



THE OHIO LOTTERY COMMISSION  
MEETING MINUTES  
OCTOBER 13, 2021  
IN PERSON / TELECONFERENCE

Members of the Commission

Matthew Blair, Chairman  
James Brady, Vice Chairman  
Nita Gupta (via Teams)  
Jonathan Hughes  
Angela Mingo  
Mark Rickel  
Martin Sweeney  
Matthew Szollosi

Director and Staff of the Ohio Lottery Commission

Pat McDonald, Executive Director  
Sean Webster, Assistant Director, Operations and Administration  
Charles LoPresti, Chief Legal Counsel, Office of Legal Counsel  
Greg Bowers, Deputy Director, Office of Finance  
Terri Jones, Administrative Assistant, Executive Office  
Nick Ciofani, Deputy Director, Office of Government & Community Affairs  
Karen Russo, Deputy Director, Office of Problem Gambling  
Jon Dillinger, Deputy Director, Office of General Services  
Rick Perk, Deputy Director, Office of Sales  
Collin Sheehy, Executive Assistant to the Director  
Dana Artim, Infrastructure Specialist, IT  
Raymond Durant, Deputy Director, Office of Security  
Ron Fornaro, Scratch-Off Product Manager  
Brian Sindelar, Deputy Director Video Lottery Licensing and Compliance  
Connie Miller, Deputy Director, Office of Operations  
Elizabeth Alex, Deputy Director, Office of Human Resources

Additional Attendees via phone

Dan Carter, Assistant Legal Counsel, OLC  
Gary DeWitt, Hollywood Gaming at Dayton Raceway  
Ed Dick, JACK Thistledown Racino  
Kathleen Lenhardt, Hollywood Gaming Mahoning Valley  
Simeonia Mays, Deputy Director, Video Lottery Operations  
Jim Nash, Marcus Thomas, LLC  
Sam Porter, Ice Miller LLC  
Craig Robinson, Miami Valley Gaming and Racing  
Honorable Kent Smith, Ohio House of Representatives  
Tom Spayd, Senior Video Lottery Regulator  
John Walker, Eldorado Scioto Downs  
330-360-8165  
502-396-9082  
216-226-7276

CALL TO ORDER

Chairman Blair called the meeting of the Ohio Lottery Commission to order at 12:00 p.m. The meeting was held via teleconferencing and in person by invitation only.

ROLL CALL

The following members of the Commission answered present to Roll Call: Matthew Blair, James Brady, Jonathan Hughes, Angela Mingo, Mark Rickel, Martin Sweeney, and Matthew Szollosi.

APPROVAL OF MINUTES OF SEPTEMBER 8, 2021

Chairman Blair presented to the Commission for approval the minutes from the September 8, 2021 meeting. Commissioner Sweeney made a Motion to Approve the minutes, seconded by Commissioner Brady. The Motion was affirmatively voted upon by the seven Commissioners present in person.

APPROVAL OF FIVE (5) SCRATCH-OFF GAMES IN PROPOSED FORM

Ron Fornaro, Scratch-Off Product Manager presented before the Commission five (5) Scratch-Off Game Themes in Proposed Form.

- ✦ Rule 3770:1-9-696, Monopoly™ 200 X (\$30.00)
- ✦ Rule 3770:1-9-700, Monopoly™ \$50 A Day For Life!\* (\$2.00)
- ✦ Rule 3770:1-9-701, Monopoly™ \$1,000 A Week For Life!\*(2.00)
- ✦ Rule 3770:1-9-702, Monopoly™ \$10,000 A Month For Life!\*(5.00)
- ✦ Rule 3770:1-9-703, Monopoly™ \$250,000 A Tear For Life!\*(10.00)

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

#### APPROVAL OF THREE (3) SCRATCH-OFF GAMES IN FINAL FORM

Charles LoPresti, Chief Legal Counselor presented before the Commission three (3) Scratch-Off Game Themes in Final Form.

