



THE OHIO LOTTERY COMMISSION

MEETING MINUTES

January 08, 2020 12:00 P.M.

Members of the Commission

Matthew Blair, Chairman
James Brady
Nita Gupta
Jonathan Hughes
Angela M. Mingo
Mark Rickel
Martin Sweeney
Sean Whalen, Vice Chairman

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
Nick Stadler, Executive Assistant to Director
Terri Jones, Administrative Assistant- Executive Office
Daniel Carter, Deputy Chief Legal Counsel
Charles LoPresti, Chief Legal Counsel
Greg Bowers, Deputy Director, Finance
Danielle Frizzi-Babb, Deputy Director, Communications
Marie Kilbane Seckers, Communications
Jon Dillinger, Deputy Director, General Services
Nick Ciofani, Chief Legislative Officer, Government and Community Relations
Karen Russo, Deputy Director, Responsible Gambling
Sandy Lesko Sabbath, Deputy Director, Marketing
Mike Gonzalez, Deputy Director, Product Innovation
Liz Alex, Deputy Director, Human Resources & Labor Relations
Connie Miller, Deputy Director, Operations
Michael Black, Deputy Director, Security
Rick Perk, Deputy Director, Sales
Greg Beyers, Deputy Director, Internal Audit
Rebecca McLemore, Communications
Scott Frost, VLT Management
Simeonia Mays, Security
Mary Tedeschi-Vittardi, Finance
Ron Fornaro, Instant Ticket Product Manager

Also Present Were:

Ed Dick, Jack Thistledown Casino
Greg Kolocin, MGM Northfield Park
John Walker, Scioto Downs
Michelle Simon, Scientific Games
Debbie Pirone, Marcus Thomas, LLC
Elizabeth Abate, Marcus Thomas, LLC
Rebecca Heacox, Marcus Thomas, LLC
Charlie Scannella, Scientific Games
Karen Nichols, Scientific Games

CALL TO ORDER, PLEDGE OF ALLEGIANCE & ROLL CALL

Chairman Blair called the meeting of the Ohio Lottery Commission to order at 12:10 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, attendance was taken, and a quorum was present.

INTRODUCTION OF NEW OLC COMMISSIONERS

Executive Director McDonald introduced the following new Lottery Commissioners:

- Jonathan Hughes
- Mark Rickel
- Nita Gupta

ELECTION OF 2020 OFFICERS

Commissioner Mingo and Commissioner Sweeney made a Motion to nominate Interim Commissioner Blair to be Chairman for the upcoming year. The Motion was affirmatively voted upon by eight Commissioners present.

Chairman Blair made a Motion to nominate Commissioner Whalen for the position of Vice Chairman for the upcoming year. The nomination was seconded by Commissioner Hughes. The Motion was affirmatively voted upon by eight Commissioners present.

APPOINTMENT OF AUDIT COMMITTEE MEMBERS

Chairman Blair asked that Commissioners Whalen, Sweeney and Mingo remain serving as active members of the Audit Committee. All Commissioners agreed to serve on the Audit Committee.

INTRODUCTION OF FIRST TIME ATTENDEES

Chairman Blair asked to recognize individuals attending the Commission meeting for the first time. Rebecca Heacox, Director of Analytics at Marcus Thomas LLC introduced herself to the Commission.

APPROVAL OF MINUTES OF DECEMBER 11, 2019

Chairman Blair presented to the Commission for approval the minutes from the December 11, 2019 meeting. Commissioner Brady made a Motion to approve the minutes, seconded by Commissioner Whalen. The Motion was affirmatively voted upon by Commissioners present with the exception of the three newly elected Commissioners that were not present for the December 11, 2019 meeting.

AUDIT COMMITTEE UPDATE – AUDIT COMMITTEE CHAIRMAN

Commissioner Whalen, Audit Committee Chair, gave an overview of the responsibilities of the Audit Committee. The Audit Committee serves to work with Internal Audit, OBM and Auditor of State to provide assurance to risk elements, prudent audit process and data security.

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

Charles LoPresti, Chief Legal Counsel, presented before the Commission Three (3) Scratch Off Game Rules in Final Form.

- ✦ Rule 3770:1-9-571, *Triple 777 Red Hot™ Slots (\$2.00)*
- ✦ Rule 3770:1-9-573, *Double the Money (\$5.00)*
- ✦ Rule 3770:1-9-574, *\$1,000,000 Black Titanium (\$10.00)*

Commissioner Whalen moved to approve the Rules as presented in Final Form, with Commissioner Sweeney offering a second to the Motion. The Motion was affirmatively voted upon by the eight Commissioners present.

