

Minutes for the Colorado Lottery Commission

Call to Order

A Commission Meeting for the Colorado Lottery was held on Wednesday, January 10, 2024 via Zoom. The meeting was called to order at 8:03 a.m. and was presided over by Chairman Podolski.

Attendees

In attendance were the following:

Stan Podolski, Chair	Shannon Gray, DOR
Bill Clayton, Vice Chair	Heather Love, Lottery
Janelle Quick, Commissioner	Dave Aldag, Lottery
Arnold Hanuman, Commissioner	Tom Campbell, Lottery
Tom Seaver, Senior Director, Lottery	Nancy Bartosz, Lottery
Jennifer Anderson, Deputy Senior Director, Lottery	Meghan Dougherty, Lottery
Heather Whitman, COAG	Kelia Busby, Lottery
Peggy Brown, Problem Gambling Coalition of Colorado	Tiffany Ramsdell, Lottery
Kodi Johnson, DOLA	Terri Geier, Lottery
Meghan Kiss, Scientific Games	Scott Chavkin, Lottery
Jill Cumiskey, Scientific Games	Mike Strasser, Lottery
Ethan Nosky, Cactus	Adrian Varney, Lottery
Leah Taylor, Cactus	Wendy Weldon, Lottery
Dwayne Wilson, IGT	Misty Siderfin, Lottery
Tyson Barr, IGT	Jay Sisson, Lottery
Monica Hernandez, IGT	Cristi Gannon, Lottery
Lori Romine, IGT	Danielle DeLeon, Lottery

Welcome

Public Comment

Chairman Podolski called for public comment. Ms. Brown stated that March is Problem Gambling Awareness month and made a public invitation for an event at the Marriott West on March 14th. Ms. Brown will forward the event information to the Commission Secretary.

CFT / DOLA Update

Ms. Johnson presented a slideshow on the Conservation Trust Fund Program (CTF) highlighting the program's background, division of funds, distributions and the monitoring of funds.

Roll Call of Commissioners

Chairman Podolski read the roll call of Commissioners. In attendance are: Stan Podolski, Bill Clayton, Janelle Quick and Arnold Hanuman.

2024 Starburst Award Nominations

Ms. Varney reported that the 2024 Starburst Awards nominations are live and two applications have already been submitted. A number of projects will be contacted and encouraged to apply for a Starburst Award. If there are any projects that anyone would like to have considered, email Adrian at adrian.varney@state.co.us.

The Starburst Awards application can be found at <https://www.coloradolottery.com/en/about/starburst-award/>.

SGEP Update

Ms. Cummiskey reported that January 22nd is the next Sci-Q unit install date, including a couple of liquor stores, independent stores and King Soopers. There are two dispensaries that have started selling lottery products - also working on infrastructure for a few other dispensaries. Fourteen new liquor stores have been brought on and they are either in the application process or getting ready for machine install. There was discussion about types of machines being installed in dispensaries and points of contact within the dispensary market.

Mr. Seaver added that MED is sending communication to dispensaries giving a statement of awareness about Lottery and Scientific Games staff visiting stores about providing lottery products.

There was discussion about the newest liquor stores and dispensaries that will be selling lottery products. Commissioner Clayton asked for a list of new locations which the Lottery will provide.

Lottery Spotlight

Ms. Busby presented a video on the most recent prize surprise featuring Bruce and his \$250,000 second chance win.

There will be another prize surprise in a couple of months for the \$250,000 Crossword scratch game.

Approval of Minutes

A motion to approve the minutes from the December 14th, 2024 Lottery Commission meeting was made by Vice Chair Clayton and seconded by Commissioner Hanuman. The motion passed unanimously.

Decision Items

Approval of Scratch Games, presented by Scott Chavkin;

- Game #321 \$10 GAME OF THRONES
- Game #324 \$5 BLACKJACK TRIPLER

There was discussion about the licensing costs with Scientific Games and the inclusion of advertising costs.

A motion to approve the Scratch Games presented was made by Commissioner Quick and seconded by Commissioner Hanuman. The motion passed unanimously.

Approval of Scratch Game Guidelines, presented by Terri Geier;

- Game #321 \$10 GAME OF THRONES
- Game #324 \$5 BLACKJACK TRIPLER

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

Scratch Game Performance

Mr. Chavkin reported that scratch sales for December were over \$54 million, \$1.7 million more than last December and \$1.9 million more than November. Scratch sales are trending down about \$23 million below the FY24 goal, but entering strongest selling period. The Monopoly Secret Vault family games and the new \$50 scratch game should help the coming months with scratch sales.

Jackpot Game Performance

Mr. Sisson reported that overall jackpot sales were \$24.7 million, which is an increase of 25.5%, or \$6.2 million, compared to November. Compared to last year, sales are up \$2.1 million. There was one winning ticket for Lotto+ that sold on December 30th for \$2.3 million. It was sold in Pueblo at a Winners Corner. There was a \$842.4 million winning Powerball ticket on December 24th that was sold in Michigan.

