



**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**

**MARCH 21, 2016
12:00 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 Vaci

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, Deputy Director, Marketing Communications
Mike Petro, Deputy Director, Information Technology
Liz Popadiuk, Deputy Director, Human Resources
Carla Tricarichi, Deputy Director, Government and Community Relations
Patricia Vasil, Deputy Director, Sales Management
Traci Konesky, Assistant to the Director

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Also Present Were:

Joe Angelillo, Deputy Director, VLT Management
Chris Pogacnik, VLT Regulation Manager
Tim Brown, VLT Regulation 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
Scott Lokke, JACK Thistledown
Will Hockney, JACK Thistledown
Mark Tricano, Senior Vice President of Operations, JACK Thistledown
Ed Dick, JACK Thistledown
LaSeé Taylor, Greektown Casino
Abu Young, JACK Entertainment
Lisa Powers, JACK Thistledown
Greg Kolocin, Hard Rock Rocksino
Scott Frost, Hard Rock Rocksino
Aaron Mollura, Hard Rock Rocksino
Mike Galle, Penn National, Hollywood Mahoning Valley
John Oberle, Ice Miller
Jim Nash, Marcus Thomas
Karen Farkas, The Plain Dealer

CALL TO ORDER AND PLEDGE OF ALLEGIANCE

- The Ohio Lottery Commission (“OLC”) meeting of March 21, 2016, was called to order at 12:05 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 and Elizabeth Vaci.

APPROVAL OF MINUTES OF FEBRUARY 8, 2016

- Chairman McDonald requested a Motion to approve the February 8, 2016 Minutes. Commissioner Krulak made a Motion that was seconded by Commissioner McAleer. The Motion was affirmatively voted upon by all Commissioners present, except for Commissioner Lewis and Commissioner Vaci whom abstained.

PROBLEM GAMBLING CONFERENCE OVERVIEW, ANGELA MINGO, COMMISSIONER

- Commissioner Mingo reported that she attended the Problem Gambling Conference that was held in early March. There were approximately two-hundred (200) attendees. The keynote speaker on the first day was very engaging. He was a social worker as well as an attorney who spoke on how a person's brain chemistry can lead to addictive behavior such as problem gambling. On the second day there was a panel discussion by VLT operators.
- Ms. Tricarichi stated that it was a very positive program with a lot of engagement from the industry.
- Chairman McDonald inquired if there has been an increase in people that want to be on the list for not being able to play at Casinos and Racinos.
- Ms. Tricarichi responded that there are approximately six-hundred (600) people statewide that have signed up for the Voluntary Exclusion Program.
- Commissioner Brady asked if the commercials that are currently airing that talk about dopamine and addiction are OLC commercials. Ms. Tricarichi responded that they are OLC commercials.

INTRODUCTION OF FIRST TIME ATTENDEES

- Chairman McDonald recognized first time attendees Abu Young, JACK Entertainment; LaSeé Taylor, Greektown Casino; Lisa Powers, JACK Thistledown; Aaron Mollura, Hard Rock Rocksino; Chris Pogacnik, VLT Regulation Manager; OLC; and Tim Brown, VLT Regulation Manager, OLC.

CHAIRMAN'S COMMENTS

- Chairman McDonald reported that on March 8, 2016, Thistledown Racino transitioned from Caesar's. This transition included a full replacement of accounting systems and the player loyalty program as well as an update to all policies and internal controls. The new entity, JACK Thistledown, opened successfully the morning of March 9, 2016, and I would like to congratulate both the JACK team members and the OLC VLT team on their efforts to ensure a smooth transition. The next component of this project is an expansion at the property scheduled for early April. Director Berg had an opportunity to tour the project last week, and asked if he had any comments.
- Director Berg stated that on Friday, March 18, 2016, he, along with Mr. Miltner and Ms. Tricarichi, took a tour of the Thistledown property, and he was pleased with the progress of the expansion.
- Chairman McDonald introduced Scott Lokke, Senior Vice President and General Manager of JACK Thistledown.

JACK THISTLEDOWN PRESENTATION, SCOTT LOKKE, SENIOR VICE PRESIDENT AND GENERAL MANAGER OF JACK THISTLEDOWN

Mr. Lokke introduced Will Hockney, Director of Marketing and Mark Tricano, Senior Vice President of Operations. Mr. Lokke presented a broad overview of the transition and expansion of JACK Thistledown, as well as a business update.

