

Minutes for the Colorado Lottery Commission

Call to Order

A Commission Public Hearing for the Colorado Lottery was held on Wednesday, December 12, 2018, at the Denver Lottery Office, 720 S. Colorado Blvd., Denver, CO 80246, and via videoconference at the Pueblo Lottery Headquarters, 225 N. Main St., Pueblo, CO 81003. The meeting was called to order at 8:06 a.m., and was presided over by Chairman Jim Bensberg.

Attendees

In attendance were one (1) Chair, (1) Vice Chair, two (2) Commissioners, sixteen (16) representatives from the Colorado Lottery, two (2) representatives from Cactus, two (2) representatives from Scientific Games, one (1) representative from the Attorney General's Office, one (1) representative from IGT, one (1) representative from the Department of Revenue (DOR), and five (5) members of the public.

Present in Denver:

Jim Bensberg, Chair
Stella Peterson, Vice Chair
Stan Podolski, Commissioner
Colin Waters, Lottery
Corry Powers, Lottery
Joe Conrad, Cactus
Summer Hershey, Cactus
Tom Horvat, Lottery
Todd Greco, Lottery
Angela Saviano, Sci Games
Carla Schaefer, Sci Games
Tom Cargal, Lottery
David Skaggs, Denton's
Michael Verdone, BBC Research
Cindy Delaney, AGO
Paul Cave
Sara Kurtz, Eide Bailly
Tom Seaver, Lottery
Heidi Humphreys, DOR
Trisha Macias, Lottery
Christian Hawley, Lottery
Bryan Brune, Office of the State Auditor

Present in Pueblo:

Dennis Maes, Commissioner
Juslena Trujillo, Lottery
Dwayne Wilson, IGT
Cristi Gannon, Lottery
Nancy Bartosz, Lottery
Byron Martinez, Lottery
Brian Kohnlein, Lottery
Carol Sanchez, Lottery
Jennifer Anderson, Lottery
Jay Sisson, Lottery

Lottery Spotlight

Tom Seaver presented an On the Spot Award to Jennifer Anderson for her excellent leadership and problem solving in handling the Lottery's responses to the Performance Audit before the Legislative Audit Committee. Ms. Anderson took the lead in providing answers to their questions and in creating new policies in response to the audit findings.

Colorado Lottery

MAIN MOTIONS

Approval of Repeal of Scratch Games, presented by Trisha Macias;

- Game #684 Fire & Ice
- Game #815 Game Changer
- Game #840 Poker Champion
- Game #855 Birthday Bash

A motion to approve the repealed games presented was made by Commissioner Podolski and seconded by Vice Chair Peterson. The motion passed unanimously.

Public Comment

Chairman Bensberg asked for public comment. There was none.

Chairman Bensberg adjourned the public meeting at 8:11 a.m.



Completed by: Trisha Macias



Date of Approval

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Attendees

In attendance were one (1) Chair, (1) Vice Chair, two (2) Commissioners, sixteen (16) representatives from the Colorado Lottery, two (2) representatives from Cactus, two (2) representatives from Scientific Games, one (1) representative from the Attorney General's Office, one (1) representative from IGT, one (1) representative from the Department of Revenue (DOR), and five (5) members of the public.

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Byron Martinez, Lottery
Brian Kohnlein, Lottery
Carol Sanchez, Lottery
Jennifer Anderson, Lottery
Jay Sisson, Lottery

Approval of Minutes

A motion was made by Vice Chair Peterson to approve the minutes for the Commission Meeting held on November 14, 2018, and was seconded by Commissioner Podolski. The motion passed unanimously.

FY17 Financial Audit Report

Sara Kurtz from Eide Bailly presented the audit report for FY18 financial statements. The report summary indicated a clean audit. There were no prior audit recommendations to be implemented and all statutory requirements were found to have been met by the Lottery.

