

Minutes for the Colorado Lottery Commission

Call to Order

A Commission Meeting for the Colorado Lottery was held on Friday, August 23, 2019, at the Denver Lottery Office, 720 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 1:30 p.m., and was presided over by Chairman Jim Bensberg.

Attendees

In attendance were one (1) Chairman, three (3) Commissioners, twelve (12) representatives from the Colorado Lottery, two (2) representatives from the Department of Revenue (DOR), two (2) members of the public, two (2) representatives from Jackpocket, and one (1) representative from the Attorney General's Office (AGO).

Present Pueblo:

Jim Bensberg, Chairman
Bill Clayton, Commisisoner
Stella Peterson, Vice Chair
Dennis Maes, Commissioner
Jean Robinson, DOR
Jennifer Anderson, Lottery
Jessica Ross, AGO
Barbara Gardner, Public
Christian Hawley, Lottery
Nancy Bartosz, Lottery
Cristi Gannon, Lottery
Tom Seaver, Lottery
Trisha Macias, Lottery
Jay Sisson, Lottery
David Aldag, Lottery
Tracy Jenkins Winchester, DOR
Peter Sullivan, Jackpocket
Andrew Fries, Jackpocket
Mike Feeley, Brownstein Hyatt Farber Schreck

Present in Denver:

Diane Boddicker, Lottery
Todd Greco, Lottery
Tom Cargal, Lottery
Tom Campbell, Lottery
Summer Duncan, Cactus

Lottery Spotlight

Christian Hawley presented three Lotto+ TV ads set in Camp Colorado, fictional place where you can learn more about the multiplier. First is an introduction. Campaign heavily supported by digital media and lotto+ ball downtown. Filmed in Evergreen.

Approval of Minutes

A motion was made by Commissioner Clayton to approve the minutes for the Commission Meeting held on July 17, 2019 and was seconded by Commissioner Maes. The motion passed unanimously.

Colorado Lottery

MAIN MOTIONS

Approval of Scratch Game Guidelines, presented by Trisha Macias;

- Game #

A motion to approve the Scratch Game Guidelines presented was made by Commissioner Maes and seconded by Commissioner Clayton. The motion passed unanimously.

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

- Game #887
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A motion to approve the Repeal of Scratch Games presented was made by Commissioner Maes and seconded by Commissioner Podolski. The motion passed unanimously.

Financial Reports

Cristi Gannon presented financials for finalized

Gross tickets sales ytd at end of June 6798m proceeds 166.5m. 68.5M to goco, under 66.6M to ctf, 16.7m to cpw, 14.7m to best. Sales for month of June only at 36m for scratch 13.4m for jackpot, total of 51.4M sales for June only. Proceeds distro 10.2m, end of fiscal year achieved sales at 111.8% for the year. Closing FY and completing full disclosure now, working with auditor, completion will be sent to state controller in mid October.

Jackpot Game Performance

Mr. Sisson reported that Jackpot sales did not perform well in July due to small jackpot levels. There hasn't been a large enough jackpot in FY20 yet to get sales moving. Lucky for Life is holding at over \$300K per week. Cash 5 is performing at average and Pick 3 keeps growing on its own despite not being marketed, up about nineteen percent to expectations. Overall, Jackpot games are down about \$5.3M to this time last year.

Scratch Game Performance

Todd Greco reported that Scratch is up \$40M. Sales growth came from games with higher price points of \$5 and above and the launch of four new games.

Decision Items

Approval of Scratch Games, presented by Todd Greco;

- Game #140 \$3 Extra! Bonus! Crossword

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

Director's Report

- **Crazy French Ranch Starburst Award**

Christian Hawley reported on the Crazy French Ranch Starburst Award presentation that occurred on August 2nd in Trinidad. Approximately one hundred dignitaries and guests attended.

- **20/50 Game Research**

Tom Seaver shared that focus groups met this week in Pueblo and Denver and will meet next week in Grand Junction to grasp a better understanding of what attracts players to higher priced point games.

Commissioner Clayton asked about Scratch trends in other states. Mr. Seaver responded that other states make more games available in the marketplace at a time, compared to our twenty four, and have less lower price point games available than we do.

- **Marketing Plan Overview**

Tom Cargal presented an overview of the Marketing Plan currently under development. The plan calls for implementation of a product positioning approach, as opposed to a product development approach, that allows for complimentary rather than competitive game offerings. The goal is to have a nine percent gain over last year in Scratch to sustain the last two years of almost ten percent growth each year. Live game inventory will be increased to forty games and retailers carrying a higher number of games will also be increased. "Play On" has been a well received tagline in the past and will be returning. Directed efforts and practices will be undertaken to align ourselves as a conservation organization.

Mr. Seaver added that we are in processes of researching best practices in other states, such as monitor games and in-lane sales, and evaluation initiatives we can adopt to make the lottery grow. A predictive ordering system is being implemented that will provide an individual perspective of retailers so we can customize the product mix for stores based on sales performance by game and price point. This system will provide a more involved way of doing inventory management and allow us to increase sales and better manage inventory.

- **All Employee Meeting Recap**

Jennifer Anderson reported that Lottery held an all-employee meeting in Denver on August 8th. This year's meeting was focused on goals. Staff separated into units and talked about the overall \$1B revenue goal and developed FY20 goals by unit in the areas of revenue, responsibility, and conservation. FY20 goals are to achieve \$750M in sales, achieve World Lottery Association Level II certification and submit application for Level III certification, and increase the Lottery's role as a conservation organization.

- **Annual Sales Meeting Recap**
Tom Campbell reported that the Sales team gathered for their annual meeting on August 7th to hear about product and advertising plans. IGT presented a new sales dashboard that will provide sales information by retailer, product, and price point to help retailers carry products that sell best. GOCO also provided a presentation on projects funded by Lottery dollars.

The Director's Report was concluded at 2:33 p.m.

Jackpocket Colorado Roll Out

Pete Sullivan informed the Commission that Jackpocket representatives viewed two locations in Pueblo to serve as their retailer site. The location will provide fifteen jobs in Pueblo. They also met with GOCO and will share data with them so that Jackpocket players can see how their funds are being directed.

Mr. Seaver has checked with lotteries where Jackpocket is operating and they have reported no cannibalization from retailers. Player data Jackpocket will be able to provide is something we have no way of tracking with cash transactions unless players self report. Their data will provide a valuable insight into player purchasing behavior.

Commission Items

Commissioner Maes reported that he, Mr. Seaver and Ms. Anderson met with Representative Daneya Esgar. The meeting provided an opportunity to discuss the past legislative session and clarify Lottery's business model and intention to provide more points of access via advanced technology to retailers and players. Representative Esgar supported having a Lottery representative present at future hearings specific to Lottery.

Public Comment

Chairman Bensberg asked for Public Comment. There was none.

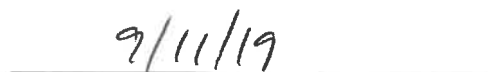
Vice Chair Peterson recognized former Lottery Commissioner Tracy Jenkins Winchester in the audience, who now works for DOR in stakeholder engagement.

Adjournment

Chairman Bensberg adjourned the meeting at 2:59 p.m.



Completed by: Trisha Macias



Date of Approval