

Minutes for the Colorado Lottery Commission

Call to Order

A Commission Meeting for the Colorado Lottery was held on Wednesday, May 12, 2021 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	Ethan Nosky, Cactus
Stan Podolski, Vice Chair	Heather Love, Lottery
Jim Bensberg, Commissioner	Jay Sisson, Lottery
Hon. Dennis Maes, Commissioner	Lauren Kramp, Lottery
Jessica Ross, AGO	Malissa Murdock, Public
Tom Seaver, Senior Director, Lottery	Marie Valtakis, Lottery
Jennifer Anderson, Deputy Director, Lottery	Meghan Dougherty, Lottery
Brian Kohnlein, Lottery	Michelle Hauck, Lottery
Chris Schroll, Lottery	Mike Strasser, Lottery
Christian Hawley, Lottery	Nancy Bartosz, Lottery
Daniel Bewley, Lottery	Scott Chavkin, Lottery
Danielle DeLeon, Lottery	Summer Duncan, Cactus
David Aldag, Lottery	Todd Greco, Lottery
Dwayne Wilson, IGT	Tom Campbell, Lottery
Emily Stewart, Lottery	Tyson Barr, IGT

Introductions and Welcome

Public Comment

Chairwoman Peterson called for public comment. There was none.

Lottery Spotlight

Ms. Hawley presented the new Colorado Lotto+ television spots which paid homage to the vintage style commercials by featuring the Colorado outdoors and Lotto+ as Colorado's game.

Chairwoman Peterson asked if there was a way to tie in Colorado facts on the scratch tickets to solidify the unity between Colorado and the Lottery. Mr. Seaver responded that players have an expectation that scratch games will have certain themes. Mr. Greco added that including additional messages incur additional costs. The idea of adding fun facts can be looked at and evaluated.

Commissioner Bensberg added that the message of where the money has gone should be included on the tickets.

Ms. Hawley responded that the new billboards are out for the Lottery that feature outdoor photos promoting where the Lottery dollars are going and that no other Lottery has done this. A social media promotion is also a possibility. Ms. Dougherty added that last year's PSAs have run through thousands of stations throughout the state. This year, it's being looked at to run PSAs during the summer and conservation time frames.

Commissioner Maes asked if the players study the ticket or just play the ticket. Mr. Greco responded that most players just scratch the ticket and may turn the ticket over to see where to claim their winnings if it's a large enough prize.

Mr. Seaver added that, as the marketing plan is drafted, the Lottery will be coming back to the Commissioners for input and feedback.

Approval of Minutes

A motion to approve the minutes from the April 14, 2021 lottery Commission meeting was made by Commissioner Maes and seconded by Vice Chair Podolski. The motion passed unanimously.

Colorado Lottery

MAIN MOTIONS

Approval of Scratch Game Guidelines, presented by Emily Stewart;

- Game #206 \$10 SET FOR LIFE
- Game #207 \$20 SET FOR LIFE
- Game #208 \$50 SET FOR LIFE
- Game #209 \$5 \$100,000 MONEY GAME
- Game #210 \$10 \$500,000 SPOTLIGHT GAME XI
- Game #211 \$20 \$500,000 CROSSWORD

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

Approval of Repeal of Scratch Games, presented by Emily Stewart;

- Game #135 \$ \$100,000 CHILI TRIPLER
- Game #143 \$ eXTREME MATCH
- Game #144 \$ eXTREME BUCKS

- Game #148 \$ LOTERIA

Commissioner Maes asked if there's a chance that these games will be reintroduced to players after a break. Mr. Greco responded that these games are being looked at both as the same game being brought back or similar themed games.

A motion to approve the Repeal of Scratch Games presented was made by Bensberg and seconded Podolski by The motion passed unanimously.

Decision Items

Approval of Scratch Games, presented by Todd Greco;

- Game #212 \$1 WILD NUMBERS
- Game #213 \$3 TREASURE HUNT
- Game #214 \$3 ALL THE MARBLES
- Game #215 \$5 MONEY MATTER\$
- Game #216 \$5 PYRAMID OF PRIZES
- Game #217 \$10 TRIPLE RED 777
- Game #218 \$10 \$250,000 HOLIDAY DELIGHT/RITZY RICHES

Chairwoman Peterson asked how the scratch products are introduced and managed throughout its particular game's life. Mr. Greco responded that looking at past games through SGI's database and stats. Mr. Greco sits down with SGI to go over how games have performed compared to other games in the same price point and determine the best one to go with.

A motion to approve the Scratch Games presented was made by Chairwoman Peterson and seconded by Commissioner Maes. The motion passed unanimously.

