



**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**

**FEBRUARY 12, 2018
12:00 P.M.**

Present at the meeting were the following:

Members of the Commission:

James Brady
John Lewis
Patrick McDonald
Angela Mingo
William Morgan
Elizabeth Vaci
Sean Whalen

Executive Staff of the Commission:

Dennis Berg, Director
Greg Bowers, Deputy Director, Finance
Maureen Hall, Interim Deputy Director, Information Technology
Danielle Frizz-Babb, Deputy Director, Communications
Steve Kmiotek, Interim Deputy Director, General Services
Nicole Kostura, Deputy Director, Government and Community Relations
Sandy Lesko Sabbath, Deputy Director, Marketing Communications
Charles LoPresti, Chief Legal Counsel
Constance Miller, Deputy Director, Operations
Carla Tricarichi, Deputy Director, Public Policy
Jennifer Wilson, Deputy Director, Internal Audit
Traci Konesky, Assistant to the Director

Also Present Were:

Ron Fornaro, Instant Ticket Product Manager
Marty Morrow, Assistant Sales Director
Karen Russo, Office of Public Policy
Michael Sliwinski, Office of Legal Counsel
Dan Carter, Office of Legal Counsel
Brian Sindelar, Office of Legal Counsel
Marie Kilbane Seckers, Office of Communication
Rebecca McLemore, Office of Communications
Charlie Scannella, Scientific Games
Magnolia Devell, Marcus Thomas
Duane Miller, Hooven-Dayton
Greg Kolocin, Hard Rock Rocksino
Ed Dick, JACK Thistledown
Kath Lenhardt, Mahoning Valley Race Course
John Oberle, Penn Gaming
Eric Sarmiento, Cavitch

CALL TO ORDER AND PLEDGE OF ALLEGIANCE

- The Ohio Lottery Commission (“OLC”) meeting of February 12, 2018, 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, John Lewis, Pat McDonald, Angela Mingo, William Morgan, Elizabeth Vaci and Sean Whalen.

INTRODUCTION OF FIRST TIME ATTENDEES

- Chairman McDonald recognized Mike Sliwinski, an attorney in the Office of Legal Counsel. Mr. Sliwinski had worked at the OLC previously and has rejoined the OLC on Monday, February 5, 2018.

APPROVAL OF MINUTES OF JANUARY 22, 2018

- Chairman McDonald requested a Motion to approve the January 22, 2018 Minutes. Commissioner Lewis made a Motion that was seconded by Commissioner Mingo. The Motion was affirmatively voted upon by all Commissioners present.

CHAIRMAN'S COMMENTS

- Chairman McDonald stated that the Commission will be presented updates from the Office of Finance; the Office of Marketing Communications; and the Office of Sales.
- Chairman McDonald stated that January's sales were up \$22 million from last year thanks mostly to the high jackpots from the multi-state games.
- Chairman McDonald stated that he would like staff to present updates on the first few weeks of The Lucky One sales and cashless.
- Chairman McDonald reminded Commissioners to complete the annual risk assessment survey that Jennifer Wilson sent out on February 8, 2018. She would like the Commission to respond by February 15, 2018.
- Chairman McDonald stated that March is Problem Gambling Awareness month, and Director Berg will be providing an update on that.

- Chairman McDonald stated that the Responsible Gambling Committee met prior to today's Commission Meeting. Commissioner Lewis will provide an update at the March Commission Meeting.

DIRECTOR'S REPORT, DENNIS BERG, DIRECTOR

- Director Berg reported that January represented the seventh month of fiscal year 2018. Total Sales of \$258.7 million were up \$22.1 million or 9.3% higher compared to last January.
- Multi-State Game sales of \$32.7 million were nearly up \$15.8 million or 93.5% from last January due to higher jackpots in both *Powerball*® and *Mega Millions*®. The *Powerball*® jackpot was hit on January 6, 2018 at \$570 million and the *Mega Millions*® jackpot was hit on January 5, 2018 at \$450 million.
- Director Berg reported that sales for the daily draw games such as *Pick 3*, *Pick 4* and *Pick 5* were \$45.9 million, down \$657,000 or 1.4% from last January. Traditional *Keno* sales of \$35.5 million were \$2.9 million or 8.9% higher than last January and broke an all-time monthly sales record for the month January.
- Instant ticket sales of \$121.2 million were down slightly by \$232,000 or .2% from last January. VLT sales for January were \$73.1 million, of which \$24.5 million went to the OLC. On a gross sales basis, this is \$1.8 million more than January. Six (6) of the VLT facilities beat last January's sales results, and Belterra was down slightly by \$150,000.
- Director Berg reported that transfers to the Lottery Profits Education Fund ("LPEF") of \$88.7 million were roughly \$7.6 million higher than last January's transfer. It was, however, \$1.8 million below original projections.

