



**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**

**MAY 21, 2018
12:00 P.M.**

Present at the meeting were the following:

Members of the Commission:

James Brady
Pat McDonald
Angela Mingo
William Morgan
Elizabeth Vaci
Sean Whalen

Executive Staff of the Commission:

Dennis Berg, Director
Greg Bowers, Deputy Director, Finance
Maureen Hall, Interim Deputy Director, Information Technology
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
Carla Tricarichi, Deputy Director, Public Policy
Jennifer Wilson, Deputy Director, Internal Audit
Traci Konesky, Assistant to the Director

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Also Present Were:

Ron Fornaro, Instant Ticket Product Manager
Karen Russo, Office of Public Policy
Marie Kilbane Seckers, Office of Communications
Linda Fenn, Office of Marketing Communications
Scott Frost, VLT Management
Marie Kilbane Seckers, Office of Communication
Rebecca McLemore, Office of Communications
Bruce Anderson, Intralot
Debbie Pirone, Marcus Thomas
Jill Nissen, Hart
John Walker, Scioto Downs
Greg Kolocin, Hard Rock Rocksino
Kyle Wentz, Hard Rock Rocksino
Tony Frabbiele, Hollywood Gaming, Mahoning Valley
Kathy Lenhardt, Hollywood Gaming, Mahoning Valley
Jason Birney, Hollywood Gaming, Dayton
Kevin Davis, Hollywood Gaming, Dayton
Justin Remschneider, Belterra Park Gaming
Stephanie Wisneski, Miami Valley Gaming
John Oberle, Penn Gaming
Eric Sarmiento, Cavitch
David Schindelheim, Taft

CALL TO ORDER AND PLEDGE OF ALLEGIANCE

- The Ohio Lottery Commission (“OLC”) meeting of May 21, 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, 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 APRIL 16, 2018

- Chairman McDonald requested a Motion to approve the April 16, 2018 Minutes. Commissioner Vaci 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 April was another great sales month with approximately \$268 million in sales.
- Chairman McDonald congratulated the OLC and the Finance team on another Comprehensive Annual Financial Report ("CAFR") award.
- Chairman McDonald stated that there is a retiree present at today's Meeting.
- Chairman McDonald stated that there will be a stakeholder meeting on the new statewide joint Voluntary Exclusion Program after this meeting.
- Chairman McDonald acknowledged Mr. Bowers on the additional financial schedules in his written report.
- Chairman McDonald stated that he would like Director Berg to touch on the issue of sports betting for the State of Ohio.

DIRECTOR'S REPORT, DENNIS BERG, DIRECTOR

- Director Berg reported that April represented the tenth month of fiscal year 2018. Total Sales of \$268.1 million were up \$9.8 million or 4% higher compared to last April and was a record sales month for the month of April.
- Multi-State game sales of \$16.2 million were nearly \$2.3 million or 16% higher than last April. The *Powerball*® jackpot reached \$177 million versus \$113 million last April, and the *Mega Millions*® jackpot reached \$111 million versus \$61 million last April.
- Director Berg reported that sales for the daily draw games such as *Pick 3*, *Pick 4* and *Pick 5* were \$49.8 million, down \$455,000 or -1.0% from last April. However, *Pick 5* sales of \$3.5 million was a record for the month of April.
- Traditional *Keno* sales of \$36.9 million were \$1.6 million or 5.0% higher than last April and was an all-time monthly sales record for the month of April since the game went on sale in August 2008.
- Director Berg reported that *The Lucky One* sales were \$1.7 million for April. This game did not exist last year so there is no monthly sales comparison. Instant ticket sales of \$139.9 million were \$4.1 million or 3.0% higher than last April, and was a record sales month for the month of April.
- VLT sales for April were \$89.7 million, of which \$30.0 million went to the OLC. On a gross sales basis, this is \$6.9 million more than last April. VLT sales have surpassed casino sales for the past 37 months, and this past April was biggest sales variance between the racinos and casinos by \$17.4 million.

