



THE OHIO LOTTERY COMMISSION
MEETING MINUTES
September 11, 2019
12:00 P.M.

Present at the meeting were the following:

Members of the Commission:

Matthew Blair
John F. Lewis
Trevor McAleer
Angela M. Mingo
William Morgan
Martin J. Sweeney
Sean A. Whalen

Director and Staff of the Ohio Lottery Commission:

Pat McDonald, Executive Director
Sean Webster, Assistant Director, Operations and Administration
Nicole Kostura, Assistant Director, Sales and Marketing
Connie Miller, Deputy Director, Operations
Daniel Carter, Deputy Chief Legal Counsel
Christine Jasica, Paralegal
Greg Bowers, Deputy Director, Finance
Greg Beyer, Deputy Director, Internal Audit
Danielle Frizzi-Babb, Deputy Director, Communications
Marie Kilbane Seekers, Office of Communications
Maureen Hall, Interim Deputy Director, Information Technology
Roman Popadiuk, Information Technology Manager
Jon Dillinger, Deputy Director, General Services
Richard Perk, Deputy Director, Sales Management
Martin Morrow, Assistant Deputy Director, Sales Management
Ron Fornaro, Instant Ticket Product Manager
Nick Ciofani, Chief Legislative Officer, Government and Community Relations
Liz Popadiuk, Deputy Director, Human Resources
Karen Russo, Office of Public Policy
Michael Black, Deputy Director, Security
Nick Stadler, Administrative Assistant to the Director
Theresa Jones, Administrative Assistant, Ohio Lottery Commission

Also Present Were:

Charlie Scannella, Scientific Games
Sam Wakasugi, Scientific Games

Kendal Russo, Scientific Games
Kyle Zellman, Scientific Games

Michelle Simon, Scientific Games
John Oberle, Ice Miller
Scott Shaffer, JACK Thistledown
John Walker, Scioto Downs
Dan Kennedy, Dayton Penn
Greg Kolocin, MGM Northfield Park

CALL TO ORDER, PLEDGE OF ALLEGIANCE & ROLL CALL

Chairman Whalen called the meeting of the Ohio Lottery Commission to order at 12:04 p.m. in the Central Office of the Ohio Lottery Commission, 4th floor conference room, located at 615 W. Superior Avenue, Cleveland, Ohio.

After the Pledge of Allegiance to the Flag, attendance was taken, and a quorum was present.

INTRODUCTION OF FIRST TIME ATTENDEES

Chairman Whalen recognized first time attendees Sam Wakasugi and Kyle Zellman from Scientific Games, Theresa Jones, Administrative Assistant, Ohio Lottery Commission, and Matthew Blair, newly sworn in Commissioner.

APPROVAL OF MINUTES OF AUGUST 14, 2019

Chairman Whalen presented to the Commission the minutes from the August 14, 2019 meeting. Commissioner Lewis made a motion that was seconded by Commissioner McAleer. The motion was affirmatively voted upon by all Commissioners present.

CHAIRMAN'S COMMENTS

Chairman Whalen commented briefly on the Audit Committee meeting held earlier in the day. He also spoke about the Combines Charitable Campaign and urged participation.

APPROVAL OF FOUR INSTANT GAME RULES IN PROPOSED FORM

Daniel Carter, Deputy Chief Legal Counsel, presented to the Commission four Instant Game Rules for approval in Proposed Form:

- Rule 3770:1-9-550, Lucky Jackpot (\$2.00)
- Rule 3770:1-9-551 Lucky \$500 (\$5.00)
- Rule 3770:1-9-552, *Cash Celebration* (\$30.00)
- Rule 3770:1-9-553, \$50, \$100 or \$500 (\$10.00)

Commissioner Sweeney moved to approve the Rules as presented, in Proposed Form, with Commissioner Blair offering a second to the motion. The motion was affirmatively voted upon by the Commissioners present.

RESOLUTION TO APPROVE TOUCH & WIN EZPLAY® TAP GAME THEMES

Mr. Carter offered a Resolution to approve two Touch & Win EZPLAY® Tap Game Themes:

- *Queen of Hearts*
- *MegaWin Money*

Commissioner Mingo moved to approve the Resolution with Commissioner Lewis offering a second to the motion. The motion was affirmatively vote upon by the Commissioners present.

RESOLUTION TO APPROVE VIDEO LOTTERY GAME THEMES

Mr. Carter offered a Resolution to approve forty-three Video Lottery Game Themes.