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- Director Berg stated that there are several big conferences that are going to be held in Cleveland this summer: the National Council of Legislators from Gaming States (“NCLGS”) will hold its Summer Meeting in Cleveland in early July 2018; the National Council on Problem Gambling (“NCPG”) will hold its Conference in Cleveland a few days later in July 2018; and the National Association of State and Provincial Lotteries (“NASPL”) will be holding its annual Trade Show in Cleveland the end of September 2018. March is National Problem Gambling Awareness month, however, due to the NCPG Conference in July, there will not be a State conference in Ohio this March. Director Berg asked Ms. Tricarichi to elaborate more on the Problem Gambling Conference.
- Ms. Tricarichi stated that with respect to the NCPG Conference in July, it is anticipated that there will be 600-700 attendees from all over the Country, and approximately 200-300 of those attendees will be Ohioans of which the majority will be treatment providers.
- Ms. Tricarichi stated that the OLC has been working with its partners at the Ohio Department of Mental Health and Addiction Services and the Casino Control Commission in preparation for the Conference. The first two (2) days will be a preconference, and the full conference will also take place over a course of two (2) days. The Conference will take place July 18, 2018 through July 21, 2018 at the Hilton Downtown.
- Ms. Tricarichi stated that with regards to Problem Gambling Awareness Month, the Governor has issued a proclamation recognizing March as Problem Gambling Awareness Month. There will be an increase in problem gambling awareness advertising in conjunction with March Madness. The National Council on Problem Gaming and the Ohio affiliate will be hosting webinars.

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- Director Berg reported that the next major project for the OLC will be the Photon terminals. Installation is tentatively scheduled to begin in September. The Photon will replace both retailer terminals that are currently in the field. The Photons will allow for cashless purchase using a debit or credit card. The Photon allows customers to have a “shopping cart” environment, so a retailer will have a list of all the tickets requested and be able to print a receipt for the customers, similar to a grocery receipt. It will take approximately ninety (90) days to complete the project.
- Director Berg stated that the *Powerball*® game will be changing in September 2018. Chairman McDonald inquired as to what the changes are going to be to the *Powerball*® game. Director Berg responded that more than likely, the core game is going to stay the same. The change would be to add on another drawing where there will be an option to enter into another drawing once a week with a pari-mutuel jackpot.
- Director Berg reported that as of Friday, February 9, 2018, more than 6,000 cashless pin pad units have been installed with about 5,800 active selling. The remaining pin pads will be installed and activated by the middle of February 2018. The OLC has also installed 670 Touch & Win terminals, with an additional 125 to be installed this week.
- Director Berg reported that Pennsylvania is expanding their casino presence by adding mini casinos, and one of those casinos will be thirty (30) minutes from Mahoning Valley.
- Chairman McDonald asked Director Berg to expound on the Queen of Hearts game. Director Berg gave a brief description of how the game is played.

APPROVAL OF FIVE (5) INSTANT GAME RULES IN PROPOSED FORM

- Mr. Fornaro brought before the Commission five (5) Instant Game Rules for approval in Proposed Form. The Rules are as follows:
 - Rule 3770: 1-9-456, *Fast \$50s* (\$1.00);
 - Rule 3770: 1-9-457, *Blazing Hot Cash* (\$2.00);
 - Rule 3770: 1-9-458, *The Voice* (\$3.00);
 - Rule 3770: 1-9-460, *7* (\$5.00); and
 - Rule 3770: 1-9-461, *\$5 Million Payout* (\$20.00).

- Chairman McDonald then requested a Motion to approve the five (5) Instant Game Rules in Proposed Form. Commissioner Brady 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. LoPresti brought before the Commission eighteen (18) Administrative Rules based on the Mandatory Rule Review Pursuant to Chapter 119, No Change, in Proposed and Final Form.
 - Rule 3770:1-5-01, *Scope and purpose of by-laws.*
 - Rule 3770:1-5-05, *The director of the state lottery.*
 - Rule 3770:1-5-08, *Technical and clerical employees.*
 - Rule 3770:1-5-09, *State lottery offices.*
 - Rule 3770:1-6-01, *Conduct of lottery games by the state lottery.*
 - Rule 3770:1-6-03, *Price of lottery tickets.*
 - Rule 3770:1-6-07, *Public information.*

- Rule 3770:1-7-101, *Game rule one hundred one. (Pick 5)*
 - Rule 3770:1-8-03, *Validation of winning ticket.*
 - Rule 3770:1-8-05, *Discharge of payment obligation.*
 - Rule 3770:1-8-06, *Director to adopt procedures.*
 - Rule 3770:2-5-01, *Technology providers; licensing of independent testing.*
 - Rule 3770:2-5-02, *Technology providers licensing; application.*
 - Rule 3770:2-5-03, *Technology providers licenses; application review process.*
 - Rule 3770:2-5-04, *Technology providers licenses; issuance of license.*
 - Rule 3770:2-5-07, *Technology providers licenses; fines.*
 - Rule 3770:2-5-09, *Technology providers licenses; records; audits and inspection.*
 - Rule 3770:2-11-01, *Licensing fees.*
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- Chairman McDonald then requested a Motion to approve eighteen (18) 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 Mingo. With no further discussion, the Motion was affirmatively voted upon by the Commissioners present.

