Minutes for the Colorado Lottery Commission

Call to Order

A Commission Meeting for the Colorado Lottery was held on Wednesday, February 9, 2022 via Zoom. The meeting was called to order at 8:01 a.m. and was presided over by Chairwoman Peterson.

Attendees

In attendance were the following:

Stella Peterson, Chairwoman	Todd Greco, Lottery
Stan Podolski, Vice Chair	Scott Chavkin, Lottery
Bill Clayton, Commissioner	Cristi Gannon, Lottery
Arnold Hanuman, Commissioner	Daniel Bewley, Lottery
Heather Love, Commission Secretary, Lottery	Emily Stewart, Lottery
Tom Seaver, Senior Director, Lottery	Mike Strasser, Lottery
Jennifer Anderson, Deputy Director, Lottery	Nancy Bartosz, Lottery
Suzanne Karrer, DOR	Christian Hawley, Lottery
Dwayne Wilson, IGT	Dave Aldag, Lottery
Tyson Barr, IGT	Terri Geier, Lottery
Danielle Reino, Cactus	Peggy Brown, PGCC
Ethan Nosky, Cactus	Rick Reyes, Lottery
Jay Sisson, Lottery	
Marie Valtakis, Lottery	
Tom Campbell, Lottery	
Heidi Bonzer-Smith, Lottery	

Introductions and Welcome

Public Comment

Chairwoman Peterson called for public comment. There was none.

Lottery Spotlight

Mr. Chavkin presented the Rocky Mountain PBS television spots for Fishers Peak and Breeze Park.

Approval of Minutes

A motion to approve the minutes from the January 12, 2022 Lottery Commission meeting was made by Commissioner Hanuman and seconded by Vice Chair Podolski. The motion passed unanimously.

Colorado Lottery

MAIN MOTIONS
Approval of Scratch Game Guidelines, presented by Emily Stewart;
- Game #245 $50 $50 SERIES VI GOLDEN RICHES / PLATINUM RICHES

A motion to approve the Scratch Game Guidelines presented was made by Vice Chair Podolski and seconded by Commissioner Hanuman. The motion passed unanimously.

Decision Items

Approval of Scratch Games, presented by Todd Greco;
- Game #245 $50 $50 SERIES VI GOLDEN RICHES / PLATINUM RICHES

Commissioner Hanuman asked about the amount of number of prizes being different on the back of the ticket and in the commission packet. Mr. Greco responded that the packet includes the number of second chance prizes whereas the back of the ticket doesn't.

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

Scratch Game Performance

Mr. Greco reported that January totaled about $46.2 million in sales, down about $8 million from December. Compared to last year, sales are up about $3.4 million, which is trending ahead of last year. Some reasons for the lull is the economy, the King Soopers work stoppage which may have impacted sales, and a couple of snow storms causing a decline in sales. In February, should see a bump in sales from the "Cash Games" family of games. Shooting the commercial for the new games tomorrow.

Commissioner Clayton asked if there was a breakdown on what percentage of tickets are sold in different environments. Mr. Campbell responded that 56% of retailers are chain retailers and are responsible for 82% of sales. King Soopers is the largest chain retailer selling Colorado Lottery. 35% of retailers are independent retailers.

Jackpot Game Performance

Mr. Sisson reported that jackpot sales are at $26.8 million, up $1.1 million compared to December. January sales, compared to last year, are down $18.2 million due to the big Mega Millions and Powerball jackpot last year. Three jackpots were hit: Powerball on January 5th for $630 million, winners in California and Wisconsin; Lotto+ on January 19th hit at $25 million, the second largest jackpot for Lotto since the start of the game, with winners in Monument and other through Jackpocket in Pueblo; and Mega Millions hit at end of January for $421 million, with the winner California. Year-to-date, sales are up $23.3 million or around 17%.

FY21 Projected Sales, Expenses, and Disbursements

Mr. Aldag reported that still on track for the year with scratch sales between $589-591 million and jackpot sales between $250-265 million for the year.

Decision item for retailer compensation - lottery requested continuous spending authority.The JBC didn't agree for that, but did increase the amount, for FY22, from $64 million up to $70 million to help cover projected shortfalls. That amount should suffice for FY22. Unsure of what the JBC will do for FY23 but that will depend on what Colorado Lottery projects and how the budget is written.

Mr. Bewley asked if that amount will actually last for the remainder of FY22. Mr. Aldag responded that increases for retailer compensation was built in to each decision item for the next three years. There will be a clearer picture of what happens when figure setting happens for FY23.

Chairwoman Peterson asked what month the decision items are chosen for FY23. Mr. Aldag reported that the end of May will have a complete budget projection for FY23.

Director's Report

- IGT Summit Summary – Jay Sisson / Tom Campbell / Scott Chavkin

Mr. Chavkin reported that there is an innovation summit annually with IGT and Scientific Games. The first summit for 2022 happened with IGT on January 27th.

Mr. Sisson reported that IGT looks at sales and compare to other similar lotteries of either the same size or same types of portfolios/games. Mr. Sisson presented a Powerpoint presentation showing Colorado jackpot sales compared to other, similar, Lotteries including a peer comparison among a handful of specific states.

Mr. Campbell presented a Powerpoint highlighting sales, various vending machine styles and product placements within various retailers.

Commissioner Clayton asked how many peer states have their own in-state games. Mr. Sisson responded they all do except Kentucky and that the only difference is they don't have a second chance, more of a basic game.

Mr. Seaver reinforced that strengthening the in-state game is a key part of Colorado's strategy. Colorado has no votes with what Mega Millions does and only one vote in what Powerball does.

Cash5 has not been changed since 1996, when the game started. IGT looks at all of our products then gives ideas on how to change products to increase sales or new products.

- Stock Show Recap – Marie Valtakis

Ms. Valtakis reported that the Stock Show saw over 600,000 attendees, which was on par with previous years. Colorado Lottery's booth was in the "Hall of Education", which has been the same location for many years – it's a prime location with high traffic. Lottery has a presence in each rodeo with t-shirt tosses, behind the shoots experiences, seat upgrades, etc. There were two sales promotions - one for Lotto+ and a spin of the prize wheel with any $15, or more, purchase. Several Lottery staff came out and volunteered.

Chairwoman Peterson asked if there was any pushback about the mask mandate. Ms. Valtakis responded that there was no chatter but measures were in place to help protect staff. Scratch tables were not offered this year to reduce the number of people in close proximity and staff spun the wheel for customers to reduce contact points. Shields were also put in place between staff and customers to help with extra protection.

Commissioner Clayton asked if any vending machines are used. Ms. Valtakis replied there are no machines, only the booth. It was found that people prefer one-on-one interaction. The machines used at the State Fair don't see as many sales compared to in-person sales.

The Director's Report was concluded at 9:33 a.m.

Commission Items

- Commissioner Hanuman asked if there is a rule, or requirement, for retailers to report thefts within a certain timeframe. Mr. Kohnlein responded that retailers do have a requirement to report thefts within 12 hours of the occurance. If thefts are reported late and tickets are validated, full refunds are not issued. The licensing agreement also requires retailers maintain accurate inventory records.

  Commissioner Hanuman asked about the 180-day unclaimed prize timeframe. Ms. Bartosz responded that after the 180-day window passes, the prize is considered unclaimed.

Adjournment

Chairwoman Peterson adjourned the meeting at 9:38 a.m.

Heather Love
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Completed by: Heather Love

March 9, 2022
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Date of Approval