



**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 16, 2015  
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 D. Vaci  
Sean Whalen

**Executive Staff of the Commission:**

Greg Bowers, Deputy Director, Finance  
Steve Kmiotek, Interim Deputy Director, General Services  
Lawrence J. Miltner, Chief Legal Counsel  
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:**

Rick Perk, Assistant Deputy Director, Office of Sales Management  
Ron Fornaro, Instant Ticket Product Manager  
Marie Kilbane Seckers, Office of Communications  
Maureen Hall, Office of Information Technology  
Jim Brown, Office of Information Technology  
Karen Russo, Office of Government and Community Relations  
Mike Gonzalez, Office of Finance  
Diane Nagorny, Office of Internal Audit  
Bruce Anderson, Intralot  
Kyle Wentz, Hard Rock Rocksino  
John Oberle, Ice Miller  
Tom Diehl, Scioto Downs  
John Walker, Scioto Downs  
Joe Anderson, Scioto Downs  
Debbie Pirone, Marcus Thomas  
Eric Sarmiento, Cavitch

**CALL TO ORDER AND PLEDGE OF ALLEGIANCE**

- The Ohio Lottery Commission (“OLC”) meeting of November 16, 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.

**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 offered the introduction of first time attendees. There were no first time attendees present.

**APPROVAL OF MINUTES OF OCTOBER 19, 2015**

- Chairman McDonald requested a Motion to approve the October 19, 2015 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 there was a \$200 million *Mega Millions*® winner on Friday, November 13, 2015, in Westerville, Ohio.
- Chairman McDonald stated that the Commission will be going into Executive Session at the end of the Meeting to discuss pending litigation.
- Chairman McDonald stated that in regards to the Business Assessment, the review is still on-going, and the qualified bidders will be giving oral presentations to the review committee at the end of November 2015.

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

- Mr. Bowers reported that sales for the month of October were \$234.2 million, which was less than sales recorded last October by \$6.4 million. Sales were also less than expected for the month, by \$2.3 million. This was the first time in fiscal year 2016 that sales were below projections.
- The negative variance was largely due to Multi-State Games. There was a large jackpot sequence in *Mega Millions*® last October that was hit in early November for \$321 million.

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- Mr. Bowers stated as Chairman McDonald mentioned, the *Mega Millions*® jackpot was hit on Friday, November 13, 2015 in Westerville, Ohio. The final jackpot amount was \$202 million. The cash option amount is \$122.4 million if the winner chooses the one-time payment. The store that sold the winning ticket will receive a \$100,000 selling bonus. Ms. Frizzi-Babb and Ms. Vasil are there today honoring the retailer. State taxes that will be collected on that prize are roughly \$4.8 million.
- Mr. Bowers reported that *Keno* sales of \$29.1 million set a record for the month of October. This was up \$2.2 million, or 8.1% over last October. *EZPLAY*® sales of \$9.5 million also set a record for the month of October and was up \$1.6 million, or 20.1% over last October.
- Instant ticket sales of \$125.7 million were down for the month by \$2.1 million compared to last October. Mr. Perk will talk about a retailer activation promotion and how the holiday tickets have fared thus far during his Sales Management report.
- Mr. Bowers stated that although sales were down, the OLC's luck continues in a positive way as prize expense was again lower than expected for both *Pick 3* and *Pick 4* for the fourth straight month. *Pick 3* paid out 45.6% of sales and *Pick 4* paid 48.9% of sales. The game matrix prize payouts for those games are 50% and 49% respectively. For the year through October, *Pick 3* is at 43.9% of sales and *Pick 4* is at 45.5% of sales. The positive prize variance helped offset the loss in sales when compared to last year in October and our projections.
- Mr. Bowers stated that in the last Senior Staff Meeting, they discussed how the OLC has had some good luck the first four (4) months of the fiscal year, and on that day, the *Pick 4* paid out 677% for the mid-day drawing and 228% for that evening drawing. Also, on November 15, 2015 1-1-1 came up for *Pick 3* which paid out

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317% of sales. This shows that the prize payout on these games can trend upward toward the game's payout matrix over time.