Financial Reports

Cristi Gannon presented financials for the first quarter ended September 30, 2018. Sales and operating expenses were up compared to September 2017. Distributions are almost equal to last year this time. Game costs increased due to a combination of increases in prize expense, retail expense, and retailer bonuses. Jackpot prize percentages are down 4.6% compared to last year due to \$500,000 in unclaimed prizes in Powerball and Mega Millions.

Mr. Seaver added that there are always big unclaimed prizes associated with big jackpot runs from players not redeeming small prize tickets.

Ms. Gannon continued with the projections sheet where sales were updated to actual through November. Lotto was adjusted for Powerball and Mega Millions jackpot hits. Proceeds are shown as having gone down since all jackpots were hit in November and need to grow again. An increase in the proceeds goal with a spillover is still forecasted for the year. Projections will be adjusted after holiday sales are finalized.

She added that the second \$3M winner on a \$50 ticket came forward to claim their prize. The winner is from Fruita. One more \$3M prize remains.

Decision Items

Approval of Scratch Games, presented by Todd Greco;

- Game #109 \$2 Super 7-11-21
- Game #110 \$5 Classic Ca\$h
- Game #111 \$5 Deco Dollar\$
- Game #112 \$10 \$500,000 Spotlight Game VIII
- Game #113 \$20 \$20,000,000 Series X

A motion was made by Vice Chair Peterson to approve the games presented and was seconded by Commissioner Podolski. The motion passed unanimously.

Director's Report

- **Lottery Economic Impact Study**

Michael Verdone presented final results of the Lottery Impact Study. The study was done in collaboration with Cactus, evaluating data through 2017. The study was concerned with the impacts created through Lottery operations and by the distribution of proceeds and investments on infrastructure by proceeds partners. Highlights of the study include:

- From 1983-2017 cumulative spending sustained 2,300 jobs per year, \$3.2B in labor income distributed among 120 industries, \$7.6B in total economic outputs, and \$584M in tax revenue for state and local governments.
- Colorado's outdoor recreation industry is second in employment and third in output in the state, to which the Lottery's investments are directly contributed.
- The return on investment is the largest legacy of the Lottery. Investments in the outdoors return yields every year and the benefits continue to accrue. An additional benefit of Lottery proceeds is to leverage other funds that might not otherwise be available.

The study also looked at future impacts over the next five years. Each year an estimated 3,015 jobs will be supported, \$160M in labor income and \$27M in state and local tax revenue generated, and \$144M proceeds distributions provided.

Colin Waters added that this study will be shared with proceeds partners. The study amplifies the significant impact the Lottery provides to Colorado outdoors.

Mr. Seaver noted that these numbers provide a challenge to perform better and to become a larger part of conservation efforts in Colorado rather than just provide entertainment. He added that lottery proceeds in other states go into the general fund and can't be followed. Colorado is unique in being able to share what the Lottery provides for in tangible ways.

The Director's Report was concluded at 8:51 a.m.

Commission Items

Chairman Bensberg acknowledged the passing of Commissioner Knierim. Mr. Seaver informed the Commission that the Governor's Office is in the process of naming a new Commissioner.

Jennifer Anderson reviewed a Draft Training Policy with the Commission. Cindy Delaney will develop training materials and the training schedule will begin in the spring. Commissioners expressed a preference to receive training in one day rather than spread out over the year.

The February Commission Meeting will be moved to Denver with videoconference to Pueblo to accommodate a beneficiary presentation.

Commissioner Maes asked when the new Governor will finalize his appointments. Heidi Humphreys responded that updates are being posted to www.boldlyforward.co.

Mr. Seaver notified the Commission that the Lottery received recognition awards from NASPL for the Family of Games thirty second commercials and our foray into virtual reality, which no other lotteries have done. The awards recognize effective marketing strategies that drive sales and awareness to our causes as opposed to just promoting games.

Public Comment

Chairman Bensberg asked for public comment. There was none.

Adjournment

Chairman Bensberg adjourned the meeting at 9:09 a.m.

Trisha Macias

Completed by: Trisha Macias

1/9/19

Date of Approval