Year-to-date, jackpot sales are up \$55.2 million. As of last Monday, the Powerball sales goal has been reached and any future sales are above that goal. Mega Millions is about \$9 million short of reaching its goal but should reach it within the next couple of months.

FY24 Projected Sales, Expenses, and Disbursements

Mr. Aldag reported that the scratch sales projection is at \$571.7 million for current year end. Jackpot sales are projected at \$279.5 million for current year end. Beneficiary proceeds are currently projected at \$176.5, with the prior year at \$195.3 million. There are no concerns about exceeding the vendor fees appropriation. The division had another resignation in December that dropped staffing down to 93.5 FTEs, but three new hires will be coming on board in January. There are no concerns or problems on expenditures. Fiscal is currently watching the Marketing and Comms budget closely but no concerns or problems.

There was discussion about the low staffing level and changes within HR that are affecting hiring. Mr. Aldag responded that there have been quite a few retirements this year and that it has taken longer to fill positions that it has in the past.

There was discussion about the OIT line item and OIT's change to real-time billing.

There was discussion about the leased space in Fort Collins and its designation as a GASB Statement #87 location.

Director's Report

- Monopoly Scratch Game TV Spot – Tom Seaver, Senior Director

Mr. Seaver presented the Monopoly television spot. The ad was created by the California Lottery and Colorado only had to spend about \$40,000 in editing fees to change some aspects of the commercial to reflect Colorado. Sharing the ad with California saves Colorado money and helps with the marketing budget. There was discussion about not paying extra for the licensing through SGEP.

- Update on Implementation of Recommendations 1 & 2 from the 2023 Performance Audit – Jennifer Anderson, Deputy Senior Director

Ms. Anderson reported on the update to the recommendations 1 and 2. For recommendation 1, the legal memo related to couriers is currently being updated by the Lottery's counsel and we hope to have the draft available by the next meeting. The memo is attorney-client privileged and not meant to be shared or made public. Tom and Jennifer are also doing some policy research to better understand the courier landscape and how it has changed over the last 5-6 years, since the commission last looked at this. They have met with the two largest couriers that are discussed in the audit report and also ordered a NASPL survey which will survey other lotteries around couriers. That survey will be completed at the end of January, and the results will be shared with the commission.

For recommendation 2, the Commission handbook is currently being updated by Heather Love and will include detailed information regarding how the commissioners fulfill their duties. Additionally, DOR is working on a central page with additional information that applies to all boards/commissions at DOR which will serve as a resource to commissioners, as well as an onboarding tool. Heather Whitman will be providing the annual training in March, which is required, and it will include some of the new information re commissioner's roles/responsibilities. DOR has started sharing a notice of Commission meeting to the public on DOR's social media channels 48 hours in advance of the commission meetings which includes: X, Facebook, Instagram and LinkedIn. These posts link back to the Lottery's webpage so people can see the meeting agendas, etc.

There was discussion about the Lottery being similar to any of the DORA boards and commissions. Ms. Anderson will look into the financial disclosure form and what other commissions it applies to.

- GLI and Delehanty Consulting 2024 Instant Ticket Printer Evaluation and Workshop
– Tom Seaver, Senior Director

Mr. Seaver reported on the annual ticket printing audit in Alpharetta, Georgia, on site at Scientific Games on March 25th. A list of the items within the evaluation workshop was given. The Colorado Lottery can send one Commissioner to attend the workshop and the cost is included in the contract. There was discussion about Vice Chair Clayton's experience when he attended the workshop. Commissioner Clayton said he saw a lot of value in attending and thinks that it would be a great experience for any of the other commissioners.

The Director's Report was concluded at 9:24 a.m.

Commission Items

- Commissioner Podolski asked about the status of Commissioner Deslongchamp's replacement, whose position became vacant at the last meeting. The Deputy Senior Director said that we are open to any suggestions. We will be pulling together a short list of names and ultimately making a recommendation to the Governor's office. However, the process is not a short one, so it is unlikely that we will have a new commissioner before the end of the fiscal year. Any suggestions that current commissioners have should be provided to Tom Seaver and Jennifer Anderson.
- Commissioner Hanuman asked for an update on the large vendor contract. It was reported that the Lottery hopes to have an award made in February.
- There was discussion about the second chance draw entries only being digital and how it affects those who don't utilize technology. The claims team is well versed in helping customers, of all ages, in getting their second chance entries added through a MyLottery account. The reason for digital entries through a MyLottery account is to keep the integrity of the second chance draws. A solution is being worked on to help customers get entries added by visiting claim centers and using a lottery tablet. There was discussion about the correlation between the number of MyLottery account holders and the odds of winning second chance prizes.
- Commissioner Clayton will be out of the country for the February meeting. Chairman Podolski confirmed that there will be enough Commissioners in attendance for a quorum, as the rest of the commissioners can attend.

Adjournment

A motion to adjourn the meeting was made by Vice Chair Clayton and seconded by Commissioner Quick. Chairman Podolski adjourned the meeting at 9:42 a.m.

Heather Love

Completed by: Heather Love

February 14, 2024

Date of Approval