- ✦ Rule 3770:1-9-692, Winners Galore (\$2.00)
- ✦ Rule 3770:1-9-5693, Multiply the Money (\$5.00)
- ✦ Rule 3770:1-9-695, Million Dollar Mega Multiplier (\$10.00)

Commissioner Blair moved to approve the Game Rules as presented in Final Form, with Commissioner Hughes offering a second to the Motion. The Motion was affirmatively voted upon by the seven Commissioners present.

#### INTERNAL AUDIT COMMITTEE UPDATE

Internal Audit Committee Chair Angela Mingo reported that the Audit Committee in their September meeting the Audit Committee reviewed and approved the Internal Audit Report for Fiscal Year 2021. Key accomplishments over the past year for our Internal Audit team include:

- Completing 73% of the scheduled audit plan, which included 8 total projects,
- Verified the implementation of 23 outstanding audit recommendations, which helped to improve and increase efficiency of Lottery operations.
- Our Client survey results remained high, with 96% of all responses marked as favorable to the work of our Internal Audit team.

The Internal Audit Team also discussed the status of the Fiscal Year 2022 Audit Plan, and there are 4 Audits that are currently underway.

- **Cashless** – The audit will review program compliance with rules and regulations regarding information security, responsible gambling, contractual obligations, and data privacy; the financial reconciliation process, and the effectiveness of the program to reduce chargebacks or returns of credit card transactions.
- **Mobile Cashing – Financial Controls** – The audit will evaluate the reconciliation controls within the Finance department to ensure compliance, and that activity is properly recorded.
- **Minority Business Enterprise** – The audit will review internal controls and processes to ensure compliance with State of Ohio MBE procurement requirements.

- **Select 4 vending contract** – This audit was conducted by OBM-Internal Audit, and they evaluated the controls and processes for inventory management and invoice processing of the Select 4 contract. They presented their draft findings during our September meeting, and we expect to receive the final report in the coming weeks. There were no material issues noted in this audit.

The Internal Audit Team reviewed the status and progress being made on mediation of outstanding audit recommendations. Through the first quarter of the fiscal year, we have verified the implementation of 5 Audit recommendations, and continue to track 28 open issues, which are in varying stages of implementation.

#### APPROVAL OF RESCISSION OF SIXTEEN (16) SCRATCH-OFF GAME RULES IN PROPOSED AND FINAL FORM, NO LONGER IN USE

Charles LoPresti, Chief Legal Counsel presented for rescission sixteen (16) Scratch-Off Game Themes that are no longer in use.

Commissioner Blair moved to approve the rescission of the Game Rules as presented in Proposed and Final Form, with Commissioner Sweeny offering a second to the Motion. The Motion was affirmatively voted upon by the seven Commissioners present.

#### MANDATORY RULE REVIEW PURSUANT TO CHAPTER 119 in FINAL FORM-AMENDMENT

Mr. LoPresti presented an Amended rule Pursuant to Chapter 119 for consideration

- ✦ Rule 3770:2-4-01, Video lottery sales agent employee licensing

Commissioner Blair moved to approve the Amended Rule as presented in Final Form, with Commissioner Hughes offering a second to the Motion. The Motion was affirmatively voted upon by the seven Commissioners present.

#### RESOLUTION TO APPROVE VIDEO LOTTERY GAME THEMES

Mr. LoPresti presented a Resolution to approve 30 New Video Lottery Game Themes.

Commissioner Brady moved to approve the Resolution, with Commissioner Hughes offering a second to the Motion. The Motion was affirmatively voted upon by the seven Commissioners present.

#### FINANCIAL REPORT

Office of Finance Deputy Director Greg Bowers provided to the Commissioners a financial update for the month of September 2021.

- Total sales from Traditional Lottery products equaled \$345.4 million, which was \$29.2 million, or 9.2% more than the sales generated last September.
- Gross Revenue from VLTs equaled \$106.5 million, which was \$13.7 million more than last September, or 14.8%, and is the 7th straight month we've exceeded \$100 million in GGR.
- Net revenue to the Lottery after operating expenses are considered was \$34.8 million.
- For the month of September, profits generated for the LPEF were \$346.9 million, or \$33.1 million higher than our budget, and \$40 million more than Q1 of LY.

