornaro responded that it would probably be better to compare by price point since instant games change every year.
- Commissioner Whalen asked with regards to retailer payment, will the file be sent through the OLC's system or PNC Bank's system. Mr. Bowers responded that the file will be sent through the OLC's system, and then retailers will log into a secure website through PNC Bank.

- Ms. Pinkney stated that the retailers will get notice from the Regional Office that money is due. Once retailers are notified, they will be able to login through MyLotto Rewards where they will then be assigned a password to log into PNC's website to view their file.

OFFICE OF MARKETING COMMUNICATIONS REPORT, SANDY LESKO

SABBATH, DEPUTY DIRECTOR

- Ms. Lesko Sabbath played a media loop for the new Cavs ticket that plays on the pads at all retailer locations and one (1) radio spot for the Cavs ticket.
- Ms. Lesko Sabbath played two (2) radio spots for the OLC's holiday bonus promotion. She stated that there is also a television spot for the holiday bonus promotion.
- Ms. Lesko Sabbath played one (1) television spot and one (1) radio spot for the holiday instant tickets.
- Commissioner Mingo asked how long the holiday campaign runs for. Ms. Lesko Sabbath responded that the spots started airing mid-November, and they will run through the end of the holiday season.
- Commissioner Brady stated that both his wife and daughter saw the holiday instant ticket spot and loved it.

OFFICE OF COMMUNICATIONS REPORT, DANIELLE FRIZZI-BABB,

DEPUTY DIRECTOR

- Ms. Frizzi-Babb stated that the OLC has been working on its YouTube Channel to make it more user friendly.

- Ms. Frizzi-Babb played three (3) videos that are under the “About Us” section on the OLC’s YouTube Channel: “Welcome to the Lottery’s YouTube Chanel”; “Take a Chance on Today”; and “Ohio Lottery by the Numbers”.
- Chairman McDonald asked who produced those videos. Ms. Frizzi-Babb responded that Marcus produced “Welcome to the Lottery’s YouTube Channel”, Hart produced “Ohio Lottery by the Numbers” and Northlich produced “Take a Chance on Today”.

OFFICE OF SALES MANAGEMENT REPORT, RICHARD PERK, INTERIM DEPUTY DIRECTOR

- Mr. Perk stated Sales staff are working with retailers to make sure that the holiday tickets are place properly and that there is a good amount of inventory at retailer locations.
- Mr. Perk stated that several of the OLC’s major chain accounts are holding promotions to help with the impulse buy of OLC tickets.
- Commissioner Brady suggested that as the new Interim Sales Director, Mr. Perk should take a step back and look at how things have been and see where things can be tweaked. Mr. Perk agreed that would be beneficial.

ADJOURNMENT

- Chairman McDonald adjourned the November 21, 2016 Meeting at 1:03 p.m.


Dennis Berg, Director

Approved:


Patrick McDonald, Chairman