



**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 8, 2016  
12:00 P.M.**

**Present at the meeting were the following:**

**Members of the Commission:**

James Brady  
Allan Krulak  
Trevor A. McAleer  
Patrick McDonald  
Angela Mingo  
William N. Morgan  
Sean Whalen

**Executive Staff of the Commission:**

Greg Bowers, Deputy Director, Finance  
Steve Kmiotek, Interim Deputy Director, General Services  
Sandy Lesko, Deputy Director, Marketing Communications  
Constance Miller, Deputy Director, Operations  
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  
Karen Russo, Office of Government and Community Relations  
Mike Gonzalez, Office of Finance  
Marie Kilbane Seckers, Office of Communications  
Bruce Anderson, Intralot  
Charlie Scannella, Scientific Games  
Duane Miller, Hooven-Dayton  
Greg Kolocin, Hard Rock Rocksino  
Kyle Wentz, Hard Rock Rocksino  
Mike Galle, Penn National, Hollywood Mahoning Valley  
Gary DeWitt, Penn National, Hollywood Dayton  
Kevin Davis, Penn National, Hollywood Dayton  
John Oberle, Ice Miller  
John Walker, Scioto Downs  
Ed Dick, Thistledown  
Mark Tricano, Thistledown  
Debbie Pirone, Marcus Thomas  
Cindy Daumeyer, Northlich  
Eric Sarmiento, Cavitch  
Karen Farkas, The Plain Dealer

**CALL TO ORDER AND PLEDGE OF ALLEGIANCE**

- The Ohio Lottery Commission (“OLC”) meeting of February 8, 2016, was called to order at 12:02 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, Trevor McAleer, Pat McDonald, Angela Mingo, William Morgan and Sean Whalen.

**INTRODUCTION OF FIRST TIME ATTENDEES**

- Chairman McDonald recognized first time attendees Cindy Daumeyer from Northlich; Ed Dick and Mark Tricano from Thistledown; and Kevin Davis from Hollywood Dayton.

**APPROVAL OF MINUTES OF JANUARY 11, 2016**

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

**CHAIRMAN'S COMMENTS**

- Chairman McDonald congratulated the OLC on its record *Keno* sales for the month of January, and stated that he would like more details on the aforementioned.
- Chairman McDonald stated that he would like a short briefing on the upcoming launch of *Quick Keno*.
- Chairman McDonald stated that he would like Mr. Bowers to report on the recent Controlling Board approval of *Quick Keno* during his report.
- Chairman McDonald stated that he would like Ms. Miller to provide a brief overview of the status of the Business Assessment during her report.

**DIRECTOR'S REPORT AND OFFICE OF FINANCE REPORT, GREG BOWERS, DEPUTY DIRECTOR**

- Mr. Bowers reported that sales for the month of January were an all-time record, \$322.8 million, which was considerably more than sales recorded last January by \$86.7 million and \$31.8 million more than the next highest sales month in the OLC's

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history. Even with *Powerball*® sales taken out, all other game categories were still \$6.3 million over last January and \$9.6 million more than forecast.

- Mr. Bowers reported that the *Powerball*® category sold \$92.0 million in January, \$80.4 million more than comparable sales generated last January. Total sales for the entire *Powerball*® sequence, which began November 7, 2015, was \$96.4 million. Of that amount, \$81 million, which was approximately 85% of total sales, came in the last four (4) draws of that sequence. For the first thirteen (13) days of January, the OLC sold more in *Powerball*® tickets than in the last ten (10) months combined.
- To put the high *Powerball*® sales for January 2016 more into perspective, the OLC had \$105 million in total *Powerball*® sales for fiscal year 2015. The last four (4) draws of the generated \$33 million in profit, which was \$31 million more than what we would normally see in that many draws. The last two (2) draws alone generated \$66.4 million in sales, which equates to roughly two-thirds of annual sales last year from the entire *Powerball*® category.
- Mr. Bowers stated that on January 13, 2016, the draw date and the last day of sales for the \$1.5 billion advertised *Powerball*® jackpot, the OLC averaged nearly \$2.0 million an hour in sales for eight (8) hours with a peak of \$2.7 million between 5:00 p.m. and 6:00 p.m. that day. This equates to nearly \$46,000 per minute. The final jackpot ended at \$1.586 billion.
- Ms. Frizzi-Babb will share with you a story on a second tier *Powerball*® winner, as well as the *Powerball*® buzz on social media.
- While January sales were driven primarily by the *Powerball*® frenzy, other game categories performed better than expected. Sales in the daily draw games equaled \$46.7 million, which was \$2.5 million over sales last year. *Keno* set an all-time

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record in January with sales totaling \$32.3 million. This was also higher than projected. Thus far, year-to-date sales are up over the same time period last year by 10.4%. If this pace continues, the OLC will have successfully grown *Keno* by double digits every year since inception.

