



**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**

**JANUARY 7, 2019
12:00 P.M.**

Present at the meeting were the following:

Members of the Commission:

James Brady
John Lewis
Trevor McAleer
Pat McDonald
Angela Mingo
William Morgan
Martin Sweeney
Elizabeth Vaci

Executive Staff of the Commission:

Dennis Berg, Director
Greg Bowers, Deputy Director, Finance
Danielle Frizz-Babb, Deputy Director, Communications
Maureen Hall, Interim Deputy Director, Information Technology
Steve Kmiotek, Interim Deputy Director, General Services
Nicole Kostura, Deputy Director, Government and Community Relations
Sandy Lesko Sabbath, Deputy Director, Marketing Communications
Charles LoPresti, Chief Legal Counsel
Simeonia Mays, Interim Deputy Director, Security
Constance Miller, Deputy Director, Operations
Richard Perk, Deputy Director, Sales Management
Liz Popadiuk, Deputy Director, Human Resources
Carla Tricarichi, Deputy Director, Public Policy
Jennifer Wilson, Deputy Director, Internal Audit
Traci Konesky, Assistant to the Director

Also Present Were:

Ron Fornaro, Instant Ticket Product Manager
Martin Morrow, Assistant Deputy Director of Sales
Dan Carter, Office of Legal Counsel
Karen Russo, Office of Public Policy
Marie Kilbane Seckers, Office of Communication
Rebecca McLemore, Office of Communications
John Walker, Scioto Downs
Kathy Lenhardt, Hollywood Gaming, Mahoning Valley
Greg Kolocin, Hard Rock Rocksino
Ed Dick, JACK Thistledown
Allie Evangelista, Penn
Justin Carter, Penn
John Oberle, Ice Miller

CALL TO ORDER AND PLEDGE OF ALLEGIANCE

- The Ohio Lottery Commission (“OLC”) meeting of January 7, 2019, was called to order at 12:04 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, John Lewis, Trevor McAleer, Pat McDonald, Angela Mingo, William Morgan, Martin Sweeney and Elizabeth Vaci.

ANNUAL ELECTION OF OFFICERS

- Chairman McDonald stated that the floor was open for nominations for Chairman of the Commission. Commissioner McAleer made a Motion to nominate Pat McDonald as Chairman that was seconded by Commissioner Lewis. The Motion was affirmatively voted upon by all Commissioners present except for Chairman McDonald who abstained.

- Chairman McDonald made a Motion nominating Sean Whalen for Vice-Chairman of the Commission that was seconded by Commissioner Morgan. The Motion was affirmatively voted upon by all Commissioners present.
- Chairman McDonald appointed Commissioner Whalen as chair of the Audit Committee. Chairman McDonald asked Commissioner Mingo and Commissioner McAleer if they still wanted to serve on the Audit Committee for 2019, and they responded that they would like to continue serving on the Audit Committee.
- Chairman McDonald asked Commissioner Lewis if he still wanted to chair the Problem Gambling Committee. Commissioner Lewis graciously excepted.

INTRODUCTION OF FIRST TIME ATTENDEES

- Chairman McDonald recognized first time attendees Justin Carter and Allie Evangelista from Penn National; and Simeonia Mays, Interim Deputy Director of Security.

APPROVAL OF MINUTES OF DECEMBER 17, 2018

- Chairman McDonald requested a Motion to approve the December 17, 2018 Minutes. Commissioner Morgan made a Motion that was seconded by Commissioner Brady. The Motion was affirmatively voted upon by all Commissioners present.

CHAIRMAN'S COMMENTS

- Chairman McDonald thanked everyone for moving up this month's meeting up a week as Governor-Elect DeWine will be sworn in next Monday, January 14, 2019.

- Chairman McDonald stated that December sales were strong, and he would like staff to report on that.
- Chairman McDonald asked Mr. Perk to explain the Fastest Road to \$1 Million distribution, as well as, if there were any issues with the installation of the Kroger's in the Cincinnati area.
- Chairman McDonald thanked Commissioner Mingo for attending the Cash Explosion® Cash Blast Show in Columbus.
- Chairman McDonald stated that Commissioner Mingo will be providing an update on last month's Audit Committee Meeting.

