

# Minutes for the Colorado Lottery Commission

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## Call to Order

A Commission Meeting for the Colorado Lottery was held on Wednesday, November 8<sup>th</sup>, 2023 via Zoom. The meeting was called to order at 8:01 a.m, and was presided over by Chairman Podolski.

## Attendees

In attendance were the following:

Stan Podolski, Chair	Heather Whitman, AGO
Bill Clayton, Vice Chair	Terri Geier, Lottery
Arnold Hanuman, Commissioner	Mike Strasser, Lottery
Janelle Quick, Commissioner	Tiffany Ramsdell, Lottery
Stella Deslongchamp, Commissioner	Christian Hawley, Lottery
Tom Seaver, Senior Director, Lottery	Wendy Weldon, Lottery
Jennifer Anderson, Senior Deputy Director, Lottery	Meghan Dougherty, Lottery
Peggy Brown, Problem Gambling Coalition of Colorado	Brian Kohnlein, Lottery
Jill Cummisskey, Scientific Games	Nancy Bartosz, Lottery
Meghan Kiss, Scientific Games	Cristi Gannon, Lottery
Tyson Barr, IGT	Marie Valtakis, Lottery
Lori Romine, IGT	Tom Campbell, Lottery
Dwayne Wilson, IGT	Adrian Varney, Lottery
Monica Hernandez, IGT	Dave Aldag, Lottery
Ethan Nosky, Cactus	Scott Chavkin, Lottery
Leah Taylor, Cactus	Jay Sisson, Lottery
Kelia Busby, Lottery	Shannon Gray, DOR
	Heather Love, Lottery

## Introductions and Welcome

## Public Comment

Chairman Podolski called for public comment. There was none.

## SGEP Update

Circle K is setting up an “executive tour” and is interested in the Colorado Lottery and Sci-Q joining them. King Soopers has stated they want to partner up and get Sci-Q in their stores because of the issues with ID verification at the vending machines. SGEP has also identified

over 100 independent locations within Colorado that would benefit having a lottery footprint in their stores.

There was discussion regarding the speed at which the Sci-Q machines could get into stores. Sales reps are going out to stores and getting a finalized answer as to whether they want the Sci-Q machines. Machines are prebuilt and take about two weeks and then are ready for install.

## **Lottery Spotlight**

Ms. Ramsdell presented the “Palisade Plunge” video that highlighted an event with mountain biking in Palisade, Colorado.

## **Approval of Minutes**

A motion to approve the minutes from the October 11<sup>th</sup>, 2023 Lottery Commission meeting was made by Commissioner Hanuman and seconded by Vice Chair Clayton. The motion passed with four ayes and one abstain.

## **Decision Items**

Approval of Scratch Games, presented by Scott Chavkin;

- Game #322 \$20 \$500,000 CROSSWORD

A motion to approve the Scratch Games presented was made by Commissioner Hanuman and seconded by Commissioner Deslongchamp. The motion passed unanimously.

## **Colorado Lottery**

MAIN MOTIONS

Approval of Scratch Game Guidelines, presented by Terri Geier;

- Game #322 \$20 \$500,000 CROSSWORD

A motion to approve the Scratch Games Guidelines presented was made by Vice Chair Clayton and seconded by Commissioner Quick. The motion passed unanimously.

Approval of Repeal of Scratch Games, presented by Terri Geier;

- Game #207 \$20 SET FOR LIFE
- Game #251 \$5 GIANT JUMBO BUCKS
- Game #253 \$1 HOLIDAY GAME
- Game #255 \$3 HOLIDAY GAME
- Game #256 \$5 HOLIDAY GAME

There was discussion regarding obtaining information on the performance of games being repealed.

A motion to approve the Repeal of Scratch Games presented was made by Commissioner Quick and seconded by Commissioner Hanuman. The motion passed unanimously.

### **Scratch Game Performance**

Scratch sales for the month of October totaled just over \$47.9 million, a decrease of \$1.2 million from prior year monthly performance figures. Scratch sales are tracking behind by \$18.2 million of where they need to be to hit the \$621 million goal in FY24. All price points are tracking behind prior year sales except for the \$20 and \$2 price points. Five new games launched in September. The 2024 version of the Holiday games launched on October 16. This included the newly added \$20 price point to the Holiday portfolio along with a \$1, \$2, \$3, \$5 and \$10 price point.

### **Jackpot Game Performance**

Combined Jackpot game sales for October generated \$34.5 million, up about \$3.7 million from prior year monthly totals. Powerball and Mega Millions combined monthly sales were up about \$2.5 million when compared to last October. Collectively, Jackpot game sales for the fiscal year are ahead the annual forecast by approximately \$51.8 million and are ahead of last year's actual sales by roughly \$21.5 million. This sales increase is attributed to the large Powerball and Mega Millions jackpots. The sales for the two multi-state games combined are up approximately \$55.6 million to goal and are ahead last year's sales by \$27.1 million. The Colorado Lotto+ game is tracking ahead of last year's total sales by \$2 million, but is behind goal by about \$4.3 million. A third weekly draw was added and should help with Lotto sales going forward. Cash 5 is trailing behind its yearly target by \$200,000. Lucky For Life is tracking ahead on its yearly goal by \$400,000. Pick 3 is tracking about \$200,000 ahead of its annual target of \$15.5 million.

There was discussion regarding the jackpot projections.

