



**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**

**JULY 16, 2018  
12:00 P.M.**

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

**Members of the Commission:**

James Brady  
John Lewis  
Pat McDonald  
Angela Mingo  
William Morgan  
Sean Whalen

**Executive Staff of the Commission:**

Dennis Berg, Director  
Greg Bowers, Deputy Director, Finance  
Danielle Frizz-Babb, Deputy Director, Communications  
Sandy Lesko Sabbath, Deputy Director, Marketing Communications  
Charles LoPresti, Chief Legal Counsel  
Steve Kmiotek, Interim Deputy Director, General Services  
Nicole Kostura, Deputy Director, Government and Community Relations  
Constance Miller, Deputy Director, Operations  
Richard Perk, Deputy Director, Sales  
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  
Jim Brown, Office of Information Technology  
Karen Russo, Office of Public Policy  
Marie Kilbane Seckers, Office of Communication  
Rebecca McLemore, Office of Communications  
Jane Parker, Office of Internal Audit  
Carla Reeves, Office of Internal Audit  
Scott Frost, Office Of VLT Management  
Keith Whyte, National Council on Problem Gambling  
Elizabeth Abate, Marcus Thomas  
Bruce Anderson, Intralot  
Duane Miller, Three Leaf Productions  
Kyle Wentz, Hard Rock Rocksino  
Greg Kolocin, Hard Rock Rocksino  
Ed Dick, JACK Thistledown  
Tony Frabbiele, Hollywood Gaming, Mahoning Valley  
John Oberle, Ice Miller  
David Schindelheim, Taft

**CALL TO ORDER AND PLEDGE OF ALLEGIANCE**

- The Ohio Lottery Commission (“OLC”) meeting of July 16, 2018, was called to order at 12:08 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 and Sean Whalen.

**INTRODUCTION OF FIRST TIME ATTENDEES**

- Chairman McDonald recognized first time attendee Keith Whyte from the National Council on Problem Gambling.

**APPROVAL OF MINUTES OF JUNE 18, 2018**

- Chairman McDonald requested a Motion to approve the June 18, 2018 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 staff will be reporting on another record-breaking year with a transfer to the Lottery Profits Education Fund ("LPEF") of \$1.087 billion.
- Chairman McDonald stated that there will be updates on the National Council on Legislative and Gaming States ("NCLGS") Conference and the National Council on Problem Gambling ("NCPG") Conference.
- Chairman McDonald stated that Commissioner Whalen will provide an update from the June 18, 2018 Audit Committee Meeting.
- Chairman McDonald introduced Keith Whyte, the Executive Director of NCPG and stated that he will be providing the Commission with a brief presentation about the NCPG Conference this week.

**NATIONAL COUNCIL ON PROBLEM GAMBLING PRESENTATION, KEITH WHYTE, EXECUTIVE DIRECTOR**

- Mr. Whyte gave a brief presentation on NCPG and the upcoming NCPG Conference that is being held July 18, 2018 through July 21, 2018 in Cleveland at the Downtown Hilton.

**AUDIT COMMITTEE UPDATE, COMMISSIONER SEAN WHALEN**

- Commissioner Whalen reported that the Audit Committee met on June 18, 2018. This was an important meeting because it was a milestone event for the Audit Committee having completed the external assessment that was performed by Snider Downs. The Office of Budget and Management's Office of Internal Audit had also performed a similar review. These reviews are done every five (5) years or so. They judge the effectiveness of the Internal Audit group so that the Commissioners can have assurance in some key areas: financial reporting; risk controls; the audit process both internal and external; and compliance with rules, laws and regulations.
- Commissioner Whalen stated that the OLC received the highest outcome that can be received through this review. It affirms that the OLC is doing the right things. However, anytime a review like this is done and the highest outcome is received, there is still opportunities for improvement.
- Commissioner Whalen stated that there are areas that the Audit Committee and Internal Audit group will focus on over the next few years. The first one is accountability. Snider Downs noted that there is some lag time between the identification of a resolution to an audit issue and a successful completion of that resolution. The Audit Committee has started to take a firm stance on deadlines and the commitment being made to pursue the resolutions identified.
- Commissioner Whalen stated that another area to focus on is adequate resources such as Internal Audit having the right number of people but also whether or not the OLC has the budget to support the right number of people. In addition, does the OLC have the optimal structure and true independence as an audit function.
- Commissioner Whalen stated that the last item that will be focused on is that Internal Audit will work on transparency in reporting. They are going to make sure that they

can clearly communicate to everyone what it is that they are finding, what is being resolved, the successes and the challenges that they face.

