

Minutes for the Colorado Lottery Commission

Call to Order

A Commission Meeting for the Colorado Lottery was held on Wednesday, April 14, 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	Emily Stewart, Lottery
Stan Podolski, Vice Chair	Ethan Nosky, Cactus
Jim Bensberg, Commissioner	Heather Love, Lottery
Bill Clayton, Commissioner	Kelly Tabor, Lottery
Hon. Dennis Maes, Commissioner	Lauren Kramp, Lottery
Tom Seaver, Senior Director, Lottery	Meghan Dougherty, Lottery
Jennifer Anderson, Deputy Director, Lottery	Michelle Hauck, Lottery
Jessica Ross, AGO	Mike Strasser, Lottery
Sara Killeen, AGO	Mindy Chapman, Lottery
Betsy Schmerge, Lottery	Scott Chavkin, Lottery
Brian Kohnlein, Lottery	Suzanne Karrer, DOR
Cristi Gannon, Lottery	Todd Greco, Lottery
Daniel Bewley, Lottery	Tom Campbell, Lottery
David Aldag, Lottery	Tyson Barr, IGT
Dwayne Wilson, IGT	

Introductions and Welcome

Public Comment

Chairwoman Peterson called for public comment. There was none.

Lottery Spotlight

Ms. Dougherty presented a NASPL article which highlights Phu Nguyen, in Denver claims. Mr. Nguyen started with the Colorado Lottery in November 2019 and was surprised at how much money the lottery spends on outdoor projects and preservation. The article features photos of Mr. Nguyen in his workspace along with personal photos such as him and his family and his dogs.

Approval of Minutes

A motion to approve the minutes from the March 10, 2021 lottery Commission meeting was made by Vice Chair Podolski and seconded by Commissioner Maes. The motion passed unanimously.

Colorado Lottery

A motion to open the rulemaking hearing was made by Vice Chair Podolski and seconded by Commissioner Maes. The motion passed unanimously.

Ms. Stewart presented Rule 14.E, for Lucky for Life. Formatting errors were identified and corrected within this Rule. Additional language was changed to reflect Lucky for Life becoming a daily drawing and that all draws will be videotaped.

Mr. Seaver responded that it takes players about six months to change their playing habits. When looking at other lottery's sales curves, the player's behavior could be monitored through spikes and when it dropped back down to their normal levels and what those time frames were.

A motion to close and approve rulemaking hearing was made by Chairwoman Peterson and seconded by Vice Chair Podolski. The motion passed unanimously.

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

- Game #136 \$20 BACK SCRATCH SERIES III
- Game #139 \$10 \$250,000 CROSSWORD

A motion to repeal scratch game made by Commissioner Maes and seconded by Vice Chair Podolski.

Decision Items

Approval of Scratch Games, presented by Todd Greco;

- 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

Vice Chair Podolski asked if there was a cash option for the "Set for Life" Games. Mr. Greco responded that there is a cash option but won't be determined until the prize is claimed due to the fluctuation of annuity prices. The Lottery would purchase the annuity, just as any other game that offers a cash prize option.

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 scratch game performance in March was at \$55.4 million and surpassed any amount of sales since 1983. Up \$9.8 million compared to February. Currently, over \$30 million over goal going into April. The best week of sales happened last week of over \$14 million, which has never happened in the history of Colorado Lottery. Averaging \$12 million in sales the past couple of months.

Chairwoman Peterson asked if there are any high-level strategies in place with the amount of sales happening. Mr. Greco responded that the success is a culmination of a number of things: number of tickets being sold, the variety of games and different price points, stimulus money, tax return money, etc. While planning for FY22, will continue to keep momentum going with using the same structural factors that have been put in place.

Mr. Seaver added that, for some states, the “Set for Life” games are the most popular games and sell the best. There are a lot of exciting things ahead, for FY22, and looking forward to continued growth.

Chairwoman Peterson asked if there were any skeptics in the past when sales are down and if there is a strategic way of showing them how strong the Colorado Lottery and its teams are. Mr. Seaver responded that a weekly report is sent to the Cabinet that highlights the positives of the Colorado Lottery. Another important thing is continuing to tell the proceeds members about the positive information and, with these sales numbers, more money will be available than ever for outdoor projects.

Jackpot Game Performance

Mr. Sisson reported that there were \$16.7 million in jackpot sales during March, almost \$2.8 million over compared to February. Currently, Mega Millions has a \$220 million jackpot and is getting closer to reaching the trigger campaign threshold; hoping to hit the trigger in May. About \$23.3 million ahead of goal and should be up over \$30 million at the end of the fiscal year.