- Mr. Bowers reported that the OLC also set records for the month of January in *EZPLAY*® and instant tickets sales. *EZPLAY*® game sales were up 8.8% over sales last January. Instant ticket sales year-to-date are at \$124.4 million. Instant ticket sales are now up over last year through the same time period by \$3.3 million, or 0.4%.
- In regards to VLT sales, net win for January equaled \$69.1 million, of which \$23.1 million went to the OLC. After deducting expenses, \$22.2 million represented net income to the OLC. This was higher than projected by \$1.6 million and more than last January by \$1.7 million.
- Mr. Bowers stated that the OLC is recommending to the Office of Budget and Management (“OBM”) that it transfers to the Lottery Profits Education Fund (“LPEF”) \$116.7 million which is \$38.1 million more than the OLC’s budgeted commitment and just shy of \$38 million more than last January. Most of this can be attributed to *Powerball*®, as that game contributed roughly \$31 million of the \$38 million positive variance. Year-to-date through January, transfers to the LPEF are up \$60.4 million or 10.7% over the OLC’s budgeted commitment, and \$56.3 million or 9.9% more than last fiscal year through January.
- Mr. Bowers reported that the OLC’s spend for MBE vendors through the first half of fiscal year 2016 is at 18.2% of eligible expenditures.

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- All tax forms, which include 1099s for retailers and W2Gs for prize winners, have been printed and mailed.
- Mr. Bowers stated that there was another second tier *Lucky For Life* prize won in Ohio. That prize is for \$25,000 per year for life, or the cash option of \$390,000. This was the third such prize won in Ohio since the OLC began selling this game in November 2015.
- Mr. Bowers reported that two (2) weeks ago the OLC went to the Controlling Board to seek authorization to purchase up to 900 *Quick Keno* vending machines, and all six (6) members approved the request. Members of the Controlling Board, as well as others in the General Assembly, were appreciative of the OLC's team educating them on the benefits of this program, and therefore passed this request with no objections.
- Mr. Bowers stated that in regards to *Quick Keno*, the Sales team is working hard at canvassing the OLC's top *Keno* retailers, and they have seen a tremendous amount of interest. Thus far, they have talked to the top 500 locations and have received tremendous support with two-thirds of them expressing interest.
- Chairman McDonald asked if the OLC will be updating projections for the LPEF due to the high sales from January. Mr. Bowers responded that at this time, the OLC will not be updating its LPEF projections. However, the OLC's had discussions with OBM regarding what can realistically be transferred to the LPEF this year.
- Chairman McDonald asked how much the OLC transferred last fiscal year to the LPEF. Mr. Bowers responded that the OLC transferred \$990 million to the LPEF last fiscal year.

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- Commissioner McAleer asked what the OLC's current projection is for transfers to the LPEF this year. Mr. Bowers responded that it is \$984 million. However, if the OLC makes its monthly commitment for the remainder of the fiscal year, it would transfer \$1.04 billion to the LPEF.
- Commissioner Mingo stated that it is great news to hear about the high *Keno* sales and inquired as to when the OLC first began selling *Keno*. Mr. Bowers responded that sales for *Keno* began in August 2008.
- Chairman McDonald asked Mr. Bowers if he could give a brief overview on *Keno* for the newer Commission Members.
- Mr. Bowers stated that the OLC had a soft launch in August 2008 as it was going through a gaming system conversion at that time. In time, there were three (3) key areas that helped with improving *Keno* sales: vending machines were put in the bars and taverns to make it more convenient for players to purchase *Keno* tickets; in lieu of getting a bond, a liability deposit program was established for *Keno* retailers; and the sale of *Keno* was opened to all OLC retailers.

**APPROVAL OF THREE (3) INSTANT GAME RULES IN PROPOSED FORM**

- Mr. Fornaro brought before the Commission three (3) Instant Game Rules for approval in Proposed Form. The Rules are as follows:
  - Rule 3770:1-9-321, *Scoop the Cash* (\$2.00);
  - Rule 3770:1-9-322, *\$250,000 Payout* (\$5.00); and
  - Rule 3770:1-9-323, *Fabulous Fortune* (\$20.00).

- Chairman McDonald then requested a Motion to approve the three (3) Instant Game Rules in Proposed 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 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 3770:1-9-324, *Double Doubler* (\$1.00).
- Chairman McDonald then requested a Motion to approve one (1) Instant Game Rule in Proposed and Final Form. Commissioner Krulak made a Motion that was seconded by Commissioner Whalen. With no further discussion, the Motion was affirmatively voted upon by the Commissioners present.

**APPROVAL OF ONE (1) EZPLAY® GAME RULE IN PROPOSED AND FINAL FORM**

- Mr. Miltner brought before the Commission one (1) EZPLAY® Game Rule for approval in Proposed and Final Form. The Rule is as follows:
  - Rule 3770:1-9-945, *EZPLAY® Quick Spot Progressive* (\$1.00, \$5.00 or \$10.00).
- Chairman McDonald then requested a Motion to approve one (1) EZPLAY® Game Rule in Proposed and Final Form. 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.