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

- Mr. LoPresti brought before the Commission six (6) Administrative Rules based on the Mandatory Rule Review Pursuant to Chapter 119, Amendments, in Proposed Form.

- Rule 3770:1-5-04, *Meetings of the commission.*
 - Rule 3770:1-5-06, *Deputy directors.*
 - Rule 3770:1-5-07, *Professional employees.*
 - Rule 3770:1-6-06, *Special lottery drawings or promotions.*
 - Rule 3770:1-8-02, *Manner of claiming prize awards.*
 - Rule 3770:1-9-53, *Game rule fifty-three (Classic Lotto).*
- Chairman McDonald then requested a Motion to approve six (6) Administrative Rules based on the Mandatory Rule Review Pursuant to Chapter 119, Amendments, 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 FINAL FORM – AMENDMENTS

- Mr. LoPresti brought before the Commission one (1) Administrative Rule based on the Mandatory Rule Review Pursuant to Chapter 119, Amendments, in Final Form.
 - Rule 3770:2-8-01, *Responsible gaming.*
- 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 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. LoPresti brought before the Commission one (1) Administrative Rule based on the Mandatory Rule Review Pursuant to Chapter 119, Rescission, in Proposed Form.
 - Rule 3770:1-9-54, *Game rule fifty-four (Pick 10)*.
- 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 Lewis 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 TOUCH & WIN EZPLAY® TAP GAME THEME, CONSTANCE MILLER, DEPUTY DIRECTOR

- Ms. Miller brought before the Commission a Resolution to approve one (1) new Touch & Win EZPLAY® Tap Game Theme. The one (1) new Touch & Win EZPLAY® Tap Game Theme is:
 - *OH Jackpot*.
- Chairman McDonald then requested a Motion to approve the Resolution to approve one (1) new Touch & Win EZPLAY® Tap Game Theme. 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.

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

- Ms. Miller brought before the Commission a Resolution to approve forty-five (45) new Video Lottery Game Themes. These game themes have been internally

reviewed for technical compliance, content and game matrix. The forty-five (45) new Game Themes are as follows: ten (10) game themes submitted by Bally; two (2) game themes submitted by Everi; seventeen (17) game themes submitted by IGT; fourteen (14) game themes submitted by Konami; and two (2) game themes submitted by WMS.

- Chairman McDonald then requested a Motion to approve the Resolution for forty-five (45) new Video Lottery Game Themes. 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.

OFFICE OF OPERATIONS REPORT, CONSTANCE MILLER, DEPUTY DIRECTOR

- Ms. Miller reported that the daily drawing bid that she had mentioned at last month's Meeting has just been finalized by the Department of Administrative Services.

OFFICE OF FINANCE REPORT, GREG BOWERS, DEPUTY DIRECTOR

- Mr. Bowers reported that total traditional sales through January now equal \$1.82 billion, \$120.4 million or 7.1% higher than sales recorded last year through January of \$1.7 billion.
- The draw sales category was responsible for \$68.6 million of this increase, or 8.2% against the prior year. *Keno* sales were up \$19.6 million, or 8.8%, and multi-state game sales were up \$36.7 million.
- Mr. Bowers reported that instant ticket sales are up \$51.8 million over last year through January and still tracking positively against two (2) years ago through

January. Total net profit revenue from VLTs are up over last year through January by \$10.9 million.

- Total transfers to the LPEF through January are \$640 million, up \$21 million over the OLC's commitment and \$43.2 million more than last year through the same time period.
- Mr. Bowers gave a detailed presentation on the OLC's contract administration.

**OFFICE OF MARKETING COMMUNICATIONS REPORT, SANDY LESKO
SABBATH, DEPUTY DIRECTOR**

- Ms. Lesko Sabbath played one (1) television spot for the OLC's new *EZPLAY*® Game, *\$100,000 Dream Makeover* promotion.

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

- Mr. Perk reported that key retailers have been invited to take place in workshops over the next couple of weeks on how to use the new Photon terminal. The workshops are taking place in Strongsville the week of February 12, 2018, and in the Columbus Regional Office the week of February 19, 2018.
- Mr. Perk stated that the OLC will be meeting with its primary vendors to discuss strategies on how to increase sales.

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ADJOURNMENT

- Chairman McDonald stated that the next Meeting will be held on March 19, 2018 at 12:00 p.m. Chairman McDonald adjourned the February 12, 2018 Meeting at 1:02 p.m.



Dennis Berg, Director

Approved:



Patrick McDonald, Chairman