- In regards to VLT activity, net revenue, which represents revenue remaining after prize payouts, from all seven (7) racinos equaled \$69.9 million. Of that amount, the OLC's share was \$23.4 million, or \$22.7 million net income after expenses. This was higher than projected by \$1.7 million, and more than last year by \$1.2 million.
- Last month the question was asked about the performance of VLTs compared to the casinos, and it was reported that it was the fifth straight month that revenue from the racinos outpaced that of the casinos, however, it was the sixth consecutive month and October was the seventh month in a row where racino net revenue exceeded the casinos revenue.
- Mr. Bowers reported that profit transfers to the Lottery Profits Education Fund ("LPEF") in October totaled \$85.5 million, which was \$3.8 million more than the OLC's monthly commitment and \$1.2 million more than last year. The positive variance against last year can be fully attributed to the additional VLT revenue. Year-to-date through October, transfers to the LPEF are up \$15.8 million, 4.9% over the OLC's commitment and \$20.7 million, or 6.5% more than last year through October. Of this amount, \$15.3 million can be attributed to VLT activity.
- Last month Commissioner Mingo asked a question about "other revenue", and Mr. Bowers stated he failed to mention that most of that "other revenue" consists of "line charges" to retailers, which is the retailers' share of the satellite communication charges that we charge back to them. It is \$12.00 per communication device, making that alone 90-95% of other revenue.

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- Mr. Bowers congratulated Mike Gonzalez for recently graduating from the Ohio Fiscal Academy. The Fiscal Academy is a certification program that strives to build fiscal professionals throughout State government. It's a robust, three (3) week tiered program that provides operational, theoretical, and hands-on experience for participants. Mr. Gonzalez is the second employee in Finance to graduate. The first was Ed Slyman who graduated in 2014.
- As mentioned last month, this year's theme for the Comprehensive Annual Financial Report ("CAFR") is the retailer makeover program called Sales-Maker. The goal is to create a lottery friendly store environment, to improve customer foot traffic and more effectively display instant tickets and promote online draw games to maximize sales per square foot. The artwork and layout of the report is almost complete.
- Mr. Bowers reported that on November 1, 2015, the OLC launched its expanded cashing program which allows certain retailers the ability to cash prizes in the \$600 to \$5,000 prize range, which is normally reserved for the 192 banks that participate in the OLC's bank cashing program. The plan is to first expand to the seven (7) racinos and a pilot program consisting of five (5) Giant Eagles. The first racino that began this process was the Hard Rock Rocksino Northfield Park. The purpose is to better service our players and offer a more convenience option to cash prizes within that particular prize level.
- Through the first four (4) months of the fiscal year, the OLC's spend on MBEs is 16.0% of eligible expenditures, with 14.6% coming from set-asides. Also, fiscal year 2015 was the first time ever the State of Ohio as a whole met its target of 15%, and the OLC was a big part of that success rate.
- Mr. Bowers stated that the OLC held an All-State employee meeting on October 20, 2015, and he thanked Commissioner Krulak for attending. The agenda included: a

motivational speaker; training on responsible gaming; and breakout sessions such as idea generation, product planning and “Ask the Director”, which gives the employees a forum to ask the Director questions. Ms. Hall will elaborate more on that Meeting.

- *Lucky for Life* launched successfully on November 15, 2015. This game provides customers with a new draw game with a life prize category. The OLC has offered life prizes in the instant ticket category with success. This draw game will be sold in conjunction with sixteen (16) other lotteries, with five (5) more expected to join soon, and offers a chance to win a top prize of \$1,000 a day for life and a second top prize of \$25,000 a year for life.
- Mr. Bowers reported that recently, the OLC’s IT Department successfully launched a new sales force automation software tool called SideKick. SideKick replaced the order pad system used by OLC Sales Representatives, and is an in-house application developed by the OLC. Members of the IT Department will be providing a SideKick overview today.
- The North Carolina Education Lottery will be in Cleveland next week to look at the OLC’s gaming system and other components of operations.