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

- Mr. Miltner brought before the Commission four (4) Instant Game Rules for approval in Final Form. The Rules are as follows:
  - Rule 3770:1-9-315, *Monopoly Millionaires' Club*<sup>™</sup> (\$1.00);
  - Rule 3770:1-9-316, *Monopoly Millionaires' Club*<sup>™</sup> (\$2.00);
  - Rule 3770:1-9-317, *Monopoly Millionaires' Club*<sup>™</sup> (\$5.00);
  - Rule 3770:1-9-318, *Monopoly Millionaires' Club*<sup>™</sup> (\$10.00).
  
- Chairman McDonald then requested a Motion to approve the four (4) Instant Game Rules in 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.
  
- Mr. Miltner stated that he has been researching the Instant Game Rule approval process. With the new rule simplification process, he cannot find any legal or practical rationale with bringing Instant Game Rules to the Commission for approval in Proposed Form and then back to the Commission for approval in Final Form approximately thirty (30) days later. He stated that it may be time to revisit this process and just bring Instant Game Rules to the Commission for approval in Final Form.

**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:
  - *Fast Track Keno*;

- *Keno Stars; and*
  - *Super Keno.*
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- Chairman McDonald then requested a Motion to approve the Resolution to approve three (3) new *EZPLAY*® Tap Game Themes. Commissioner Krulak 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, AND OFFICE OF OPERATIONS REPORT, CONSTANCE MILLER, DEPUTY DIRECTOR, OPERATIONS**

- Ms. Miller brought before the Commission a Resolution to approve thirty-three (33) Video Lottery Game Themes. These game themes have been internally reviewed for technical compliance, content and game matrix. The thirty-three (33) Game Themes are as follows: eight (8) game themes submitted by Aristocrat; four (4) game themes submitted by Bally; seven (7) game themes submitted by Everi; one (1) game theme submitted by ITS; and thirteen (13) game themes submitted by Konami.
- Chairman McDonald then requested a Motion to approve the Resolution for thirty-three (33) Video Lottery Game Themes. Commissioner Whalen made a Motion that was seconded by Commissioner Morgan. With no further discussion, the Motion was affirmatively voted upon by the Commissioners present.
- Ms. Miller reported that Caesars and Rock Gaming are ending their relationship. Rock Gaming will be taking over operations of Thistledown, and they will need to transition over the back-office system, accounting systems and player loyalty

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program. In order to do this, it is going to necessitate a shut-down of the building, which is scheduled to take place on March 8, 2016.

- Chairman McDonald asked if that meant that Thistledown will be shut down for twenty-four (24) hours. Ms. Miller responded that yes they will be closed for twenty-four (24) hours.
- Chairman McDonald asked if the casinos will shut down as well. Ms. Miller responded yes they will be but not at the same time as Thistledown. Thistledown is going to be the first conversion. The Horseshoe Casino will go through the conversion in early May 2016 and then the Cincinnati casino will follow that.
- Ms. Miller stated that Thistledown will be giving a formal presentation at the March Commission Meeting.
- Ms. Miller reported that Spectrum has been engaged for six (6) weeks now in reviewing the operations of the OLC. An initial Steering Committee meeting was held, and the next Steering Committee meeting will be held the end of February 2016.
- Ms. Miller stated that Spectrum will continue to review documents through April 2016 and once that is complete, they will start working on their report.
- Commissioner Morgan asked if there were any Legislators on the Steering Committee. Ms. Miller responded that there are no Legislators on the Steering

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Committee. However, they have reached out to Legislators. Commissioner Morgan stated that he hopes that they reach out to the House of Representatives.

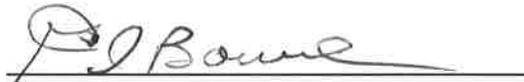
- Chairman McDonald asked if Spectrum was on schedule with the timeframe that was initially set forth. Ms. Miller responded that they are, and she will update the Commission as they move farther in the process.

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

- Ms. Frizz-Babb reported that during the frenzy of the record *Powerball*® jackpot, the OLC's FaceBook page gained 3,714 likes from January 9, 2016 through January 13, 2016.
- Ms. Lesko stated that there were a lot of States that had issues with their websites crashing due to the *Powerball*® jackpot frenzy, and the OLC's website did not crash.
- Ms. Frizz-Babb played a news clip featuring a \$1 million *Powerball*® winner from the Cincinnati area.

**ADJOURNMENT**

- Chairman McDonald adjourned the February 8, 2016 Meeting at 12:44 p.m.

  
Greg Bowers, Finance Director

Approved:

  
Patrick McDonald, Chairman