RESOLUTION TO APPROVE TOUCH & WIN EZPLAY®TAP GAME THEME

Charles LoPresti, Chief Legal Counsel, presented a Resolution to approve TOUCH & WIN EZPLAY®TAP GAME theme *Winning Hands*

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

RESOLUTION TO APPROVE VIDEO LOTTERY GAME THEMES

Charles LoPresti, Chief Legal Counsel, presented a Resolution to approve twenty- three Video Lottery Game Themes.

Commissioner Mingo moved to approve the Resolution, with Commissioner Sweeney offering a second to the Motion. The Motion was affirmatively voted upon by the eight Commissioners present.

FINANCIAL REPORT

Greg Bowers, Deputy Director, Finance, provided to the Commission a financial update for the month of December 2019.

- Traditional Sales for the month of December were \$328.2 million.
- On December 7th mid-day draw the #1011 was drawn and paid out over 1,914% of sales, meaning over 19x the sales that came in. The payout for that draw was \$5.9 million, just shy of the liability limit set for \$6 million per draw.
- For the month, the Pick 4 game paid out 87% of sales, meaning that our gross profit margin which is defined as sales less prizes was 13%. After operating costs, and omissions/bonuses paid to retailers, our profit margin on the game for the month was closer to 2%. Normal margin given the payout structure is in the 38-39% range.
- Transfer for the month of December was \$108.4 million.

OHIO LOTTERY 2019 COMPREHENSIVE ANNUAL REPORT (CAFR)

Greg Bowers, Deputy Director, Finance, presented to the Commissioners the following items:

- What is a CAFR (Comprehensive Annual Financial Report)
- The purpose of the CAFR
- The different components of the CAFR: Introductory, Financial and Statistical.
- Timeline for producing CAFR

SALES UPDATE

Richard Perk, Deputy Director of Sales, presented to the Commissioners the following items:

- Overview of Holiday games and sales for months of November and December 2019.

MARKETING UPDATE

Tom Akerman, Assistant Director of Marketing presented to the Commissioners the following items:

- The industry measures they use to track the responsible use of their marketing dollars.
- A recap of their 2019 holiday marketing campaigns and promotions.
- An overview of their agency usage and planning process.

RESPONSIBLE GAMING UPDATE

Karen Russo, Deputy Director of Responsible Gaming presented to the Commission the new *Keep It Fun Ohio* campaign to promote Responsible Gambling. All retailers will be required to have pamphlets and window clings in their stores. Commissioner Hughes will be working with Mrs. Russo to implement the new program.

NEW BUSINESS/EXECUTIVE DIRECTOR'S COMMENTS

Executive Director McDonald informed the Commission on December 18th, the Mega Millions Jackpot hit in Mentor, Ohio. The final annuitized value of the Jackpot was \$375 million, which is the largest Jackpot ever hit in the State of Ohio. Communications Deputy Director, Danielle Frizzi-Babb presented a news clip from a local television station of the event.

Executive Director McDonald announced that the Commission is finalizing testing on our mobile cashing program, which the Lottery hopes to implement in February. This program will provide a secure and easy way for players to cash winning tickets of \$600 to \$5,000 online.

Executive Director McDonald informed the Commission of the December Racino Sales. Racinos saw December revenue reach \$74.4 million. This contributed to a record \$851 million in revenue for 2019, which beat out the previous record set in 2018 of \$837.5 million. MGM Northfield Park Racino continues to earn the most of any Racino or Casino, bringing in \$22.2 million in December, compared to \$21.4 million the month before.

Executive Director McDonald informed the Commission that security will be re-starting the Retailer Compliance Inspection Program in February. Lottery security personnel will conduct undercover investigations of retailers to ensure compliance with Lottery policies and procedures.

Executive Director McDonald informed the Commission that Commissioner Morgan has resigned from the Lottery Commission and has been appointed by Governor DeWine to the Ohio Department of Transportation Review and Advisory Council.

Executive Director McDonald & Chairman Blair thanked all present for attending the Commission meeting.

ADJOURNMENT

With no further business before the Ohio Lottery Commission, Chairman Blair reminded the Commissioners that the next meeting will be held on February 12, 2020 and adjourned the meeting at 1:40 p.m.

Respectfully Submitted,

Pat McDonald, Executive Director

Approved:

Matthew Blair, Chairman