

Minutes for the Colorado Lottery Commission

Call to Order

A Commission Public Hearing for the Colorado Lottery was held on Wednesday, September 12, 2018, at the Denver Lottery Office – 720 Colorado Blvd., Denver, CO 80246 – and via video conference in the Pueblo Lottery Headquarters, 225 N. Main St., Pueblo, CO 81003. The meeting was called to order at 8:06 a.m., and was presided over by Vice Chair Stella Peterson.

Attendees

In attendance were one (1) Vice Chair, one (1) Commissioner, sixteen (16) representatives from the Colorado Lottery, three (3) representatives from Cactus, and one (1) representative from IGT.

Present in Denver:

Stella Peterson, Vice Chair
Jennifer Churchill, Lottery
Christian Hawley, Lottery
Betsy Schmerge, Lottery
Marie Valtakis, Lottery
Tom Horvat, Lottery
Todd Greco, Lottery
Tom Cargal, Lottery
Summer Duncan, Cactus
Jim Morrissey, Cactus
Kelly Tabor, Lottery
Joe Conrad, Cactus

Present in Pueblo:

Dennis Maes, Commissioner
Trisha Macias, Lottery
Juslena Trujillo, Lottery
Cristi Gannon, Lottery
Nancy Bartosz, Lottery
Tom Seaver, Lottery
Byron Martinez, Lottery
Jay Sisson, Lottery
Tyson Barr, IGT
Carol Sanchez, Lottery

Lottery Spotlight

Jennifer Churchill showed video and photos of Denver Claims Office activity from Wednesday, September 6th, when \$6,790,000.00 in prizes were claimed by three different winners. Mike O. won \$40,000.00 on a Jumbo Quadruple Crossword game he bought from a King Soopers vending machine. He's a regular player who utilized the app and scanner to verify his winning ticket before bringing it in. Paul G. came in to claim a \$250,000.00 Second Chance prize. Paul G. has won two Second Chance prizes before, one in May 2017 and the other earlier in 2018. He is a committed player and religious Second Chance entrant. He utilizes the app and scanners and has created a spreadsheet to evaluate numbers and odds to track his play. Finally, Lory and Gilbert M. from Granby came in to claim their \$6.5M winning Lotto ticket. They have played the same special numbers every week since Lotto began in 1991.

Jim Morrissey from Cactus presented The Joy of Giving holiday story boards.

Public Comment

Vice Chair Peterson asked for public comment. There was none.

Vice Chair Peterson adjourned the public meeting at 8:14 a.m.

Trisha Macias

Completed by: Trisha Macias

10/10/18

Date of Approval

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Approval of Minutes

Quorum not present.

Approval of August 24, 2018 minutes will occur at the October 10, 2018 Lottery Commission Meeting.

Financial Reports

Nancy Bartosz presented unaudited financials for June 30, 2018. Auditors were in the Pueblo Headquarters Office this week working through FY18 financials.

Ms. Bartosz presented FY19 goals and projections. The FY19 sales goal is \$608M, lower than FY18 goal but above the \$600M actual mark. Scratch goal is \$395M to accommodate for the leveling off of games introduced in FY18. Jackpot goal is \$8.5M, with modest increases in Powerball and Mega Millions. The Mega Millions goal increase is supported by a full year of

the \$2 ticket sales price that went into effect last October and longer running jackpots due to a change in odds. An increase in Lucky for Life is expected as a result of the new advertising campaign to boost sales. Tom Seaver explained that although the FY19 overall projection is lower than FY18, he is confident that numbers will move up after reevaluating practices and receiving guidance from vendors. He also noted that the forecasts were made in April.

Ms. Bartosz continued with FY19 cost projections. Prize expense, commissions, bonuses, vendor fees and ticket costs were all projected at historical rates, with exceptions associated with the prize expense of the \$50 Scratch game, ticket costs for the use of the Willy Wonka game and its \$1B chance drawing. A full spend of the marketing budget is expected. Employee wages were increased as of July 1, 2018 and additional wage costs were assigned from the Department of Revenue.

A \$139M distribution with a \$1M spillover to BEST is projected. The GOCO cap increased by \$2.5M, reducing the funds available to BEST.

Sales in the first two months of FY19 have outpaced FY18, partially due to the availability of the \$50 Scratch game at the beginning of the fiscal year.

Discussion Items

Quorum not present.

Discussion items will be presented and approved at the October 10, 2018 Lottery Commission Meeting.

Director's Report

- **State Fair Recap**

Marie Valtakis provided preliminary results of Lottery performance at the State Fair. Unofficial sales were estimated at over \$120,000.00, with inventory and deposits still being finalized. Traffic and attendance felt busier than last year. Sales promotions with progressive play seemed to be a big draw. A new Winners' Wall displayed winning tickets redeemed during the Fair, which eventually spread to an adjacent wall. People enjoyed looking at the winning tickets. There were a lot of \$500 winners out of the Willy Wonka game that generated a lot of buzz. The app was heavily promoted and feedback was positive.
- **Lottery Economic Impact Study**

Mr. Seaver outlined highlight of the Lottery Economic Impact Study and draft copies were distributed. The research firm pulled data from other studies to evaluate how outdoors, which Lottery funds support, impacts Colorado's economy. The study also evaluated the impact of Lottery related retail, construction, and taxes from winnings. Mr.

Seaver will work with the firm to fine tune their findings before results can be shared with the public. The final document will be a good tool to share with stakeholders. The Communications Team is developing a plan to distribute the findings to the media and provide information on the Lottery website.

Commissioner Maes asked that findings be further broken down to economic impacts in individual communities.

- **Communication Team Initiatives**

Ms. Churchill reported that the Communications Team is leading the effort to obtain Responsible Gaming Certification through the World Lottery Association. Certification will reassure players that we are utilizing best industry practices and are proactive about consumer protections. There are four levels with thirteen requirements in the certification process to include a commitment to responsible gaming, evaluate corporate ethics, implementation of programs to protect players, and continuous improvement.

Vice Chair Peterson asked if certification is new to the lottery industry. Mr. Seaver responded that the program has been around for approximately eight years and there are only four Level 4 lotteries nationally.

Another project the Communications Team is undertaking is to create a full proceeds photo catalog utilizing professional photography to create high resolution pieces with impactful proceeds stories. The project will better visually connect the Lottery to proceeds.

- **Statue Recodification**

Juslena Trujillo provided a listing of Lottery statute titles changing from Title 24, Article 35 to Title 44, Article 40 effective October 1, 2018. A correction letter from the Attorney General has been requested to finalize the change through the Secretary of State. Active and recently introduced Scratch game guidelines will be updated to reflect new statute titles.

The Director's Report was concluded at 8:54 a.m.

Commission Items

Commissioner Maes inquired as to the status of a new Lottery Commissioner. Mr. Seaver responded that he has been told that a candidate has been identified but we are pending notice from the Governor's Office.

Commissioner Maes made the recommendation to have a progress update in two week's time. Mr. Seaver committed to the communication.

Public Comment

Vice Chair Peterson asked for public comment. There was none.

Adjournment

Vice Chair Peterson adjourned the meeting at 8:56 a.m.

Trisha Macias

Completed by: Trisha Macias

10/10/18

Date of Approval