- Director Berg reported that transfers to the Lottery Profits Education Fund (“LPEF”) of \$95.1 million were roughly \$8.1 million higher than last April’s transfer and \$1.8 million over projections.
- Director Berg stated that the OLC is diligently working on three (3) major conferences that will be in Cleveland this year: the National Council on Legislative and Gaming States (“NCLGS”) Summer Meeting July 13, 2018 through July 15, 2018; National Problem Gambling Conference July 20, 2018 through July 21, 2018; and the North American Association of State and Provincial Lotteries September 25, 2018 through September 27, 2018.
- Director Berg gave a detailed overview of the OLC’s new employee recognition program BravOH!.
- Director Berg gave a brief update on the issue of sports betting.
- Director Berg and Ms. Lesko Sabbath recognized Linda Fenn, an OLC employee in Marketing Communications, who will be retiring the end of May 2018. She has worked at the OLC for over twenty-four (24) years. Ms. Fenn thanked everyone.

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 3770:1-9-473, *Find The 9’s* (\$2.00);
 - Rule 3770:1-9-474, *Skee-Ball®* (\$3.00);
 - Rule 3770:1-9-475, *All About The Bens* (\$5.00); and
 - Rule 3770:1-9-476, *Ohio Cash Blowout* (\$20.00).

- Chairman McDonald then requested a Motion to approve the four (4) Instant Game Rules in Proposed Form. Commissioner Brady made a Motion that was seconded by Commissioner Mingo. 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 3770:1-9-466, *Triple Cash* (\$1.00);
 - Rule 3770:1-9-467, *4 Way Cash* (\$2.00);
 - Rule 3770:1-9-468, *Power 5s* (\$5.00);
 - Rule 3770:1-9-469, *Diamonds & Gold* (\$10.00); and
 - Rule 3770:1-9-953, *EZPLAY® Match Frenzy* (\$10.00).
- Chairman McDonald then requested a Motion to approve the five (5) Instant Game Rules in 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.

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.
 - Rule 3770:2-3-11, Video lottery licenses – tampered with and/or compromised video lottery terminals or games.

- 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 Vaci made a Motion that was seconded by Commissioner Brady. 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 two (2) Administrative Rules based on the Mandatory Rule Review Pursuant to Chapter 119, Rescission, in Proposed Form.
 - Rule 3770:1-9-940, Multi-state raffle.
 - Rule 3770:2-3-11, Video lottery licenses- stolen, destroyed or compromised video lottery tickets or games.
- Chairman McDonald then requested a Motion to approve two (2) Administrative Rules based on the Mandatory Rule Review Pursuant to Chapter 119, Rescission, 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 FINAL FORM -RESCISSION

- Mr. LoPresti brought before the Commission one (1) Administrative Rule based on the Mandatory Rule Review Pursuant to Chapter 119, Rescission, in Final Form.
 - Rule 3770:1-9-54, Game rule fifty-four.

- Chairman McDonald then requested a Motion to approve one (1) Administrative Rule based on the Mandatory Rule Review Pursuant to Chapter 119, Rescission, in Final Form. Commissioner Vaci made a Motion that was seconded by Commissioner Mingo. 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 one (1) Administrative Rule based on the Mandatory Rule Review Pursuant to Chapter 119, Amendments, in Proposed Form.

- 3770:2-12-1, Facility requirements.

- Chairman McDonald then requested a Motion to approve one (1) Administrative Rule based on the Mandatory Rule Review Pursuant to Chapter 119, Amendments, 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 FINAL FORM – AMENDMENTS

Mr. LoPresti brought before the Commission six (6) Administrative Rules based on the Mandatory Rule Review Pursuant to Chapter 119, Amendments, in Final Form.

- Rule 3770:1-5-04, Meetings of the commission.
- Rule 3770:1-5-06, Deputy directors.

- Rule 3770:1-5-07, Professional employees.
 - Rule 3770:1-6-06, Special lottery drawings or promotions.
 - Rule 3770:1-8-02, Manner of claiming prize awards.
 - Rule 3770:1-9-53, Game rule fifty-three.
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- Chairman McDonald then requested a Motion to approve six (6) Administrative Rules based on the Mandatory Rule Review Pursuant to Chapter 119, Amendments, in 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.

**MANDATORY RULE REVIEW PURSUANT TO CHAPTER 119 IN
PROPOSED AND FINAL FORM - NO CHANGE**

- Mr. LoPresti brought before the Commission seven (7) Administrative Rules based on the Mandatory Rule Review Pursuant to Chapter 119, No Change, in Proposed and Final Form.
 - Rule 3770:1-7-20, Game rule twenty.
 - Rule 3770:1-7-25, Game rule twenty-five.
 - Rule 3770:1-7-100, Game rule one hundred.
 - Rule 3770:1-9-55, Game rule fifty-five.
 - Rule 3770:1-9-150, Game rule one hundred fifty.
 - Rule 3770:1-9-941, Game rule nine hundred forty-one.
 - Rule 3770:1-9-942, Game rule nine hundred forty-two.

