



THE OHIO LOTTERY COMMISSION

MEETING MINUTES

AUGUST 14, 2019

12:00 P.M.

Present at the meeting were the following:

Members of the Commission:

John F. Lewis
Trevor McAleer
Angela M. Mingo
William Morgan
Martin J. Sweeney
Elizabeth Vaci
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
Daniel Carter, Deputy Chief Legal Counsel
Christine Jasica, Paralegal
Greg Bowers, Deputy Director, Finance
Sandy Lesko-Sabbath, Deputy Director, Marketing Communications
Danielle Frizzi-Babb, Deputy Director, Communications
Marie Kilbane Seekers, Office of Communications
Maureen Hall, Interim Deputy Director, Information Technology
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
Carla Tricarichi, Deputy Director, Public Policy
Karen Russo, Office of Public Policy
Michael Black, Deputy Director, Security
Simeonia Mays, Office of Security
Carla Reeves, Office of Internal Audit
Joe Angelillo, Deputy Director, VLT Management



Also Present Were:

Debbie Pirone, Marcus Thomas
Charles Scannella, Scientific Games
John Oberle, Ice Miller
Scott Shaffer, JACK Thistledown
Angela Matthews, JACK Thistledown
Kathy Lenhardt, Mahoning Valley Gaming

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 Angela Matthews, General Manager at JACK Thistledown and Michael Black, new Deputy Director of Ohio Lottery Security.

APPROVAL OF MINUTES OF JULY 10, 2019

Chairman Whalen presented to the Commission the minutes from the July 10, 2019 meeting. Commissioner Morgan made a motion that was seconded by Commissioner Mingo. The motion was affirmatively voted upon by all Commissioners present, except for Commission McAleer and Commissioner Vaci who abstained.

CHAIRMAN'S COMMENTS

Chairman Whalen congratulated the Ohio Lottery on its 45th Anniversary which was celebrated yesterday, August 13th. He stated that the Lottery has come a long way in 45 years and looks forward to continued success in the future.

APPROVAL OF THREE INSTANT GAME RULES IN FINAL FORM

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



- Rule 3770:1-9-544, *Cool 7's Tripler* (\$1.00)
- Rule 3770:1-9-545, *Snow Me the Money!* (\$3.00)
- Rule 3770:1-9-546, *Winter Winnings* (\$5.00)
- Rule 3770:1-9-547, *Money* (\$20.00)

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

MANDATORY RULE REVIEW PURSUANT TO CHAPTER 119 - AMENDMENT

Mr. Carter presented to the Commission for approval one Amended Administrative Rule based on the Mandatory Rule Review pursuant to Chapter 119, in Final Form:

- Rule 3770:2-3-03, *Video lottery licenses; issuance of license.*

Commissioner Sweeney moved to approve the Amended Rule, as presented, in Final Form with Commissioner Mingo offering a second to the motion. The motion was affirmatively voted upon by the Commissioners present.

RESOLUTION TO APPROVE VIDEO LOTTERY GAME THEMES

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

Commissioner Vaci moved to approve the Resolution with Commissioner McAleer 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 July 2019.

For the month of July, traditional sales were \$260.1 million, \$6.7 million, or 2.5% less than sales recorded last July. Sales were just \$100,000 off the original sales projection used last fall to develop the budget.

Draw-based game sales were down \$5.8 million. This can be attributed to Mega Millions being down \$12.9 million as jackpots never really materialized this July compared to a \$543 million jackpot won last July.

All other draw-based games, except EZPlay, were up against last July.



Instant “Scratch Off” ticket sales were \$130.5 million, \$0.8 million or 0.6% less than last year. The Lottery was just shy from setting a monthly sales record for the month of July.

During the month of July, VLT gross gaming revenue was \$91.9million, \$3.0 million more than last year.

Prize expense for Pick 3 and Instant “Scratch Off” tickets were higher than expected, as was Operating Expenses.

Transfers to the Lottery Profits Education Fund (LPEF) for the month of July totaled \$89.9 million, or \$4.0 million less than our commitment, but \$0.7 million less than last year. Because June’s VLT profit that was transferred in July came in a little higher, the Lottery is still slightly ahead of pace from last year.

Nicole Kostura, Assistant Director, Sales and Marketing, discussed the variance in Instant “Scratch Off” tickets was due in part to the Scientific Games Enhanced Partnership Program Warehouse conversion. Working closely with retailers, the Office of Sales Management is committed to working through issues and focusing on getting sales back up and on track.

NEW BUSINESS/ EXECUTIVE DIRECTORS 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.

Executive Director McDonald commented that the Lottery presence at the Ohio State Fair was a massive success. Thousands, including Governor DeWine were in attendance. The Governor remarked on the long lines to play Lottery games. The Cash Explosion Road will take place on



Saturday, October 26th in Steubenville. The Governor has been invited to participate in the taping of the show.

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 annual Stuff the Bus campaign and the upcoming Combined Charitable Campaign. The Lottery's goal for CCC is \$45,000.

The Executive Director reported that he and Sean Webster visited the Marcus Thomas Offices in Cleveland. He presented a video to the Commission, prepared by Marcus Thomas, which showcased the relationship with our primary marketing agency over the years.

Executive Director distributed Commissioner talking points, consisting of a summary page and note card which offers information about Lottery operations. A final version will be presented at the September 11th meeting.

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

