

Minutes for the Colorado Lottery Commission

Call to Order

A Commission Meeting for the Colorado Lottery was held on Wednesday, July 21, 2021 via Zoom and in person. The meeting was called to order at 08:00 a.m. and was presided over by Chairwoman Peterson.

Attendees

In attendance were the following:

Stella Peterson, Chairwoman	Danielle DeLeon, Lottery
Stan Podolski, Vice Chair	Chris Schroll, Lottery
Bill Clayton, Commissioner	Nancy Bartosz, Lottery
Jim Bensberg, Commissioner	Cristi Gannon, Lottery
Arnold Hanuman, Commissioner	Danielle Reino
Tom Seaver, Senior Director, Lottery	Betsy Schmerge, Lottery
Jennifer Anderson, Deputy Director, Lottery	Ethan Nosky, Cactus
Heather Love, Commission Secretary, Lottery	Brian Kohnlein, Lottery
Jessica Ross, AGO	Byron Martinez, Lottery
Christian Hawley, Lottery	Scott Chavkin, Lottery
Todd Greco, Lottery	Mike Strasser, Lottery
Terri Geier, Lottery	Meghan Dougherty, Lottery
Daniel Bewley, Lottery	LuAnn Caligaris, Lottery
Meridith Vaughan, Vladmir Jones	Tyson Barr, IGT
Jim Morrissey, Vladmir Jones	Dave Aldag, Lottery
Suzanne Karrer, DOR	Emily Stewart, Lottery

Introductions and Welcome

Ms. Anderson introduced the newest Lottery Commissioner, Arnold Hanuman. Mr. Hanuman is the Deputy Director of the Colorado District Attorney's Counsel with prior experience as the District Attorney with the Boulder DA Office and an Assistant State Attorney with Princess George County in Maryland. Currently, Mr. Hanuman serves on two separate task forces, the Statewide Problem Solving Court Advisory Committee and the Governor's Marijuana Record Sealing Workgroup. Mr. Hanuman's education include the University of Maryland School of Law, Oxford in England and Colorado University Boulder.

Public Comment

Chairwoman Peterson called for public comment. There was none.

Lottery Spotlight

Ms. Hawley presented the new “Set for Life” family of games commercial that features a Colorado Lottery winner depositing her oversized lottery check by handing it over the bank teller’s window.

Approval of Minutes

The motion to approve minutes from June 9, 2021 will occur during the August 27, 2021 meeting.

Colorado Lottery

MAIN MOTIONS

Approval of Scratch Game Guidelines, presented by Emily Stewart;

- Game #219 \$1 \$10,000 JACKPOT
- Game #220 \$2 \$20,000 JACKPOT
- Game #222 \$5 \$100,000 JACKPOT
- Game #223 \$10 \$250,000 JACKPOT
- Game #224 \$20 \$1,000,000 JACKPOT

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

Request for initial approval of Game #221 \$140,000 Bingo Night, presented by Todd Greco.

A motion to initially approve Game #221 was made by Commissioner Clayton and seconded by Vice Chair Podolski. The motion passed unanimously.

Approval of Scratch Game #221 \$5 \$140,000 Bingo Night, presented by Emily Stewart.

A motion to approve the Guidelines of Scratch Game #221 was made by Commissioner Bensberg and seconded by Commissioner Clayton. The motion passed unanimously.

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

- Game #126 \$50 SERIES III
- Game #137 \$5 SUPER SPECIAL BONGO BONUS BINGO

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

Decision Items

Approval of Scratch Games, presented by Todd Greco;

- Game #221 \$5 \$140,000 BINGO NIGHT
- Game #225 \$1 WINTER MAGIC
- Game #226 \$1 HAPPY HOLIDAY
- Game #227 \$3 DECK THE HALLS
- Game #228 \$5 HOLLY-DAY PAYOUT

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

Scratch Game Performance

Mr. Greco presented that in the month of June, scratch sales were at \$45.4 million – down around \$8 million from the prior month. FY21 had \$85 million more in sales than in FY20. July should be a good month to start off FY22 with the launch of eight new games, including the new family of games “Set for Life”.

Jackpot Game Performance

Mr. Aldag reported that June was the second lowest month for jackpot sales but that, overall, FY21 saw \$221 million in sales. Currently, jackpots continue to grow and should help contribute to a good start to FY22.

FY21 Projected Sales, Expenses, and Disbursements

Mr. Aldag reported that in FY21, most weeks of sales exceed the prior year’s weeks. Jackpot sales totaled almost \$222 million, 10% over the \$201 million goal.