### NEW BUSINESS/EXECUTIVE DIRECTOR'S COMMENTS

Director McDonald introduced the Lottery's new Director of Security Raymond Durant to the Commissioners.

Director McDonald also informed the Commissioners that traditional lottery sales continue to exceed expectations. Nearly all game categories set agency records for the month of September. Scratch-off sales exceeded last September by 3.1% and draw based games grew by 16.3%. The draw game growth was led by the high jackpots of the Mega Millions and Power Ball games. The Lottery fiscal year data shows that scratch-off sales exceeded half a billion dollars on September 22<sup>nd</sup> and the total combined sales crossed \$1 billion dollars on September 25<sup>th</sup>. This is the earliest both milestones have been achieved in our history! The Lottery transferred \$113.7 million into the Lottery Profits Education Fund, which is roughly \$10.5 million higher than last year.

The Ohio Lottery has officially kicked off the Holidays! The first six holiday scratch-offs were released yesterday, October 12<sup>th</sup>. Lottery teams continue to work with our retailers to put up the holiday POS material and prominently place our tickets in store.

The Lottery collected close to 36 million dollars from the racinos in September, putting revenue approximately \$19 million or 20% ahead of last year's pace.

The Lottery has a new incentive project with the Governor and Ohio Department of Health called ***Ohio Vax to School***. The Department of Health will be giving away 150 \$10,000 scholarships and 5 \$100,000 grand prize scholarships to those who have received a vaccination from ages 12-25. At a future date, to be announced by the Department of Health, the Lottery will hold the drawings, pending the approval of the 5-11 age group. As of now we have 69,000 entrants and look forward to seeing those numbers spike upon the announcement of the draw date.

State Employee Vaccination Incentive. All state employees who submit proof of vaccination to the Department of Administrative Services are eligible to receive \$100 added to their paycheck. Any state agency that gets 65% of employees to submit proof of vaccination by October 15<sup>th</sup>, every vaccinated employee will receive an additional \$300. If the Agency hits 85% by November 15<sup>th</sup>,

then each employee will receive an additional \$600. The Director thanked all employees and Commissioners who have completed the incentive program.

Director McDonald informed the Commissioners on the status of the Combined Charitable Campaign. The campaign has been extended to October 22<sup>nd</sup>; the Lottery has raised over \$36,000 which is approximately 75% of the way to our goal of \$46,000.

The North American Association of State and Provincial Lotteries, or NASPL, held their annual conference and awards ceremony. Several of our staff participated virtually. Ohio was highlighted for our Responsible Gambling program. We received a top award for last year's RG holiday campaign, "*Not for Kids*" and staff was asked to participate in a panel discussion highlighting our work at RG. Director McDonald also thanked Commissioner Hughes for sharing his story to kick off the panel. Assistant Director Nicole Kostura informed the Commissioners that the Ohio Lottery received the RG Batchy Award.

Director McDonald also announced that Lottery HR Director Liz Alex received a NASPL Powers Award, which recognizes lottery staff for significant contributions to their agency. Assistant Director Sean Webster made remarks congratulating Director Alex and commended her on her dedication to the Lottery.

The state budget bill has reduced the prize threshold for intercepting state debts for the Attorney General. The threshold was reduced from \$5,000 to \$600 to mirror the threshold for intercepting child support payments for ODJFS. This change became effective on September 29, 2021 and since then state intercepts have increased significantly.

Director McDonald introduced Connie Miller, Director of Operations. Ms. Miller gave an overview of the Operations Department and her role in the agency.

Director McDonald announced that Deputy Director of Responsible Gambling Karen Russo will be presenting an overview of her department at the November Commission Meeting.

ADJOURNMENT

With no further business before the Ohio Lottery Commission, Commissioner Blair informed Commissioners that the next meeting will be held on Wednesday, November 10, 2021 at 12:00 p.m. via teleconferencing and in person by invitation.

Respectfully Submitted,



Pat McDonald, Executive Director



Matthew Blair, Commission Chair