

Minutes for the Colorado Lottery Commission

Call to Order

A Commission Meeting for the Colorado Lottery was held on Wednesday, January 9, 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 8:02 a.m., and was presided over by Chairman Jim Bensberg.

Attendees

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

Present in Denver:

Jim Bensberg, Chairman
Stella Peterson, Vice Chair
Dennis Maes, Commissioner
Stan Podolski, Commissioner
Bill Clayton, Commissioner
Colin Waters, Lottery
Jennifer Churchill, Lottery
Christian Hawley, Lottery
Corry Powers, Lottery
Summer Duncan, Cactus
Tom Horvat, Lottery
Todd Greco, Lottery
Marie Valtakis, Lottery
Cindy Delaney, AGO
Heidi Humphreys, DOR
Tom Cargal, Lottery
Carla Schaefer, SGI
Tom Seaver, Lottery
Mike Hartman, DOR
Trisha Macias, Lottery

Present in Pueblo:

Juslena Trujillo, Lottery
Jay Sisson, Lottery
Nancy Bartosz, Lottery
Vanessa Clementi, Lottery
Jennifer Anderson, Lottery
Tyson Barr, IGT
Byron Martinez, Lottery
Cristi Gannon, Lottery
Carol Sanchez, Lottery
Brian Kohnlein, Lottery
Dwayne Wilson, IGT

Lottery Spotlight

Tom Seaver introduced Bill Clayton as the new Lottery Commissioner in the area of Law Enforcement. Commissioner Clayton retired from the Denver Police Department after thirty two years of service and now has his own consulting business. He is a lifelong Denver resident.

Marie Valtakis presented an On the Spot Award to Vanessa Clementi, a Customer Service Representative in Pueblo. Ms. Clementi was instrumental in working with players to help identify bugs during the soft launch of the mobile enhancement for Pick 3. She was able to get them to send photos in, from which Eliza Tyndall was able to troubleshoot with Fusion Box toward a resolution.

Jennifer Churchill showed video of the Wonka's Golden Ticket \$250,000 Second-Chance winner, Diego B. from Denver, awarded on December 19, 2019. She also showed a Thank You video highlighting proceeds projects. Communications staff plans more frequent videos to recognize and thank players. An ASMR video aimed at Millennials is also in the works.

Tom Horvat presented an update on the Lottery's expanded presence at DIA. The final installation of the DIA agreement, the Lottery Experience Zone, opened on December 21, 2019, just before the holiday rush. The Experience Zone is located center court on Concourse A, near Gate 38, a Frontier gate with some international flights. The Lottery Experience Zone is a 900 square foot passenger lounge featuring two vending machines, various marketing and proceeds messages throughout the space, ample seating, a faux fireplace, and charging stations. IGT and Cactus worked with Lottery staff on the design elements. A grand opening of the space is planned for after the holidays.

Commissioner Clayton asked if there were any concessions in place due to expansion efforts at DIA. Mr. Horvat responded that Lottery has not lost any space due to construction as of yet but we may toward the end of the agreement as the TSA checkpoints are relocated. The current agreement expires in June of 2020. Negotiations for a renewal agreement have begun and concessions will be built into the new agreement with the construction contractor.

Chairman Bensberg asked whether Lottery has a presence in any other Colorado airports. Mr. Horvat responded that we do have one Lottery retailer located in the Montrose airport. Sales reps have reached out to Colorado Springs and Grand Junction airports.

Commissioner Maes confirmed that deliverables of the original agreement were delayed and the amended agreement provided an additional year at no cost. Mr. Horvat confirmed and added that the only additional cost to the agreement is retailer compensation, which would be paid regardless.

Colorado Lottery

MAIN MOTIONS

Approval of Scratch Game Guidelines, presented by Juslena Trujillo;

- Game #109 \$2 Super 7-11-21
- Game #110 \$5 Classic Ca\$h

- Game #111 \$5 Deco Dollar\$
- Game #112 \$10 \$500,000 Spotlight Game VIII
- Game #113 \$20 \$20,000,000 Series X

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

Approval of Minutes

A motion was made by Commissioner Podolski to approve the minutes for the Commission Meeting held on December 12, 2018, and was seconded by Commissioner Maes. The motion passed unanimously.

Financial Reports

Cristi Gannon presented financials for the four months ending October 31, 2018. Unclaimed prizes are running high this year, especially in Powerball and Mega Millions.

The proceeds sheet shows actual figures through October and actual sales for November and December. October sales revenue for all games was over \$87.6M, with distributions at over \$27.3M. The new \$50 Scratch ticket launched on December 17, 2019 and its sales almost matched total Scratch sales for December. Sales will be adjusted in January to accommodate for Powerball and Mega Millions jackpot hits. Cash 5 will also be adjusted for the remainder of the year.