AUDIT COMMITTEE UPDATE, COMMISSIONER ANGELA MINGO

- Commissioner Mingo reported that there was a lot of activity in regards to Internal Audit during the second quarter of fiscal year 2019. The Auditor of State ("AOS") finished its annual financial assessment noting that the OLC's financial statements were in an unmodified opinion. That is the best outcome that one can receive. AOS identified four (5) findings that will be added to the OLC's Internal Audit Department's issue log, and they will be tracked by the Department.
- Commissioner Mingo reported that the Multi-State Lottery Association completed their compliance review and submitted their report as well. These compliance reviews are completed every two (2) years. The findings found in this review will also be followed up by the OLC Internal Audit Department.

- Commissioner Mingo stated that the OLC's Internal Audit Department offers consulting services to OLC management. This differs from audits because the process is initiated by OLC management, and they are highly collaborative. These engagements will help evaluate risk, and the results of these engagements become part of the annual risk assessment process as necessary.
- Commissioner Mingo reported that during the second quarter of fiscal year 2019, OLC management worked diligently on open audit issues and closed out fourteen (14) issues, or about 30%.

DIRECTOR'S REPORT, DENNIS BERG, DIRECTOR

- Director Berg reported that December represented the sixth month or half way point of fiscal year 2019. Total Sales of \$308.3 million were up \$14.6 million or 5.0% higher compared to last December. This was an all-time monthly sales record for the month of December.
- Multi-State game sales of \$22.7 million were down \$4.2 million 16% lower than last December. Sales for the daily draw games such as Pick 3, Pick 4 and Pick 5 were \$54.3 million, up \$3.3 million or 7% from last December. December was a record sales month for both Pick 4 and Pick 5.
- Director Berg reported that traditional Keno sales of \$40.8 million were \$3.4 million or 9% higher than last December and was an all-time monthly sales record for the month of December since the game went on sale in August 2008. The Lucky One sales were \$1.5 million for December. This game was not on sale until January 12, 2018.
- Instant ticket sales of \$167.4 million were \$9.8 million or 6% higher than last December. This was a record sales month for the month of December. VLT sales

for December were \$89.6 million, of which \$30.0 million went to the OLC. On a gross sales basis, this is \$10.2 million more than last December for over a 12.0% increase.

- Director Berg reported that transfers to the Lottery Profits Education Fund was \$106.0 million. This was \$10.6 million over projections and \$3.9 million over last December's transfer. For the first half of the year, transfers are up \$49.4 million against forecast and \$34.6 million against last year.

APPROVAL OF FOUR (4) INSTANT GAME RULES IN FINAL FORM

- Mr. LoPresti brought before the Commission four (4) Instant Game Rules for approval in Final Form. The Rules are as follows:
 - Rule 3770:1-9-509, *Diamonds X 10* (\$2.00);
 - Rule 3770:1-9-510, *Twisted Treasures* (\$3.00);
 - Rule 3770:1-9-511, *Monopoly™ 25X* (\$5.00); and
 - Rule 3770:1-9-512, *50X The Money* (\$10.00).
- Chairman McDonald then requested a Motion to approve the four (4) Instant Game Rules in Final Form. Commissioner Brady made a Motion that was seconded by Commissioner Sweeney. With no further discussion, the Motion was affirmatively voted upon by the Commissioners present.

MANDATORY RULE REVIEW PURSUANT TO CHAPTER 119 IN FINAL FORM -NEW

- Mr. LoPresti brought before the Commission one (1) Administrative Rule based on the Mandatory Rule Review Pursuant to Chapter 119, New, in Final Form. The Rule is as follows:
 - Rule 3770-2-02, *Grounds for refusal of a license.*
- Chairman McDonald then requested a Motion to approve one (1) Administrative Rule based on the Mandatory Rule Review Pursuant to Chapter 119, New, 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 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. The Rule is as follows:
 - Rule 3770-2-02, *Grounds for refusal of a license.*
- 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 Lewis 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 FINAL FORM -AMENDMENTS

