

Minutes for the Colorado Lottery Commission

Call to Order

A Commission Public Hearing for the Colorado Lottery was held on Friday, August 24, 2018, at the Pueblo Lottery Headquarters – 225 N. Main St., Pueblo, CO 81003 - and via video conference in the Denver Lottery Office – 720 Colorado Blvd., Denver, CO 80246. The meeting was called to order at 1:32 p.m., and was presided over by Chairman Jim Bensberg.

Attendees

In attendance were one (1) Chairman, two (2) Commissioners, nineteen (19) representatives from the Colorado Lottery, one (1) representative from IGT, three (3) representatives from the Department of Revenue (DOR), one (1) representative from the Attorney General's Office (AGO), and two (2) representatives from Cactus.

Present in Pueblo:

Jim Bensberg, Commission Chair
Dennis Maes, Commissioner
Jay Sisson, Lottery
Jennifer Anderson, Lottery
Kevin Fiore, Lottery
Jennifer Churchill, Lottery
Byron Martinez, Lottery
Nancy Bartosz, Lottery
Cristi Gannon, Lottery
Juslena Trujillo, Lottery
Michelle Hauck, Lottery
Dan Mathews, Lottery
Tyson Barr, IGT
Lawrence Pacheco, DOR
Jeff Martinez, Lottery
Danielle DeLeon, Lottery
Tom Seaver, Lottery
Trisha Macias, Lottery
Mike Hartman, DOR
Carol Sanchez, Lottery
Jeanne Robinson, DOR

Present in Denver:

Kevin Knierim, Commissioner
Todd Greco, Lottery
Cynthia Delaney, AGO
Christian Hawley, Lottery
Summer Duncan, Cactus
Tom Cargal, Lottery
Joe Conrad, Cactus
Corry Powers, Lottery

Introductions

Tom Seaver introduced Jennifer Anderson as the Deputy Director. Ms. Anderson comes from the Attorney General's Office where she served as a Legislative Liason. She began with the Lottery on July 30th.

Lottery Spotlight

Kevin Fiore presented Paul Baca, Michelle Hauck, and Corry Powers with On the Spot Awards for going above and beyond to assist an at-risk player in a nursing home recover winnings from a stolen Scratch ticket. On the Spot Awards are part of a new employee incentive program through the DOR.

Colorado Lottery

MAIN MOTIONS

Approval of Permanent Rule Changes, presented by Juslena Trujillo;

- Rule 1, General Rules Regulations and Definitions
- Rule 10, In-State Lottery Jackpot Games
- Rule 14, Multi-State Lottery Jackpot Games

A motion to approve the Permanent Rules presented was made by Commissioner Maes and seconded by Commissioner Knierim. The motion passed unanimously.

Approval of Scratch Game Guidelines, presented by Juslena Trujillo;

- Game #894 \$1 Reindeer Game\$
- Game #895 \$2 Silver Bill\$
- Game #896 \$3 Glowing Gift\$
- Game #897 \$5 Holiday Riche\$

Ms. Trujillo corrected the inventory of Game #896 to 720,000 tickets, as it was listed incorrectly in the printed materials.

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

Approval of Repeal of Scratch Games, presented by Juslena Trujillo;

- Game #821 Neon 7's
- Game #822 Special Free Play Bingo
- Game #823 Cash Register

Commissioner Maes inquired about what happens to unclaimed prizes in repealed games. Mr. Seaver responded that sometimes the prizes will be awarded later as part of a second chance drawing. If a prize goes unclaimed it lowers the payout of the game, making the game more profitable.

A motion to approve the repealed games presented was made by Commissioner Maes and seconded by Commissioner Knierim. The motion passed unanimously.

Public Comment

Chairman Bensberg asked for public comment. There was none.

Chairman Bensberg adjourned the public meeting at 1:47 p.m.

Trisha Macias

Completed by: Trisha Macias

10/10/18

Date of Approval

Minutes for the Colorado Lottery Commission

Call to Order

A Commission Meeting for the Colorado Lottery was held on Friday, August 24, 2018, at the Pueblo Lottery Headquarters – 225 N. Main St., Pueblo, CO 81003 - and via video conference in the Denver Lottery Office – 720 Colorado Blvd., Denver, CO 80246. The meeting was called to order at 1:48 p.m., and was presided over by Chairman Jim Bensberg.

Attendees

In attendance were one (1) Chairman, two (2) Commissioners, nineteen (19) representatives from the Colorado Lottery, one (1) representative from IGT, three (3) representatives from the Department of Revenue (DOR), one (1) representative from the Attorney General's Office (AGO), and two (2) representatives from Cactus.

Present in Pueblo:

Jim Bensberg, Commission Chair
Dennis Maes, Commissioner
Jay Sisson, Lottery
Jennifer Anderson, Lottery
Kevin Fiore, Lottery
Jennifer Churchill, Lottery
Byron Martinez, Lottery
Nancy Bartosz, Lottery
Cristi Gannon, Lottery
Juslena Trujillo, Lottery
Michelle Hauck, Lottery
Dan Mathews, Lottery
Tyson Barr, IGT
Lawrence Pacheco, DOR
Jeff Martinez, Lottery
Danielle DeLeon, Lottery
Tom Seaver, Lottery
Trisha Macias, Lottery
Mike Hartman, DOR
Carol Sanchez, Lottery
Jeanne Robinson, DOR

Present in Denver:

Kevin Knierim, Commissioner
Todd Greco, Lottery
Cynthia Delaney, AGO
Christian Hawley, Lottery
Summer Duncan, Cactus
Tom Cargal, Lottery
Joe Conrad, Cactus
Corry Powers, Lottery

Approval of Minutes

A motion was made by Commissioner Knierim to approve the minutes for the Commission Meeting held on July 11, 2018, and was seconded by Commissioner Maes. The motion passed unanimously.