The drawing for double play will happen after the original Powerball drawing and the same matrix is being used. The same odds of playing Powerball will be used for the double play. Mr. Seaver added that this will be another player education opportunity for the Colorado Lottery. When Lotto was changed to Lotto+, a lot of care was taken when introducing the change. Like, Lucky for Life, this was a decision made by the MUSL group. Colorado Lottery chose to participate in the double play whereas the Lucky for Life rule change was mandated. Mr. Sisson included that when a game is introduced with an add-on immediately, it's received more favorably than choosing to wait and include the add-on.

Chairwoman Peterson asked how these games are decided in getting changed. Mr. Sisson responded that the Lotto+ change was discussed for 15-20 years and a vendor recognized another state that used an add-on and had great success. The Lucky for Life and Powerball

are both multi-state games and when changes are proposed, the Colorado Lottery doesn't have a vote. When changes come across, the Colorado Lottery either has to absorb and adapt or leave the game entirely.

FY21 Projected Sales, Expenses, and Disbursements

Mr. Aldag reported that every week has exceeded the previous week's sales. Jackpot sales are 4% ahead of target and its holding steady. Right after the big jackpots were hit saw a dip in sales. Using moderate projections, about \$549 million compared to goal of \$535 million. \$219 million vs. \$201 million for jackpot sales. Overflow in excess of \$19.2 million for BEST compared to last year of \$14 million. Incurring some operating costs due to the move from the Galleria to Pierce. Projecting being \$7-8,000 under spending authority. Working on FY22 budget – there are no unanticipated expenditures or anything out of the ordinary.

Director's Report

- May Retailer Blitz – Tom Campbell

Mr. Campbell reported that the retail quick strike in May – retail network consists of 3,000 retailers. Sales teams help retailers with inventory, jackpot promotions, maintaining equipment, placing POS, training on all lottery topics, etc. Under normal circumstances, this would be done face-to-face but both the sales team and retailers have had to adapt to working around the pandemic. Sales reps have gone out on a limited basis, and on a volunteer basis by the reps, time was limited in the retailer and CDC guidelines were adhered to. It was stressed that nobody was required to go out into the field unless they feel safe.

New ordering system was introduced, called Sales Wizard. Launched 59 scratch games, enjoyed two large jackpot runs and had a record week of sales of \$14 million. Mr. Campbell has gone out to retailers and have been told that, with the relationships built between the reps and retailers, the retailers themselves don't want to let down the sales reps. Need to train retailers on the new Powerball add-on. Two-week time frame in May, reps can visit retailers, at will, to do cleanup, train, etc. Hoping to be back in the field by July.

- Lottery Commission Vacancy – Tom Seaver

Mr. Seaver reported that Commissioner Maes' last day of his term is June 30th and that the new Commissioner will have to be an attorney, according to the commission board guidelines. Mr. Seaver asked the commissioners to forward the names of anyone that they think may be interested and who qualify for the vacant position. Mr. Seaver thanked Commissioner Maes for his work and dedication to the commission. Mr. Maes responded that he reached out to the president of the Pueblo County Bar Association regarding the upcoming vacancy and has encouraged local members from the bar association to consider applying.

- Starburst Awards – Daniel Bewley

Mr. Bewley presented a slideshow on the 2021 Starburst Award Winners. There are 11 winners that include over \$10 million in lottery funds used. The winners were: Big Dry Creek Project in Thornton, Breeze Park in Craig, Crossroads Ballfields in Hotchkiss (North Fork Recreation District), ADA Fishing Pier at Barr Lake State Park in Adams County, Connect Trail in Montrose, Rouse Park in Canon City, Laramie Foothills Expansion in Larimer County, Garden Acres Park in Longmont, Mt. Columbia Trail Restoration for the Colorado Fourteeners Initiative, Circle Park Pond in Meeker as part of the Eastern Rio Blanco Metro Recreation and Park District, and Brush Creek Valley Ranch in Eagle County.

- Decision Item Update – Daniel Bewley

Mr. Bewley reported that the Decision Item was partially approved. The Colorado Brewers Guild and Colorado Taverns League were big supporters of Keno, but the Lottery did not have the votes to support that portion of the decision item at this time, so it was withdrawn. The portion regarding variable cost contract with SGI was unanimously approved. The Colorado Lottery considers this a huge win. It is expected to result in an additional \$2.8 million in FY 22 and an additional \$10 million in FY23. Ms. Anderson included that it was great to have such strong support from the commission and the department with regard to getting this decision item approved.

The Director’s Report was concluded at 9:28 a.m.

Commission Items

- Commissioner Podolski asked whether the meeting in August will be had in Pueblo. Mr. Seaver responded that, with the fluid situation, it’s hard to give a definitive answer. Lottery services will be present at the fair but it’s unsure if things like the Legislative BBQ and meetings will be had. With the number of cases going down and more vaccines available, there’s a possibility.

Adjournment

Chairwoman Peterson adjourned the meeting at 9:31 a.m.

Heather Love

Completed by: Heather Love

May 12, 2021

Date of Approval