**SIDEKICK DEMONSTRATION, JIM BROWN AND MAUREEN HALL, OFFICE OF INFORMATION TECHNOLOGY**

- Mr. Brown gave a detailed overview of the OLC’s new mobile application SideKick, that was developed internally to be used on tablets to replace the use of order pad on the laptops used by OLC Sales Representatives.
- Ms. Hall showed the application and its functionality for the Commission.

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- Chairman McDonald asked what the feedback has been from the Sales Representatives. Ms. Hall responded that it rolled out on October 19, 2015, and it has been a huge learning curve which was expected. The Sales Representatives can use their laptops up until January 2016, which at that time, the SideKick application will be 100% completed, if not sooner.
- Commissioner Lewis asked if security was built in to the application. Mr. Brown responded that there is password protection. The information in the application is not CPI so it is public information.
- Commissioner Brady stated that something the OLC may want to consider is using drop down notes as opposed to free form notes. Ms. Hall responded that they are looking into that.
- Commissioner Whalen asked if on the alert side, can there be something built-in that notifies Sales Representatives when there is an issue with a retailer location. Ms. Hall responded that the application is set up so that notifications can be sent out from Sales Management, as well as alert notifications if there are issues at a retailer location.
- Commissioner McAleer stated that it was mentioned that one of the goals is to increase sales at the retailer locations, and he asked if the OLC had a percentage of increase that it wanted to obtain. Mr. Brown responded that one of the goals for the next phase of the new application is to increase sales.
- Commissioner Mingo inquired as to how many retailers the OLC hopes to be in the new application by January 2016. Ms. Hall responded that all 10,000 retailers are currently in the system, however, not all of the functionality is currently available and the goal for that is January 2016.

- Commissioner Brady asked if the Sales Representatives make commissions. Ms. Hall responded that they do not make commissions, however, they can receive bonuses for *Keno* recruitment.

**ALL-STATE MEETING OVERVIEW, MAUREEN HALL, INFORMATION TECHNOLOGY**

- Ms. Hall stated that the OLC held an All-State Meeting on Tuesday, October 20, 2015. In addition to the areas Mr. Bowers had mentioned during his report, there were also several team building activities for employees, with proceeds benefiting the Combined Charitable Campaign.
- The information that was received from Idea Generation session and the Ask the Director session will be compiled and published for all OLC employees to see. The three (3) main areas that were touched upon most frequently were agency communications, familiarizing the staff with the OLC's intranet and employee engagement.
- Chairman McDonald asked what types of questions Director Berg received. Ms. Hall responded that they were all over the board. Commissioner Krulak stated that Director Berg did a great job.

**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 3770:1-9-305, *\$50 a Day for Life* (\$1.00);
  - Rule 3770:1-9-306, *\$1,000 a Week for Life* (\$2.00);
  - Rule 3770:1-9-307, *\$10,000 a Month for Life* (\$5.00); and
  - Rule 3770:1-9-308, *\$250,000 a Year for Life* (\$10.00).

- Chairman McDonald then requested a Motion to approve the four (4) Instant Game Rules in Proposed Form. Commissioner Whalen 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 FIVE (5) INSTANT GAME RULES IN FINAL FORM**

- Mr. Miltner brought before the Commission five (5) Instant Game Rules for approval in Final Form. The Rules are as follows:
  - Rule 3770:1-9-298, *Luck of the Irish Tripler* (\$1.00);
  - Rule 3770:1-9-299, *Cash Blast* (\$2.00);
  - Rule 3770:1-9-300, *Cash Extravaganza* (\$5.00);
  - Rule 3770:1-9-302, *\$300 Million Diamond Dazzler* (\$20.00);
  - Rule 3770:1-9-304, *Break the Bank* (\$10.00).
- Chairman McDonald then requested a Motion to approve the five (5) Instant Game Rules in Final Form. Commissioner Brady made a Motion that was seconded by Commissioner Krulak. 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 AND FINAL FORM**

- Mr. Miltner brought before the Commission Amendments to one (1) Online Game Rule for approval in Proposed and Final Form. The Rule is as follows:
  - Rule 3770:1-9-955, *Powerball®* (\$2.00).