For beneficiary proceeds, the June numbers will be set up over the next few weeks. Currently projecting \$166-167 million in proceeds. There was recent legislation that passed which will effect FY21.

Reached the GOCO cap as early as the end of April 2021. The Outdoor Equity Fund is the result of the newly passed legislation and will receive overflow funds right before BEST – this legislation is effective beginning FY21. The new fund’s purpose is to serve those areas of Colorado that don’t receive as much funding.

The new legislation was passed during the most recent session and passed quickly. Ms. Anderson included that the new fund was a product of Leslie Harrod. Grants will be made available to smaller, grassroots organizations for their outdoor projects. The Lottery gave technical help with the bill don't take a position on where the funding goes due to it being a legislative decision on allocation.

The Outdoor Equity Fund will be housed under CPW. Commissioner Clayton added that the bill came through during the last two weeks of legislation and was passed quickly. The board members will be chosen through an open and public process.

Had requested an increase in spending authority back in May and was granted. Now have enough spending authority approval to meet the financial obligations to retailers. Submitted a request, through DOR, to the JBC requesting approval to increase spending authority without continuously returning to the JBC – this would be dependent upon sales.

For FY22, the scratch sales goal is at \$600 million and jackpot sales at \$225 million, totaling \$825 million. Beneficiary distributions are estimated at around \$165 million. Still negotiation happening with the new SGI contract.

Director's Report

- State Fair Update – Christian Hawley
Ms. Hawley reported that the Lottery building at the State Fair is getting some upgrades and cleaning. Lottery day is on September 5th – any winning, or non-winning, lottery ticket will give fair goers a \$3 discount on their admittance. With the \$20 purchase of any Lucky for Life, Powerball or Mega Millions, customers will receive a free ticket to the Loverboy concert which is sponsored by the Lottery.
- Retailer Top Prize Selling Bonus – Tom Campbell
Mr. Campbell reported that the Colorado Lottery falls in line with most states that pay a flat rate to retailers for selling bonuses. Six other states were researched and a slide was presented showing the prize level, selling bonus and whether it is in line with the other six states or if it's new. The purpose of the retailer top prize selling bonus is to get retailers excited and try to upsell the jackpot games.
- Game Approval Timeline – Todd Greco
Mr. Greco presented that the timeline to get scratch game guidelines approved was much longer about 20 years ago. Now that more games are being introduced, at a faster pace, it's proposed that both the initial approval and game guidelines get approved during the same meeting. If there are any questions or concerns surrounding a particular game, the Commissioners can take some time to discuss and come back to the scratch game at the next meeting.
- Game Reprints – Tom Seaver

Mr. Seaver proposed using a reprint method to replace games that have either sold the top jackpot or sales have dipped and a new game is needed to rejuvenate sales. Reprints are different from reorders in three ways: reprints reintroduce a past game that has already been closed, it would require a new game number and small changes can be made to the reprinted ticket to help indicate, to both retailers and customers, that it's a new game. Reprints can help get a game into the market faster than designing a game from scratch.

After consulting with Jessica Ross, from the Attorney General's Office, it was agreed that that, if a reprint is needed, an emergency meeting would be called with the Commissioners. The reprinted game guidelines would be presented along with the reasoning for requesting the reprint.

No action is being requested during the current meeting.

- **Starburst Awards Update – Daniel Bewley**
Mr. Bewley reported that Marie Valtakis was in Craig last weekend to present a Starburst Award during their award-winning park's movie night. The Garden Acres Park, in Longmont, will be receiving the next Starburst Award during their next city council meeting on July 27th.
- **Open Meetings Law – Tom Seaver**
This topic arose out of talking about Commissioners taking a tour of the lottery, the ad agency, retailers, etc. Ms. Ross, from the AGO, gave different recommendations on how to adhere to the open meetings law with scheduling activities. It was decided that Commissioners should be scheduled individually for the above mentioned activities. If more than one Commissioner is involved, the activity would have to be announced and published.

The Director's Report was concluded at 9:43 a.m.

Commission Items

- Commissioner Bensberg asked if the backup ADM, being moved to Denver, is a permanent or temporary solution. Ms. Stewart responded that ADM 3 was moved to Denver after being housed in the Pueblo warehouse. Mr. Seaver added that there were several options for backup ADM sites but Pierce was decided upon as the best option.

Mr. Bensberg also asked about the possibility of a Lottery office in the Colorado Springs area. Mr. Seaver responded that it will continue to be brought up at the executive level but at this time, it's not a feasible option.

Adjournment

Chairwoman Peterson adjourned the meeting at 9:51 a.m.

Heather Love

Completed by: Heather Love

August 27, 2021

Date of Approval