- Mr. LoPresti brought before the Commission five (5) Administrative Rules based on the Mandatory Rule Review Pursuant to Chapter 119, Amendments, in Final Form. The Rules are as follows:

- Rule 3770-1-01, *Definitions of terms used in the regulations of the director of the Ohio state lottery.*
- Rule 3770:1-5-10, *Financial administration.*
- Rule 3770:2-3-04, *Video lottery licenses; denial of license.*
- Rule 3770:2-4-05, *Video lottery sales agent licenses; denial of license.*
- Rule 3770:2-5-05, *Technology providers licenses; denial of license.*

- Chairman McDonald then requested a Motion to approve five (5) Administrative Rules based on the Mandatory Rule Review Pursuant to Chapter 119, Amendments, in Final Form. Commissioner McAleer made a Motion that was seconded by Commissioner Morgan. With no further discussion, the Motion was affirmatively voted upon by the Commissioners present.

RESOLUTION TO APPROVE TOUCH & WIN EZPLAY® TAP GAME THEME, CONSTANCE MILLER, DEPUTY DIRECTOR

- Ms. Miller brought before the Commission a Resolution to approve one (1) new Touch & Win EZPLAY® Tap Game Theme. The one (1) new Touch & Win EZPLAY® Tap Game Theme is:

- *20X the Money!*

- Chairman McDonald then requested a Motion to approve the Resolution to approve one (1) new Touch & Win EZPLAY® Tap Game Theme. Commissioner Lewis 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 twelve (12) new Video Lottery Game Themes. These game themes have been internally reviewed for technical compliance, content and game matrix. The twelve (12) new Game Themes are as follows: two (2) game themes submitted by Aruze; two (2) game theme submitted by Everi; six (6) game themes submitted by Konami; one (1) game theme submitted by Scientific Games; and one (1) game theme submitted by WMS.
- Chairman McDonald then requested a Motion to approve the Resolution for twelve (12) new Video Lottery Game Themes. Commissioner Morgan made a Motion that was seconded by Commissioner Brady. With no further discussion, the Motion was affirmatively voted upon by the Commissioners present.

OFFICE OF FINANCE REPORT, GREG BOWERS, DEPUTY DIRECTOR

- Mr. Bowers gave a fiscal year 2019 mid-year financial review to the Commission. The presentation compared fiscal year 2019 mid-year sales to fiscal year 2018 mid-year sales as well as fiscal year 2019 mid-year forecast.

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

- Ms. Lesko Sabbath handed out point-of-sale material for the OLC's new \$30.00 instant game, Fastest Road to \$1 Million, and she played one (1) television spot for this new instant game.

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

- Ms. Frizz-Babb played a video featuring the Cash Explosion® Game Show's Holiday Cash Blast Promotion.

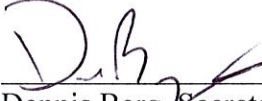
**OFFICE OF SALES MANAGEMENT REPORT, RICHARD PERK, DEPUTY
DIRECTOR**

- Mr. Perk stated that regarding the Fastest Road to \$1 Million game, OLC staff and OLC retailers are working diligently to promote the game. This game is the best odds in winning \$1 million, and the ticket cost \$30.00 with a minimum prize that could be won of \$40.00.
- Mr. Perk stated that in regards to the Kroger fuel centers in the Cincinnati area, these are small kiosks that sell minimal items and now they are starting to sell lottery products. They will start throughout the Cincinnati area and then move through the Columbus area.
- Mr. Perk gave a fourth quarter recap of the retailer incentive program.
- Mr. Perk gave a brief overview of the holiday game sales for December 2018 and overall sales for December 2018 compared to December 2017.

- Mr. Perk gave a brief PowerPoint presentation on sales for the first half of fiscal year 2019.


ADJOURNMENT

- Chairman McDonald stated that the next Meeting will be held on February 11, 2019 at 12:00 p.m. Chairman McDonald adjourned the January 7, 2019 Meeting at 1:18 p.m.



Dennis Berg, Secretary

Approved:



Pat McDonald, Chairman