### **FY24 Projected Sales, Expenses, and Disbursements**

Mr. Aldag reported that FY24 scratch sales includes a big goal and projections have been adjusted to reflect current scratch sales.

Vacancy savings will be offset by bringing in temporary staff. The hiring process is moving along and the Lottery is receiving good candidates.

There was discussion regarding the decline in proceeds numbers and if that number will continue to decline. Mr. Aldag responded that the proceeds number is completely sales dependent. Other lotteries have published reports that showed no growth and stayed flat. Mr. Seaver added that focus is being put on placing the best games out in the market to try and increase numbers.

There was discussion regarding the upcoming changes and enhancements with multi-state jackpot games which could change future projections. Chairman Podolski asked whether there was a correlation between the economy and lottery sales. Mr. Seaver responded that when discretionary income goes down, so does lottery sales.

## **Director's Report**

- FY25 Decision Item – David Aldag and Tom Campbell

Mr. Aldag reported that the FY24 decision item was approved to add \$5 million to retailer spending. The JBC approved one year and required the Lottery to return for approval for FY25 and the hearing is occurring in December. The decision item asks for an additional \$5 million to spend on additional vending machines and equipment. The spending authority gives the opportunity to provide retailers with digital boards and jackpot signs.

Chairman Podolski asked whether the Commission needs to approve anything. Mr. Seaver responded that this information is only for the Commissioners knowledge. Retail space is incredibly competitive with marketing and having the additional equipment will help get lottery products noticed by consumers.

There was discussion regarding the age verification with purchasing lottery products. Colorado is the second state to turn on age verification on 100% of the vending machines.

There was discussion regarding replacing the scanners on vending machines for ID verification. A marketing program is being developed to help educate customers on scanning their IDs to make purchases and reassure them that the Lottery isn't tracking their information or purchases. Sales have not dropped due to the vending machines requiring ID verification, customers have just used other methods to purchase their lottery products.

- 2024 Colorado Lottery Calendar – Tiffany Ramsdell

Ms. Ramsdell presented the 2024 Colorado Lottery calendar that features birds of Colorado. Photos were sourced from local photographers.

- NASPL Milwaukee Recap – Tom Seaver, Tom Campbell and Scott Chavkin

Mr. Campbell reported that Nicole Malachowski, the first Thunderbird pilot, was a notable keynote speaker. Her presentation resonated in the sense that everyone is their own worst critic and that sometimes grips are held too tightly when there is turbulence with things. There was an in-lane sales booth that provided pertinent information. There were also great connections made during the conference.

Mr. Chavkin added that the keynote speakers were inspirational and the connection to other lottery colleagues proved to be beneficial. Washington launched Cash Pop recently and there was an opportunity to ask how the game was performing so far. There was also

an opportunity to speak with the New Mexico lottery about a new game called “Oro” that Colorado is looking at adding and that game had won an award at the conference.

Mr. Seaver gave accolades to the Lottery marketing team and Mr. Chavkin’s success with representing the Lottery on a panel.

Pat Lance, with MUSL, provided high remarks to Mr. Seaver in regards to Mike Strasser’s commitment, professionalism and contribution to the RFP evaluation committee.

Mr. Seaver was also asked to lead the NASPL research committee and he accepted.

Mr. Seaver also spoke of the notable keynote speaker, Ms. Malachowski, and the opportunity of thanking those on the team for success.

There was discussion regarding the difference between NASPL PDS held in Denver and NASPL Milwaukee. The conference in Milwaukee provides more interactions with vendors that weren’t present in Denver.

Vice Chair Clayton congratulated the Lottery team and expressed interest in having media attention placed on the success. Commissioner Deslongchamp also congratulated the team and expressed interest in having publicity placed on the success.

- New Game Activation Performance – Tom Campbell

Mr. Campbell reported that information was gathered from other states and the goal is to have retailers activate new games the Friday after the new game launches. In the past, the target was two weeks but was reduced to one week. The holiday games include a six game launch. The tier-one goal is 70% of retailers activating the new games, tier-two is 80% and the tier-three goal is 90% of retailers activating the new games. Average activations have been between 45-55% of retailers. In one launch, activations have gone up 15%.

Sales reps are training retailers on the self-return function and providing information on which games to pull based on sales. An incentive for retailers to activate games was created to help motivate quicker activations.

- Batchy Awards – Scott Chavkin

Colorado Lottery won a Batchy in the following categories: Radio Advertising – Corporate/Beneficiary for “Funding the Fun”, Print Advertising – Corporate/Beneficiary for “Bears” and Special Category – Best Use of Humor/Television for “Golden Riches”.

The Director’s Report was concluded at 9:25 a.m.

## **Commission Items**

- The December Commission meeting will be moved from December 13<sup>th</sup> to December 14<sup>th</sup> at 1:00 p.m.
- Ms. Anderson introduced the Lottery's newest hire, Adrian Varney. Ms. Varney is the new Proceeds Manager and comes to the Lottery with vast experience working with the beneficiaries having come from GOCO. Ms. Varney expressed excitement about the position.
- Commissioner Hanuman asked Ms. Whitman about how best to ask a legal question that may be of interest to the other Commissioners. Ms. Whitman requested an offline discussion to go over the question before bringing it to an open meeting.

## Adjournment

Chairman Podolski adjourned the meeting at 9:30 a.m.

*Heather Love*

Completed by: Heather Love

December 14, 2023

Date of Approval