- Commissioner Whalen stated that with the new fiscal year, the Audit Committee has executed all the governance documents, both the charter and audit plan, that govern the Audit Committee and the Internal Audit group.
- Commissioner Mingo thanked Ms. Wilson for her leadership and OLC staff for their participation. She also thanked Director Berg for identifying audits as a priority.
- Chairman McDonald stated that Ms. Wilson has done an awesome job tracking the goals and identifying the challenges of the OLC.

**DIRECTOR'S REPORT, DENNIS BERG, DIRECTOR**

- Director Berg reported that June represented the twelfth and final month of fiscal year 2018. Total Sales of \$252.2 million were up \$2.6 million or 1% higher compared to last June. The total sales of \$252.2 million was a record for the month of June.
- Director Berg reported that multi-state game sales of \$17.9 million were down \$4.5 million or 20% lower than last June primarily due to lower jackpots. Sales for the daily draw games such as *Pick 3*, *Pick 4* and *Pick 5* were \$48.1 million, down only \$55,000 or less than 1% from last June. However, *Pick 5* sales of \$3.3 million was record for the month of June.

- Director Berg reported that traditional *Keno* sales of \$34.6 million were \$1.4 million or 4% higher than last June and was an all-time monthly sales record for the month of June since the game went on sale in August 2008. *The Lucky One* sales were \$1.3 million for June. This game did not exist last year.
- Director Berg reported that instant ticket sales of \$130.2 million were \$5.2 million or 4% higher than last June. This was a record sales month for the month of June. VLT sales for the month of June were \$87.4 million, of which \$29.3 million went to the OLC. On a gross sales basis, this is \$9.3 million more than last June.
- Transfers to the LPEF of \$64.9 million and \$28.5 million for a total of \$93.4 was roughly \$9.6 million higher than last June's transfer and \$3.5 million over our projections.
- Director Berg stated that the OLC has been working diligently on three (3) major conferences in Cleveland this year, one of which was the NCLGS Summer Meeting that was held last week.
- Director Berg gave a brief description of the OLC's play at the checkout pilot program, and he played a video that showed details of the program.
- Ms. Kostura gave a detailed update on the NCLGS Conference that was held July 13, 2018 through July 15, 2018.

**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 3770:1-9-485, Snow Me the Money (\$1.00)

- Rule 3770:1-9-486, Reindeer Games (\$2.00)
  - Rule 3770:1-9-487, Winter Ice Multiplier (\$5.00)
  - Rule 3770:1-9-488, \$100 Million Cash Extravaganza (\$20.00)
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- 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 Brady. 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. LoPresti brought before the Commission five (5) Instant Game Rules for approval in Final Form. The Rules are as follows:
  - Rule 3770:1-9-480, *Holiday Cash* (\$1.00);
  - Rule 3770:1-9-481, *Holiday Gifts* (\$2.00);
  - Rule 3770:1-9-482, *NAUGHTY or NICE* (\$3.00);
  - Rule 3770:1-9-484, *Holiday Fun!* (\$10.00); and
  - Rule 3770: 1-9-961, *EZPLAY® Skee-Ball®* (\$3.00).
  
- Chairman McDonald then requested a Motion to approve the five (5) Instant Game Rules in Final Form. Commissioner Lewis 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. LoPresti brought before the Commission one (1) Administrative Rule based on the Mandatory Rule Review Pursuant to Chapter 119, Amendments, in Final Form. The Rule is as follows:

- 3770:2-4-02, *Video lottery sales agent employees license application.*
  
- 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 Morgan made a Motion that was seconded by Commissioner Whalen. With no further discussion, the Motion was affirmatively voted upon by the Commissioners present.

**RESOLUTION TO APPROVE TOUCH & WIN EZPLAY® TAP GAME THEMES,  
CONSTANCE MILLER, DEPUTY DIRECTOR**

- Ms. Miller brought before the Commission a Resolution to approve two (2) new Touch & Win EZPLAY® Tap Game Themes. The two (2) new Touch & Win EZPLAY® Tap Game Themes are:
  - *Hidden Fortunes: Amazon Treasures;*
  - *Hidden Fortunes: Mysteries of the Nile.*
  
- Chairman McDonald then requested a Motion to approve the Resolution to approve two (2) new Touch & Win EZPLAY® Tap Game Themes. Commissioner Brady 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 sixty-three (63) new Video Lottery Game Themes. These game themes have been internally reviewed for technical compliance, content and game matrix. The sixty-three (63)



new Game Themes are as follows: twenty-three (23) game themes submitted by Aristocrat; twenty-nine (29) game themes submitted by Aruze; two (2) game themes submitted by Bally; three (3) game themes submitted by Everi; three (3) game themes submitted by ITS; and three (3) game themes submitted by WMS.

