



**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**

**OCTOBER 15, 2018  
12:00 P.M.**

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

**Members of the Commission:**

James Brady  
John Lewis  
Trevor McAleer  
Pat McDonald  
Angela Mingo  
William Morgan  
Elizabeth Vaci  
Sean Whalen

**Executive Staff of the Commission:**

Dennis Berg, Director  
Greg Bowers, Deputy Director, Finance  
Danielle Frizz-Babb, Deputy Director, Communications  
Maureen Hall, Interim Deputy Director, Information Technology  
Steve Kmiotek, Interim Deputy Director, General Services  
Nicole Kostura, Deputy Director, Government and Community Relations  
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 Manager  
Martin Morrow, Assistant Deputy Director of Sales  
Marie Kilbane Seckers, Office of Communication  
Rebecca McLemore, Office of Communications  
John Walker, Scioto Downs  
Kathy Lenhardt, Hollywood Gaming, Mahoning Valley  
Greg Kolocin, Hard Rock Rocksino  
Ed Dick, JACK Thistledown  
Tony Frabbiele, Hollywood Gaming, Mahoning Valley  
Dan Kennedy, Hollywood Gaming, Dayton  
John Oberle, Ice Miller

**CALL TO ORDER AND PLEDGE OF ALLEGIANCE**

- The Ohio Lottery Commission (“OLC”) meeting of October 15, 2018, 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, John Lewis, Trevor McAleer, Pat McDonald, Angela Mingo, William Morgan, Elizabeth Vaci and Sean Whalen.

**INTRODUCTION OF FIRST TIME ATTENDEES**

- Chairman McDonald offered the opportunity for any first-time attendees to introduce themselves. However, there were no first-time attendees present.

**APPROVAL OF MINUTES OF SEPTEMBER 17, 2018**

- Chairman McDonald requested a Motion to approve the September 17, 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 congratulated Director Berg on becoming the President of the North American Association of State and Provincial Lotteries ("NASPL"), and he thanked OLC staff for all of their work to host the NASPL conference last month.
- Chairman McDonald stated that sales for September were \$254.9 million which was \$9.5 million over last year's sales. Director Berg and Greg will provide more information during the meeting.
- Chairman McDonald stated that he would like an update on the budget process for next biennium.
- Chairman McDonald stated that both the *Mega Millions*® and *Powerball*® jackpots are currently high.
- Chairman McDonald stated that Ms. Frizzi-Babb will be showing videos for the School of the Year and the OLC's MyLotto Rewards promotion.
- Chairman McDonald stated that Commissioner Whalen will be providing an update on last month's Audit Committee Meeting.

**AUDIT COMMITTEE UPDATE, COMMISSIONER SEAN WHALEN**

- Commissioner Whalen stated that the Commissioners have received a copy of the Audit Committee's 2018 Annual Report.
- Commissioner Whalen reported that there has been a reduction in the amount of open issues from June 2017 to June 2018. There is a 28% decline in open issues. Open issues are typically findings from audits that require some level of engagement from the employees to find resolutions. This is a great sign of strong employee engagement.
- Commissioner Whalen reported that another positive trend that was seen last fiscal year was the average age of issues were continuing to decline. The Audit Committee is pleased with, and he thanked Senior Management for all of their engagement throughout last year.
- Commissioner Whalen reported that one of the notable events from last fiscal year was the completion of the peer review, and 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 are still opportunities for improvement, and these areas will be focused on over the next few years.
- Commissioner Whalen reported that another notable event that was accomplished last fiscal year is the continuation to improve the transparency in reporting. The efficiency in Audit Committee Meetings is important because they only get two (2) hours every ninety (90) days.
- Commissioner Whalen stated that one of the things that the Audit Committee is looking at is that the I.T. side of things tends to touch upon every audit that is done.

- Commissioner Mingo stated that it has been easy to work with the staff and Senior Management.
- Chairman McDonald stated that the Audit Committee is doing an excellent job, and he thanked Director Berg for his leadership.

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

- Director Berg reported that September represented the third month of fiscal year 2019. Total sales of \$254.9 million were up \$9.5 million or 4.0% higher compared to last September. This was a record month for the month of September.
- Multi-State game sales of \$20.0 million were up \$4.3 million or 27% higher than last September. Sales for the daily draw games such as Pick 3, Pick 4 and Pick 5 were \$48.2 million, down \$1.3 million or 3% from last September.
- Director Berg reported that traditional Keno sales of \$34.7 million were \$1.8 million or 2% higher than last September and was an all-time monthly sales record for the month of September since the game went on sale in August 2008. The Lucky One Sales were \$1.2 million for September. This game did not exist last year.
- Instant ticket sales of \$130.3 million were \$4.1 million or 3% higher than last September and was a record sales month for the month of September. VLT sales were \$85.7 million, of which \$28.7 million went to the OLC. On a gross sales basis, this is \$6.4 million more than last September for an over 8% increase.
- Director Berg reported that transfers to the Lottery Profits Education Fund ("LPEF") of \$94.2 million, roughly \$7.3 million over projections and \$10.8 million over last September's transfer.

- On October 3, the Department of Administrative Services issued a Request for Proposals for marketing communication services. The agency currently contracts with Hart, Marcus Thomas, and Northlich for these services under contracts which expire next June. The procurement has six service categories. Offerors are asked to provide their capability related to strategic planning; sponsorships; media placement; and digital services. They are also required to demonstrate their creative capabilities and to identify an MBE component.
- Director Berg played a video that was shown at the NASPL Conferences closing ceremonies.