Decision Items

Approval of Scratch Games, presented by Todd Greco;

- Game #114 \$3 A-MAZE-ING Money
- Game #115 \$5 Super Special Ultra Fun Bingo
- Game #116 \$10 \$250,000 High Card Crossword
- Game #117 \$10 \$50 and \$100 Blowout

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

Director's Report

- 2nd Quarter Security/Investigations Report
Corry Powers presented the 2nd Quarter Report. All 244 vendors visited were in compliance. One of 54 integrity sting operations was a compromise where an individual attempted to redeem a winning sting ticket. The matter is under investigation and pending review from the DA. Seventeen high tier tickets were compliant and successfully paid out. Investigations assisted outside agencies with thirty criminal complaints and identified two suspects for Denver PD.

There were no findings in the Lottery's annual Cyber Security Audit.

Mike Hartman inquired whether Security is continuing to investigate frequent winners. Mr. Powers responded that frequent winners are evaluated quarterly. There were none to report this quarter.

- **Colorado Lottery Mobile App Update**

Jay Sisson reported that Jackpot games were added to the mobile app on January 3, 2019. Players can scan their Jackpot ticket barcode to check their numbers or be entered into bonus drawings. An instructional video is posted to the website highlighting the new features of the app. As of January 7, 2019 there were 3,200 new installations of and 34,000 updates to the app. There are already 4,500 entries for the first Pick 3 promotional drawing for ten \$2,000 drawings on February 28, 2019. Signage in stores is promoting the app with the tagline "Never miss a winning ticket".

Vice Chair Peterson inquired about the cost of the app. Christian Hawley responded that the app was done in-house with Fusionbox at a cost of approximately \$63,000. Fusionbox resolves any issues with the app in a timely manner since it is tailored specifically to Colorado Lottery and is serviced locally. Many other lotteries have their vendors run their apps but encounter a lot of limitations.

Commissioner Podolski asked about ownership of the app and the ability to sell it to other lotteries. Ms. Hawley responded that each lottery has different offerings and would need to tailor their own app. Carla Shaefer shared that each lottery has their own set of algorithms and backend operations that cannot be shared among lotteries.

Mr. Seaver added that the app provides an advantage and more opportunities to engage players. It allows us to be strategic in the development of promotions and addresses marketing objectives very directly through focused promotions.

- **Annual Report Overview**

Ms. Churchill pointed out that state agencies have previously been statutorily required to present an Annual Report to their governing bodies but are no longer required to do so. Lottery Commissioners will continue to receive an Annual Report of the Lottery, though it will be scaled back to a one page infographic. The report will include key financial highlights, game breakdowns, top independent and chain retailers, and profile a big winner from the fiscal year. Commissioner Podolski suggested financial impacts from the economic impact study also be included.

- **World Lottery Association Application Update**

Ms. Churchill continued that the Lottery has been accepted into the first tier of membership for the World Lottery Association. The next step toward Responsible Gaming Certification is the completion of a self assessment and GAP analysis, due May 1, 2019. We are already at the forefront of responsible gaming. We host meetings for the

Problem Gaming Coalition of Colorado (PGCC) and Colin Waters serves on their board. We also provide PGCC event sponsorships and scholarship funding. We advertise responsible gaming on a regular basis. Most recently we launched a Gift Responsibly campaign over the holidays that was picked up by several media outlets. We also feature a Play Responsibly page on our website, as well as a page on defrauding and scams and how players can ensure they are playing Colorado Lottery games.

Vice Chair Peterson asked which U.S. lotteries are certified. Mr. Waters responded that California, Indiana, New Jersey, North Carolina and Tennessee all have Responsible Gaming Certification.

Chairman Bensberg asked about the status of sports betting legislation in Colorado. Mr. Hartman responded that Rep. Garnett is running a bill and has asked regulatory agencies to come together with DOR to begin a conversation.

The Director's Report was concluded at 9:32 a.m.

Commission Items

- Approval of Training Policy

Jennifer Anderson presented the final draft of the Commissioners' Training Policy. Once approved, Ms. Anderson will work with Cindy Delaney on the training content. Training may occur as soon as the February Commission Meeting.

A motion was made by Commissioner Maes to approve the Training Policy and was seconded by Commissioner Podolski. The motion passed unanimously.

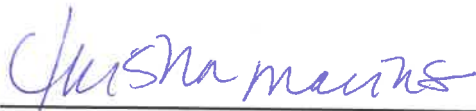
Chairman Bensberg reminded Commissioners that the February Commission Meeting will take place in Denver.

Public Comment

Chairman Bensberg asked for public comment. There was none.

Adjournment

Chairman Bensberg adjourned the meeting at 9:35 a.m.



Completed by: Trisha Macias



Date of Approval