- Chairman McDonald then requested a Motion to approve the Resolution for sixty-three (63) new Video Lottery Game Themes. 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.
- Ms. Miller reported on a few VLT items: the approval of the transfer of the Hard Rock Rocksino to MGP was approved on July 3, 2018; and the OLC has received Boyd's application for a transfer of the Belterra License from Pinnacle to Boyd Gaming, however, the Racing Commission has not approved it yet.

**OFFICE OF FINANCE REPORT, GREG BOWERS, DEPUTY DIRECTOR**

- Mr. Bowers reported that total traditional sales for fiscal year 2018 were an all-time record of \$3.16 Billion, \$158.2 million or 5.3% higher than sales recorded last year, and \$101.1 million more than sales recorded the previous record which was two (2) years ago.
- Draw-based games are up nearly \$84.6 million, or 5.7%, while instant ticket sales of \$1.6 billion are up \$73.6 million, or 4.8% over last year, and nearly \$40.0 million more than the OLC's record setting year of 2016.
- Mr. Bowers reported that all categories were up against last year except *EZPLAY*® games. Records were set for the following categories: total draw-based game sales; instant tickets; and *Keno*.

- VLT net revenue for the fiscal year equaled \$987.3 million, an increase of \$60.6 million, or 6.5% against last year. The OLC's share of this net was \$330.7 million which was \$20.3 million more than last year, and \$7.0 million more than projections.
- Mr. Bowers reported that total profits earned for fiscal year 2018 equaled \$1.116 billion, up \$33.6 million over the OLC's commitment and \$75.6 million more than last year. Of the \$33.6 million surplus, half can be attributed to multiple multi-state jackpots, and the remainder due to better than expected sales from instant tickets, *Keno* and VLTs.
- Due to posting requirements set by OBM State Accounting, and governed by Governmental Accounting Standards, the OLC made two separate LPEF transfers for the month of June 2018: one in late June representing estimated profits earned from traditional lottery, and one a week later in early July, representing profits derived from VLT operations. Therefore, VLT profits earned in June, but transferred in July of \$28.5 million will be counted towards next year's profit transfers. Once the \$28.5 million is subtracted out, total profits counted toward this year is \$1.087 Billion, which is still \$5 million more than the OLC's commitment, and still an all-time record. In summary, profit transfers in 2018 were \$1.087 billion, but profits earned during the year were \$1.116 billion.
- Mr. Bowers congratulated all OLC staff and all of the OLC's vendor partners for their combined effort in making this happen.

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

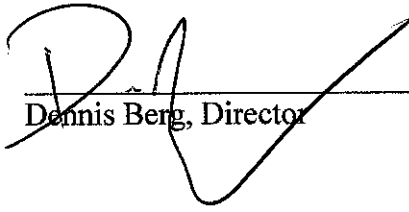
- Ms. Lesko Sabbath played a video highlighting InspiredOH individuals for the one (1) year anniversary of the campaign. The video will be shown on social media and digital platforms.

- Ms. Lesko Sabbath played one (1) radio spot for *The Voice* instant ticket.
- Ms. Lesko Sabbath gave a brief synopsis on the Ohio State Fair sponsorship and the OLC's engagement at the event.

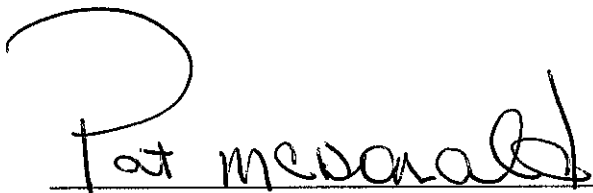
**ADJOURNMENT**

- Chairman McDonald stated that the next Meeting will be held on August 20, 2018 at 12:00 p.m. Chairman McDonald adjourned the July 16, 2018 Meeting at 1:03 p.m.

Approved:



Dennis Berg, Director



Pat McDonald

Pat McDonald, Chairman