- Chairman McDonald then requested a Motion to approve seven (7) Administrative Rules based on the Mandatory Rule Review Pursuant to Chapter 119, No Change, in Proposed and Final Form. Commissioner Whalen 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 eighteen (18) new Video Lottery Game Themes. These game themes have been internally reviewed for technical compliance, content and game matrix. The eighteen (18) new Game Themes are as follows: two (2) game themes submitted by Bally; seven (7) game themes submitted by Everi; two (2) game themes submitted by ITS; six (6) game themes submitted by Konami; and one (1) game theme submitted by Novomatic.
- Chairman McDonald then requested a Motion to approve the Resolution for eighteen (18) new Video Lottery Game Themes. 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.
- Ms. Miller introduced Scott Frost, a new OLC VLT Regulator in VLT Management

OFFICE OF FINANCE REPORT, GREG BOWERS, DEPUTY DIRECTOR

- Mr. Bowers stated that as Chairman McDonald had mentioned, additional reports were included in the written Finance Report. One report shows current month expenditures compared to the same month in the previous year, and another report shows year-to-date expenditures compared to same period from the previous year.
- Mr. Bowers reported that total traditional sales through April were \$2.6 billion, \$154.7 million or 6.2% higher than sales recorded last fiscal year through April, and

\$78.8 million more than sales recorded two (2) years ago. At this point, sales will exceed the previous traditional lottery sales record set in 2016.

- The Multi-State jackpot category is now up \$50.1 million over the same time period last year mainly due to several higher jackpots for both *Mega Millions*® and *Powerball*® compared to last year. *Keno* was up \$23 million, or 7.0%, and with The Lucky One sales added in, total monitor game sales are up \$31.8 million over the same time period last year.
- Mr. Bowers reported that instant ticket sales of \$1.33 billion were up \$67.5 million or 5.3% over last year through the same time period, and nearly \$22 million more than the OLC's record setting year of 2016.
- VLT net revenue through April was \$815.2 million, an increase of \$49.6 million against last year for the same period. The OLC's share of this net was \$273.0 million which was \$16.6 million more than last year through the same time period.
- Mr. Bowers reported that total transfers to the LPEF through April were \$927.5 million, up \$27.9 million over the OLC's commitment and \$60.8 million more than last year through the same time period.
- Mr. Bowers stated that in regards to the issue of bank cashing, as the Director mentioned last month, the OLC was able to negotiate a 3-month extension through September 30, 2018 with PNC Bank, the OLC's current provider of cashing services. This would not have been done without the assistance from the Treasurer of State in leading the negotiations and working with the OLC to get this done.
- Mr. Bowers stated that the OLC was notified the week of May 14, 2018 that its 2017 fiscal year end CAFR qualifies for the Government Finance Officers Association ("GFOA") Certificate of Achievement for Excellence in Financial Reporting. The

Certificate of Achievement is the highest form of recognition in governmental accounting and financial reporting, and its attainment represents a significant accomplishment. In order to be awarded the Certificate of Achievement, the OLC must publish an easily readable and efficiently organized CAFR. This report must satisfy both generally accepted accounting principles and applicable legal requirements. Mr. Bowers recognized Accounting Manager Mary Tedeschi and her department for their hard work and dedication in the completion of the CAFR.

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

- Ms. Lesko Sabbath played four (4) television spots for the OLC's new annual instant ticket campaign.

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

- Ms. Frizz-Babb played a video for Teacher Appreciation Week that is posted on the OLC's YouTube Channel featuring Mr. Romero from Paulding Elementary.

**OFFICE OF SALES MANAGEMENT REPORT, RICHARD PERK, DEPUTY
DIRECTOR**

- Mr. Perk gave year-to-date highlights and a detailed overview of the OLC's retailer incentive program.

ADJOURNMENT

- Chairman McDonald stated that the next Meeting will be held on June 18, 2018 at 12:00 p.m. Chairman McDonald adjourned the May 21, 2018 Meeting at 1:01 p.m.



Dennis Berg, Director

Approved:



Pat McDonald, Chairman

Pat McDonald, Chairman