DIRECTOR'S REPORT, DENNIS BERG, DIRECTOR

- Director Berg reported that February represented the eight month of fiscal year 2016. Total sales of \$249.3 million were up \$3.1 million, or 1.3% higher compared to last February. *Pick 3*, *Pick 4* and *Pick 5* sales were up \$3.7 million, or 8.3% from last February.
- *Keno* sales of \$31.3 million were \$4.4 million, or 16.5% higher than last February, and broke an all-time monthly sales record for the month of February since the game commenced sales in August 2008. The OLC had record *Keno* sales the week ending March 5, 2016 of \$7.9 million, and five (5) out of the six (6) weeks leading up to March 5, 2016, broke all time weekly records.
- Director Berg reported that *EZPLAY*® sales of \$9.0 million were \$1.5 million, or 19.7% higher than last February, and also broke an all-time sales record for the month of February. Multi-State sales of \$18.5 million were down \$13.7 million. This was primarily due to the large *Powerball*® jackpot of \$564 million last year in February.
- Instant ticket sales of \$134.9 million were up \$7.5 million, or 5.9% from last February. This was the highest monthly instant tickets sales figure achieved for the month of February.

- Director Berg reported that VLT sales for February were \$72.3 million. Of that amount, \$24.2 million went to the OLC. This was \$9.4 million gross more than last February or, \$3.1 million net.
- Transfers to the Lottery Profits Education Fund (“LPEF”) of \$82.9 million, were \$4.4 million above projections, and \$128,000 above last February’s profit transfer.
- Director Berg reported that \$4.9 billion has been wagered in Casinos and Racinos since May 2012. With that being said, sales on traditional lottery side of the business have been performing extremely well.
- Mr. Bowers will provide further financial details regarding fiscal year 2016 year-to-date performance through February in the Finance Report.
- Director Berg stated that overall, the OLC is performing very well this year.

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

- Ms. Vasil brought before the Commission three (3) Instant Game Rules for approval in Proposed Form. The Rules are as follows:
 - Rule 3770:1-9-330, *Fast \$100s* (\$2.00);
 - Rule 3770:1-9-331, *Bejeweled™* (\$3.00); and
 - Rule 3770:1-9-332, *Triple Winning 7s* (\$5.00).
- 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 Mingo. 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

- Ms. Vasil brought before the Commission one (1) Instant Game Rule for approval in Proposed and Final Form. The Rule is as follows:
 - Rule 3770:1-9-338, *Power Play® Cashword* (\$2.00).
- Chairman McDonald then requested a Motion to approve one (1) Instant Game Rule in Proposed and Final Form. Commissioner Lewis made a Motion that was seconded by Commissioner Vaci. With no further discussion, the Motion was affirmatively voted upon by the Commissioners present.

APPROVAL OF THREE (3) INSTANT GAME RULES IN FINAL FORM

- Mr. Miltner brought before the Commission three (3) Instant Game Rules for approval in Final 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 Final Form. 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.

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

- Mr. Miltner brought before the Commission Amendments to one (1) Online Game Rule for approval in Proposed Form. The Rule is as follows:
 - Rule 3770:1-9-941, *Mega Millions*®

Chairman McDonald then requested a Motion to approve Amendments to one (1) Online Game Rule for approval in Proposed Form. 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.

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

- Mr. Miltner brought before the Commission the approval of one (1) Online Game Rule based on the Mandatory Rule Review Pursuant to Chapter 119, no change, in Proposed and Final Form. The Rule is as follows:
 - Rule 3770:1-9-250, *Mega Millions*®
- Chairman McDonald then requested a Motion to approve one (1) Online Game Rule based on the Mandatory Rule Review Pursuant to Chapter 119, no change, in Proposed and Final Form. 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 LEGAL COUNSEL REPORT, LARRY MILTNER, CHIEF LEGAL COUNSEL

- Mr. Miltner reminded the Commission that annual mandatory financial disclosure statements need to be filed by Monday, May 16, 2016.

RESOLUTION TO APPROVE EZPLAY® TAP GAME THEMES, 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 as follows:

- *Summer Fortune*

- Chairman McDonald then requested a Motion to approve the Resolution to approve one (1) new EZPLAY® Tap Game Theme. 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.

RESOLUTION TO APPROVE VIDEO LOTTERY GAME THEMES, JOSEPH ANGELILLO, DEPUTY DIRECTOR, VLT MANAGEMENT

- Mr. Angelillo brought before the Commission a Resolution to approve one hundred twenty-nine (129) Video Lottery Game Themes. These game themes have been internally reviewed for technical compliance, content and game matrix. The one hundred twenty-nine (129) Game Themes are as follows: eleven (11) game themes submitted by Aristocrat; ten (10) game themes submitted by Bally; twenty-eight (28) game themes submitted by Everi; thirty-four (34) game themes submitted by IGT; twenty-one (21) game themes submitted by KGM/Ainsworth; twenty-one (21) game themes submitted by Konami; and four (4) game themes submitted by WMS.

- Chairman McDonald then requested a Motion to approve the Resolution for one hundred twenty-nine (129) 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.