**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 3770:1-9-496, *Decade of Dollars* (\$1.00);
  - Rule 3770:1-9-497, *Decade of Dollars* (\$2.00);
  - Rule 3770:1-9-498, *The Cash Wheel* (\$3.00);
  - Rule 3770:1-9-499, *Decade of Dollars* (\$5.00); and
  - Rule 3770:1-9-500, *Decade of Dollars* (\$10.00).
- 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 Whalen. 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. LoPresti brought before the Commission three (3) Instant Game Rules for approval in Final Form. The Rules are as follows:
  - Rule 3770:1-9-492, *I Love Cash* (\$2.00);
  - Rule 3770:1-9-493, *Casino Royale* (\$5.00); and
  - Rule 3770:1-9-494, *Fastest Road to \$1 Million* (\$30.00).

Chairman McDonald then requested a Motion to approve the three (3) Instant Game Rules in Final Form. Commissioner McAleer 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 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. The Rule is as follows:
  - Rule 3770-2-02, *Grounds for refusal of a license*.
- 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 Morgan 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 PROPOSED FORM -NEW**

- Mr. LoPresti brought before the Commission one (1) Administrative Rule based on the Mandatory Rule Review Pursuant to Chapter 119, New, in Proposed Form. The Rule is as follows:
  - Rule 3770-2-02, *Grounds for refusal of a license.*
- Chairman McDonald then requested a Motion to approve one (1) Administrative Rule based on the Mandatory Rule Review Pursuant to Chapter 119, New, 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 PROPOSED FORM -AMENDMENTS**

- Mr. LoPresti brought before the Commission five (5) Administrative Rules based on the Mandatory Rule Review Pursuant to Chapter 119, Amendments, in Proposed Form. The Rules are as follows:
  - Rule 3770-1-01, *Definitions of terms used in the regulations of the director of the Ohio state lottery.*
  - Rule 3770:1-5-10, *Financial administration.*
  - Rule 3770:2-3-04, *Video lottery licenses; denial of license.*
  - Rule 3770:2-4-05, *Video lottery sales agent licenses; denial of license.*
  - Rule 3770:2-5-05, *Technology providers licenses; denial of license.*



- Chairman McDonald then requested a Motion to approve five (5) Administrative Rules based on the Mandatory Rule Review Pursuant to Chapter 119, Amendments, in Proposed Form. Commissioner Vaci 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 PROPOSED AND FINAL FORM – NO CHANGE**

- Mr. LoPresti brought before the Commission three (3) Administrative Rules based on the Mandatory Rule Review Pursuant to Chapter 119, no change, in Proposed and Final Form. The Rules are as follows:
  - Rule 3770-1-02, *Director's authority under Administrative Procedure Act.*
  - Rule 3770:1-2-01, *Authority of the commission.*
  - Rule 3770:1-5-03, *Powers and duties of the commission.*
- Chairman McDonald then requested a Motion to approve three (3) 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 Vaci. 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 twenty-five (25) new Video Lottery Game Themes. These game themes have been internally reviewed for technical compliance, content and game matrix. The twenty-five (25)

new Game Themes are as follows: eleven (11) game themes submitted by Aristocrat; four (4) game themes submitted by Bally; one (1) game theme submitted by Everi; and nine (9) game themes submitted by Incredible Technologies.

- Chairman McDonald then requested a Motion to approve the Resolution for twenty-five (25) new Video Lottery Game Themes. Commissioner McAleer made a Motion that was seconded by Commissioner Mingo. With no further discussion, the Motion was affirmatively voted upon by the Commissioners present.

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

- Mr. Bowers reported that total traditional sales through September are up nearly \$5.1 million over same period last year. Instant ticket sales are up \$15.5 million, or 4.0% over the same period last year through September. This was offset by a decline in draw-based games, which are down by \$10.4 million.
- Year-to-date net revenue from VLTs are \$262.1 million, of which \$87.8 million goes to the OLC. After expenses, this was \$85.3 million, or \$6.3 million more than last year through the same time period. Through September, total profits for the LPEF were \$272.5 million, or \$7.5 million more than the OLC's quarterly commitment and \$166,000 more than last year through September.
- Mr. Bowers reported that all budget schedules and support documentation were due today. The OLC is seeking restoration of budget funding levels similar to the request last biennium before cuts were made. The OLC's preliminary recommendation for transfers to the LPEF are as follows: \$1.126 billion for fiscal year 2020 and \$1.132 billion for fiscal year 2021.
- With regards to bank cashing, the racinos continue to cash tickets and bear the brunt of the activity across the State. To date, their cashing is a little over half of what was

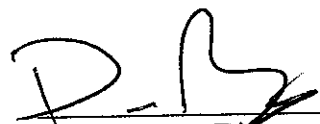
cashed at banks on a daily basis. The Regional Offices will begin cashing soon, starting with the Toledo.

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

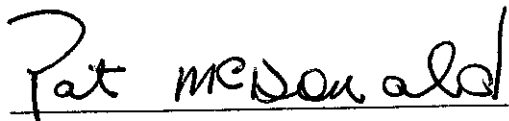
- Ms. Frizzi-Babb played one (1) television spot for Powerball® that is also interchangeable with Mega Millions®.
- Ms. Frizzi-Babb played a video recognizing the recipient of the OLC's School of the Year award, Wickliffe High School.
- Ms. Frizzi-Babb played a video depicting the top two (2) winners in the MyLotto Rewards Promotion.

**ADJOURNMENT**

- Chairman McDonald stated that the next Meeting will be held on November 19, 2018 at 12:00 p.m. Chairman McDonald adjourned the October 15, 2018 Meeting at 12:50 p.m.

  
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Dennis Berg, Director

Approved:

  
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Pat McDonald, Chairman

Pat McDonald, Chairman