Scratch Game Performance

Mr. Greco reported that scratch sales were at \$54.6 million last month. Last week showed the best week of scratch sales in Lottery history. In May, five new games are coming out and should provide a large boost in sales. Currently, scratch sales are \$40-45 million ahead of the FY21 goal.

Jackpot Game Performance

Mr. Sisson reported that \$15.6 million in jackpot sales – a slight decrease of 6% from previous month, due to trying to build a Powerball jackpot but it was hit. Building a big Mega Millions jackpot right now and have started trigger advertising on May 5th. Jackpot went up to \$430 million due to nobody winning the most recent draw. Started advertising Lotto+ on May 10th. As of May 8th, jackpot sales are up 13.5% or \$23.5 million ahead of projection;

ahead 50.6% compared to last year. Next month, Ms. Stewart will present the updated Powerball rules for August.

FY21 Projected Sales, Expenses, and Disbursements

Mr. Aldag reported every week this year has been higher than last year in scratch sales. Jackpot sales saw a big spike in January from the dueling national jackpots. Beneficiary proceeds - projecting over \$566 million from scratch sales and \$220 million in jackpot sales. If scratch sales continue and jackpots keep growing, these projections will be under. Projecting \$11.5 for BEST and most likely will exceed that if sales continue the way they are. Last fiscal year saw 14 weeks of scratch sales over \$10 million and this fiscal year saw 32 weeks of sales over \$10 million. Expenditure wise, the Lottery has filed paperwork with DOR to increase spending authority for retailer compensation. Currently about \$6.5-7 million under appropriated right now. Can't see the request causing a stir with the JBC. Also preparing a decision item for FY23 that will increase the retailer compensation amounts; will also be asking for an adjustment to FY22 because the appropriation hasn't been changed in years. Underspent in personal services appropriation; next fiscal year should be closer to a full spend on that appropriation. Operating costs are well within scope – no anticipated issues or problems. There are costs related to Galleria move but the rent expense will go down significantly after the move.

Vice Chair Podolski asked that, with the move, if a budgeting process can be provided. Mr. Seaver responded that the budgeting process has gotten better and Mr. Aldag can provide an explanation behind it.

Chairwoman Peterson asked if a survey will be provided to staff regarding thoughts on flexible work programs and how they're adapting to the Pierce location. Mr. Aldag responded that DOR has sent out multiple surveys regarding work locations and schedules. Mr. Seaver added that Ms. Anderson is on the committee that steers the remote work and hoteling. Ms. Anderson included that a staff survey was completed about five months ago. It was found that generally the Lottery staff who are working from home are satisfied with it and would come into the office for meetings on an as-needed basis. Hoteling space is being piloted over the summer. Surveys will be deployed throughout the first year after the move and new work location and schedules to ensure that staff feedback is taken into account in decision-making.

Mr. Seaver added that on-site workers will be those in the warehouse, BAMO, claims and drawings – positions that can't do their jobs from home. Next group will be the hoteling group – those not coming into the office everyday but will have in-office space to work when needed. Third group will be the mobile group – staff such as sales, who hardly come into the office. All employees will fall under one of the three categories and it will be how workspace is organized.

Chairwoman Peterson asked if a separate budget will be put aside for things like technology and getting staff taken care of for working from home. Mr. Aldag responded that there was

money available in the operating budget to cover staff when they were sent to work from home. About 10-12 laptops were purchased with most staff already having a laptop. There is an ongoing replacement plan for all computers, both desktop and laptops and is built into the budget. From an equipment perspective, sending staff to work from home was a minor event. Ms. Anderson added that OIT requires computers are updated on an ongoing basis.

Director's Report

- Game Reprints – Tom Seaver

Mr. Seaver reported that two years ago, the Commission granted permission to reprint games without having to get additional approval. The increased number of scratch sales has put pressure on scratch inventory. An additional step to help get more inventory into the warehouse and retailers would be reprinting. Reprinting would take a closed game and bringing it back. In the last several months, an extra available game has been needed to fill empty spots. Even with reordering games, the amount of selection has not been ideal. Would like to include reprinting to the list of options when it comes to adding inventory. For the Commissioners consideration, it was asked to allow the authority to reprint games. Mr. Seaver spoke with Jessica Ross, from AGO, and it was determined that if the guidelines have the language allowing a reprint, it would be allowable. The preference would be not to have to use the reprint language and continue introducing new games but to have the option can serve as a safety blanket without having to call an emergency commission meeting. Ms. Ross included that an executive session can be held for any legal questions the Commissioners might have.