OFFICE OF FINANCE REPORT, GREG BOWERS, DEPUTY DIRECTOR

- Chairman McDonald distributed to the Commission the monthly comparison of the Racinos vs. the Casinos.
- Mr. Bowers stated that he is going to give a quick fiscal year 2016 overview through February 2016 versus fiscal year 2015 through February 2015.
- Mr. Bowers reported that sales year-to-date through February 2016 now equal \$2.02 billion, which is \$115.2 million more than year-to-date sales through last February, or 5.7% more. Increases were realized in both total online sales as well as instant tickets.
- Mr. Bowers reported that all online game categories, with the exception of *Classic Lotto*, saw increases compared to last fiscal year through February. *Keno* is up 11.2%, or \$23.6 million, and *EZPLAY*® games are up 15.3%, or \$9.6 million. In addition, the Multi-State game category is higher than last fiscal year through February as well. Instant ticket sales are currently at \$10.8 million, or 1.0% higher than cumulative sales last fiscal year through February.
- Mr. Bowers stated that this year was the fastest year of reaching \$2.0 billion in traditional sales. With the current trend, it is quite possible that the \$3.0 billion mark in sales is within reach.

- The OLC's share of VLT revenue through February is \$188.4 million. Of that amount, after expenses, \$182.3 million represented net income, which was more than last fiscal year through February by \$24.7 million.
- Mr. Bowers reported that as a result of this positive information, through February 2016, the OLC's transfers to the LPEF equal \$710.3 million. This is \$64.8 million over the OLC's budgeted commitment, and \$56.4 million more than last fiscal year through February.
- Chairman McDonald asked Mr. Bowers if he added a column on the report at the end that showed the difference in sales between the Racinos and Casinos. Mr. Bowers responded yes he did.
- Chairman McDonald asked if the column was stating that the Racinos are more profitable than the Casinos or vice versa. Mr. Bowers responded that the Racinos exceeded the Casinos.
- Commissioner McAleer inquired as to what the OLC's current fiscal year projection is for the LPEF. Mr. Bowers responded that if the current pace for transfers continues, transfers to the LPEF for fiscal year 2016 should be \$1.05 billion.

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

- Ms. Lesko played one (1) television spot that is part of the OLC's annual instant ticket campaign. The spot will begin airing on March 24, 2016.
- Ms. Lesko played two (2) *EZPLAY® Quick Spot* spots. The first spot was for broadcast television and began airing on March 21, 2016. The second spot will not

- be airing on broad cast television, and will only be shown digitally on places such as FaceBook and websites.
- Commissioner Mingo asked if the OLC is able to measure how many views the digital advertisements receive. Ms. Lesko responded that the OLC is definitely able to measure that information.

OFFICE OF SALES MANAGEMENT REPORT, PATTY VASIL, DEPUTY DIRECTOR

- Ms. Vasil reported that the *EZPLAY® Quick Spot* game sales began on Sunday, March 20, 2016. This is the first time the OLC is offering a “family” of *EZPLAY®* games. The price points are \$1.00, \$5.00 and \$10.00, and the players win prizes based on the wagers that are made. The first purchases on all three (3) price points were made shortly after 5:00 a.m. on March 20, 2016. The way the game is played is that if a player wagers \$1.00 and wins, they will receive ten (10) percent of the jackpot; if a player wagers \$5.00 and wins, they will receive fifty (50) percent of the jackpot; and if a player wagers \$10.00 and wins, they will receive the full jackpot amount.
- Ms. Vasil reported that *Keno* sales the week of March 13, 2016, topped \$8 million. This was the first time weekly *Keno* sales were over \$8 million since *Keno* was launched in August 2008.
- Ms. Vasil stated that she and Director Berg have started regional office visits again. The next scheduled visit is April 7, 2016 in Youngstown.
- Chairman McDonald asked which regions they have visited thus far. Ms. Vasil responded that they have been to the Akron/Canton Regional Office, and it was very well received.

- Chairman McDonald asked how many OLC employees work at the regions. Ms. Vasil responded that there are approximately one-hundred and sixty (160) employees in the field.
- Commissioner McAleer stated with regards to Travel Centers of America purchasing Quaker Steak and Lube, does the OLC believe that will have a positive impact on sales. Ms. Vasil responded that she believes that it will have a positive impact on sales because the OLC already has a good relationship with both entities.

ADJOURNMENT

- Chairman McDonald stated that he would like to have an upcoming Commission Meeting this summer in Columbus to coincide with the taping of the *Cash Explosion*® Show. Also, the Commission needs to look at rescheduling the July 18, 2016 Meeting because that date is the first day of the Republican National Convention. Chairman McDonald adjourned the March 21, 2016 Meeting at 1:08 p.m.


Dennis Berg, Director

Approved:


Patrick McDonald, Chairman