Financial Reports

Nancy Bartosz introduced Cristi Gannon. Ms. Gannon began on August 1st as the Financial Reporting Accountant and will assume the duties of reporting financials to the Commission at a future meeting.

Ms. Bartosz presented financials for the eleven (11) months ended May 31, 2018.

Proceeds have updated for June results but have not yet been audited. FY18 came in at \$140.7M. It was the second best proceeds year in Lottery history, nearly a \$7.3M improvement over FY17 and a \$7.1M improvement over goal.

Commissioner Maes asked for confirmation that BEST will receive \$4.1M this year. Ms. Bartosz confirmed.

Director's Report

- **Communications Staff Reporting Change**
Jennifer Churchill informed the Commission that Lottery Communications staff, along with communications staff from all other DOR divisions, has moved under the reporting structure of the DOR. The move is intended to enhance strategic communications, provide for greater professional development among staff, and create a pool of resources to maximize talents. Staff affected are Ms. Churchill, Colin Waters, and Kelly Tabor. They will maintain their regular communication roles within the Lottery while reporting to DOR.
- **Upcoming Campaigns**
Christian Hawley presented updates on upcoming campaigns. In September, television ads for Lucky for Life will feature a spot for each day of the week to create momentum, knowledge, and awareness of how the game can change one's daily life.

A proceeds campaign of seventeen billboards throughout the state began in July to reach people who are not regular players or who are new to Colorado. Initial reactions have been very positive.

Ms. Hawley explained a new concepts approval process for Tier 1 campaigns from the Governor's Office. Holiday games advertising has been approved internally and will next go to the Governor's Office for approval. Lucky for Life and Family of Games promotions will be submitted next for approval. Turnaround from the Governor's Office has been quick. Mike Hartman added that all state agencies are now required to submit their concepts for approval.

Ms. Hawley lauded the work of Marie Valtakis, Kyle Anderson, and Dwayne Wilson from IGT in preparations for the State Fair. The building has been redesigned and has a much better tie-in to our brand and proceeds.

- **FY 2019 Scratch Plan**

Todd Greco presented the FY19 Scratch Plan. Games will continue with the same payout levels. Willy Wonka II has been performing extremely well and is expected to sell out in September. Holiday games will launch on October 22nd, followed by TV ads in November and radio ads in December. The multiplier of family games will launch in January or February and feature a new \$10 price point. Multiplier games sell out quickly, almost twice as fast as games in the same price point, and are a good game to follow holiday sales. A new \$50 game will launch in February, picking up with the same Pulse as the previous \$50 game. A Top Prizes Remaining campaign will launch in March to promote games with remaining top prizes and get them out of inventory. A to-be-decided licensed property game will launch in April. The licensed property will be selected based on panel research.

Promotional initiatives under consideration include non-traditional scratch games, prize variations, VR-incorporated play, and electronic couponing and games.

Commissioner Maes asked why Willy Wonka II performed better the second time around. Mr. Seaver responded that it is a brand with a long lifespan and resonates across generations. The appeal of finding a Golden Ticket is enticing to players. Mr. Greco added that the opportunity to win \$1B is also appealing.

- **FY 2019 Jackpot Plan**

Jay Sisson presented the FY19 Jackpot Plan. The FY19 Jackpot sales goal is \$213M, with \$70.9M to proceeds. Goals for this year include increasing sales of lower jackpots, increasing cross-play of products using promotional tactics, expanding system design promotions, offering bonus draws through the upgraded app beginning in November, researching game add-ons for Lotto, and adjusting Cash 5 to entice more players.

A Lucky for Life campaign will begin in September, followed by a Tier 2 campaign to promote enhancements to the app and encouraging players to scan their non-winning Jackpot tickets to be entered into bonus draws. There will be three Jackpot bonus draws in January. Metrics of the first bonus draws will be evaluated and the results used to determine other draws at the end of the fiscal year. The goal with bonus draws is to increase sales of lagging games.

- **Marketing Summit**

Mr. Seaver announced that Scratch and Jackpot vendors and Cactus have been invited to discuss industry best practices and opportunities for growth as part of a Marketing Summit in September. Lottery partners who work with different lotteries will be on hand to make recommendations based on their collective knowledge of best practices and challenges in the industry. Staff will then evaluate what has been presented, whether it will have any impact on plans already in place, and adjust as necessary.

The Director's Report was concluded at 2:44 p.m.

Commission Items

The Commission Meeting calendar for September 2018 through August 2019 was reviewed. November, February, May, and August meetings will take place at Lottery Headquarters in Pueblo.

Mr. Hartman provided an update on sports betting. The AG has issued her opinion that sports betting is a game of skill, rather than a game of chance, and therefore falls under Title 18. The Legislature will evaluate a change to Title 18 and some have already put in for bill titles to run sports betting legislation in the next session.

Chairman Bensberg inquired about the replacement for Michael Weatherwax on the Lottery Commission. Mr. Hartman responded that a replacement has been identified and will be announced shortly.

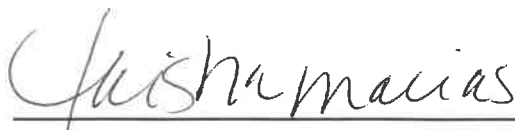
Commissioner Maes acknowledged the work of Security Director Kevin Fiore, who has announced his resignation.

Public Comment

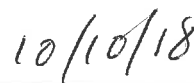
Chairman Bensberg asked for public comment. There was none.

Adjournment

Chairman Bensberg adjourned the meeting at 2:52 p.m.



Completed by: Trisha Macias



Date of Approval