Commissioner Morgan move to approve the Resolution with Commission Blair offering a second to the motion. The motion was affirmatively voted upon by the Commissioners present.

FINANCIAL REPORT

Greg Bowers, Deputy Director, Finance, provided the Commission a financial update for the month of August 2019:

- For the month of August, traditional sales were \$266.9 million, \$783 thousand, or 0.3% more than sales recorded last August.
- Sales were \$300k more than the original sales projection - Draw-based game sales were up \$2.3 million, which can be attributed to strong sales in the Daily Pick games (such as P3, P4), Keno & the EZ Play game category.
- Scratch-off ticket sales were \$135.2 million, \$1.5 million or 1.1% less than August of LY. However, for the second month in a row, Scratch-off sales were the second highest sales on record for the month.

VLT Activity:

- Gross Gaming Revenue from all seven (7) racinos for the month of August was \$93 million, \$5.6 million, or 6.4% more than August last year.
- Net Profit was \$30.4 million, \$2.0 million > than last year and \$985K more than the forecast. Once again, Prize Expense – for Pick 3 was higher than the game matrix/game design. Operating expenses were much lower than budgeted, as some invoices for major gaming & marketing services have not been received and thus were still outstanding at the end of August.

- Transfers to the LPEF for the month of August were \$93.9 million, or \$837 thousand more than OLC's commitment.

OVERVIEW OF NATIONAL ASSOCIATION OF CONVENIENCE STORES(NACS) REPORT

Sales Management Deputy Director Richard Perk and Sales Management Director Martin Morrow presented a report on the National Association of Convenience Stores 2018.

OVERVIEW OF DATA ANALYSIS PROJECT – MIKE GONZALEZ

The agency's top goal is to bring the Lottery's gaming data to the InnovateOhio Platform. In March, the State ordered that agency data be brought to the central platform to facilitate using and sharing data for analytical purposes.

The second goal is to augment the gaming data. Using other data sources, we can do market basket analysis, which was a major topic at our recent lottery professional development seminar. If people are buying Product A, at what rates are they also buying Product B or Product C?

Lastly, analysts at other state lotteries are a relatively untapped resource. For the last two years, Ohio Lottery has been leading the way in running a Researchers Community through our lottery trade group. As part of this goal, we'd also like to compare data directly across states. We could do this ourselves, but a major gaming vendor is also offering a free service to compare sales performance at retail locations.

NEW BUSINESS/ EXECUTIVE DIRECTOR'S COMMENTS

Executive Director McDonald reported the iLottery RFP was released on July 24th with responses due on August 27th. The evaluation team will meet with the DAS analyst on August 28th and will receive the proposals that have met the mandatory requirements, scoring sheets and information regarding the process that will be followed. Proposal review is expected to be completed by September 13th with a contract award mid to late September, and iLottery operational in June 2020. The term of the contract will be 4 years, with a 4-year option.

Executive Director McDonald asked Sean Webster for an update on the Innovate Ohio initiative. Mr. Webster reported that a meeting was held with Lt. Governor Husted on July 24, 2019 to discuss the goals of the program and how to best interact to improve information and data sharing techniques across agencies. As part of Innovate Ohio, the Ohio Lottery will be migrating all Data Center systems and services for the business network to the State Data Center. Currently there is a completion deadline of March 31, 2020. The Lottery is currently working with DAS-OIT on the network infrastructure, data center servers and the data center storage. Maureen Hall and Mike Popadiuk are assisting in this effort.

A Senior Management Retreat will be held at the end of the month to develop a strategic plan for the Lottery. This will be followed by an All-State Meeting on October 10, 2019 being organized by Connie Miller and will include an inspirational speaker. An invitation has been extended to Governor DeWine.

Executive Director McDonald recognized Nick Ciofani, who provided an update on the Combined Charitable Campaign. The Lottery's goal for CCC is \$45,000. Mr. Ciofani also reported on the MGM legislative tour. Mr. Ciofani reported that there will be additional tours scheduled in the near future.

Executive Director McDonald suggested the possibility of hosting an October or November Commission meeting/tour at the Solon facility.

ADJOURNMENT

With no further business before the Ohio Lottery Commission, Chairman Whalen adjourned the meeting at 12:55 p.m.

Pat McDonald, Executive Director

Approved:

Sean Whalen, Chairman