Proposing any questions regarding reprinting games in order to provide answers at the next meeting. There is no emergency at the moment with inventory but thinking ahead to prepare for any worst case scenarios.

Vice Chair Podolski asked if there would be a downside in the public's eye. Mr. Seaver responded that, to the public, this shouldn't be a visible decision. Only popular games would be reprinted and, to the public, it would be the availability of a game they've already played. Reprints can be executed much faster and would be a reaction to an emergency lack of inventory.

Commissioner Bensberg asked that, if reprinting is used, that the Commissioners are being informed about it. Mr. Seaver responded that this will be a tool not used very often but that the Commissioners will be notified.

Commissioner Maes asked Ms. Ross about codification and notice – if there will need to be any hearing or public notice. Ms. Ross responded that any legal advice should be done in an executive session. Mr. Maes recommended that there be an executive session at the next meeting to make sure that everything is being done to protect the integrity of the Lottery. The Commissioners unanimously agreed. Chairwoman Peterson added that she would like to also address what type of events would lead to the need of reprints and

whether the quick turnaround results in additional costs. Mr. Seaver responded that those topics will definitely be addressed and next month's agenda will include an executive session.

- Starburst Awards Events Update – Daniel Bewley

Mr. Bewley reported that since last month, press releases have been sent out, including a personalized version sent to each winner's local media. Mr. Bewley and Ms. Valtakis already have events on the calendar with June being a very popular month. Saturday June 5th, at Barr Lake State Park, there is a free fishing weekend and will highlight the ADA fishing pier project. A tent will be set up and CPW will be handing out some free fishing equipment. 10 a.m. to 2 p.m. and the award ceremony will be around noon. Meeker Colorado is also happening June 5th where Mr. Bewley will be joined by Mr. Seaver. CPW will also be there for another fishing event. There will also be a free lunch and presentation between 9 a.m. and 12 p.m., with the presentation at 11 a.m. Saturday, June 12th, in Montrose, Colorado will celebrate the Connect Trail project, as part of FUNC Fest; it is expecting up to 25,000 people and the Lottery will present the award to the City of Montrose and Recreation District around 4 p.m. on the main stage. Saturday, June 19th, Hotchkiss will have a ribbon cutting ceremony to celebrate the opening of their new fields.

Mr. Seaver added that this is the favorite part of his job – getting to see the impact that these projects have on communities, especially the smaller ones, is a great feeling. The summer will be a busy one but in a good way.

- State Fair Update – Marie Valtakis

The State Fair is happening at the end of August with a full fair being planned, still adhering to safety guidelines. Won't know of any restrictions until the end of June or early July but currently expecting full capacity. Currently working to secure a band to present and there will be a promotion to get tickets out. The concert is scheduled for Sunday, September 5th and any of the Commissioners will be welcome to attend. Commissioner Bensberg asked if the Legislation BBQ will be held. Ms. Anderson responded that the BBQ is still currently scheduled.

Commissioner Bensberg asked if Lottery is working on the All-Star game. Ms. Valtakis responded that if there's any opportunity to participate, the Rockies will let the Lottery know.

- Kathi J. Show – Meghan Dougherty

Ms. Dougherty reported that Kathi J. is very well known in the Denver market. Lottery has been asked to be a sponsor of a show that Kathi J. is hosting. It will air locally on Channel 3 and Kathi J. is very friendly and bubbly, with her audience consisting of 69% female and 31% male. Lottery will get a 4-5 minute segment once a month which will be a great opportunity to promote proceeds projects, WIGS, pillars, etc. – things that don't always

translate to paid media. The sponsorship will start in August and run through January 2022, airing weekdays 9-10 a.m., repeating at 2-3 a.m. The cost to join the show is really affordable, at \$40,000, being that it's so new.

Chairwoman Peterson asked if being a part of the show will mean other stations won't want to work with Lottery. Ms. Dougherty responded that working with Kathi J. won't affect working with other stations.

Chairwoman Peterson also asked if the news segment spots could be transferred over to GOCO or other areas the Lottery works with. Ms. Dougherty responded that partnering up with the Lottery's partner is definitely an option.

Chairwoman Peterson asked if there's a plan in place should Kathi J. or her crew says anything that doesn't align with the Lottery's values. Ms. Dougherty responded that Kathi J. will be speaking directly from the Lottery's script and the Lottery has entire control of the whole message. Should anything out of the ordinary happen, the Communications team is always ready to respond with statements.

The Director's Report was concluded at 9:46 a.m.

Commission Items

There were none.

Adjournment

Chairwoman Peterson adjourned the meeting at 9:47 a.m.

Heather Love

Completed by: Heather Love

June 9, 2021

Date of Approval