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

Motion that was seconded by Commissioner Morgan. 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. Miltner brought before the Commission one (1) Administrative Rule for mandatory rule review pursuant to Chapter 119, with amendments, for approval in Final Form. The Rule is as follows:
  - Rule 3770:1-8-04, *Payment of prizes*.

Chairman McDonald then requested a Motion to approve the one (1) Administrative Rule for mandatory rule review pursuant to Chapter 119, with amendments, for approval in 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.

**MANDATORY RULE REVIEW PURSUANT TO CHAPTER 119 IN FINAL FORM - RESCISSION**

- Mr. Miltner brought before the one (1) Online Game Rule for mandatory rule review pursuant to Chapter 119, rescission, for approval in Final Form. The Rule is as follows:
  - Rule 3770:1-9-50, *Lot 'O Play*.

Chairman McDonald then requested a Motion to approve the one (1) Online Game Rule for mandatory rule review pursuant to Chapter 119, rescission, for approval in Final Form. 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.

**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 Morgan 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 LEGAL COUNSEL REPORT, LARRY MILTNER, CHIEF LEGAL COUNSEL**

- Mr. Miltner reminded the Commission that the annual mandatory Ethics Training needs to be completed by December 31, 2015 and thanked the Commissioners that have already completed their Ethics Training.

**RESOLUTION TO APPROVE VIDEO LOTTERY GAME THEMES, JIM BROWN, OFFICE OF INFORMATION TECHNOLOGY**

- Mr. Brown brought before the Commission a Resolution to approve fifty-four (54) Video Lottery Game Themes. These game themes have been internally reviewed for technical compliance, content and game matrix. The fifty-four (54) Game Themes are as follows: eight (8) game themes submitted by Aristocrat; one (1) game theme submitted by Bally; sixteen (16) game themes submitted by IGT; ten (10) game

themes submitted by KGM/Ainsworth; six (6) game themes submitted by MGAM; and thirteen (13) game themes submitted by WMS.

- Chairman McDonald then requested a Motion to approve the Resolution for fifty-four (54) Video Lottery Game Themes. 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.

**OFFICE OF MARKETING COMMUNICATIONS AND COMMUNICATIONS  
REPORT, MARIE KILBANE SECKERS, OFFICE OF COMMUNICATIONS**

- Ms. Kilbane Seckers played two (2) holiday television spots and two (2) holiday radio spots.

**OFFICE OF SALES MANAGEMENT REPORT, RICK PERK, ASSISTANT  
DEPUTY DIRECTOR**

- Mr. Perk reported that the retailer that sold the winning \$200 million *Mega Millions*® ticket will receive a \$100,000 selling bonus, and the retailer that sold a winning five (5) of five (5) *Mega Millions*® ticket will receive a \$1,000 selling bonus.
- Mr. Perk stated he wanted to acknowledge the OLC's Information Technology Department for creating the new application SideKick.
- Holiday sales are up \$3 million over the same time frame last year. The OLC currently has an instant ticket activation promotion for retailers. If new games are activated within forty-eight (48) hours, retailers will be entered into a drawing to receive a gift card. Each of the nine (9) regions will have one (1) winner.

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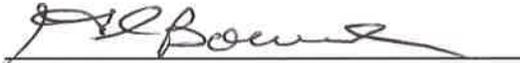
- Mr. Perk stated as previously mentioned by Mr. Bowers, the OLC launched its expanded cashing program to allow certain Giant Eagles to cash prizes within the \$600 to \$5,000 prize range.

**EXECUTIVE SESSION**

- Chairman McDonald stated that the Commission will go into Executive Session for the discussion of pending litigation. Chairman McDonald requested a Motion to move into Executive Session. 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. The Commission moved into Executive Session at 1:02 p.m.

**ADJOURNMENT**

- Chairman McDonald adjourned the November 16, 2015 Meeting at 1:14 p.m.

  
Greg Bowers, Deputy Director, Finance

Approved:

  
Patrick McDonald, Chairman