

# Minutes for the Colorado Lottery Commission

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## Call to Order

A Commission Public Hearing for the Colorado Lottery was held on Wednesday, November 14, 2018, at 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 8:06 a.m., and was presided over by Chairman Jim Bensberg.

## Attendees

In attendance were one (1) Chair, (1) Vice Chair, two (2) Commissioners, sixteen (16) representatives from the Colorado Lottery, one (1) representative from Cactus, one (1) representative from IGT, one (1) representative from the Attorney General's Office (AGO), and one (1) representative from the Department of Revenue (DOR).

### Present in Pueblo:

Jim Bensberg, Chair  
 Dennis Maes, Commissioner  
 Stan Podolski, Commissioner  
 Jay Sisson, Lottery  
 Brian Kohnlein, Lottery  
 Juslena Trujillo, Lottery  
 Cindy Perez, Lottery  
 Byron Martinez, Lottery  
 Cristi Gannon, Lottery  
 Nancy Bartosz, Lottery  
 Tyson Barr, IGT  
 Trisha Macias, Lottery

### Present in Denver:

Stella Peterson, Vice Chair  
 Colin Waters, Lottery  
 Betsy Schmerge, Lottery  
 Carol Sanchez, Lottery  
 Summer Hershey, Cactus  
 Tom Horvat, Lottery  
 Cindy Delaney, AGO  
 Jennifer Anderson, Lottery  
 Tom Cargal, Lottery  
 Tom Seaver, Lottery  
 Heidi Humphreys, DOR  
 Corry Powers, Lottery

## Lottery Spotlight

Carol Sanchez recognized Betsy Schmerge for exceptional team support and customer service. Ms. Schmerge works in the Fort Collins Claims Center and has been dedicated in driving to Denver to support the claims counter during their two recent vacancies.

Tom Cargal presented the new holiday TV commercial, which started running on November 12<sup>th</sup>. The holiday campaign is in full swing. Radio ads will begin on December 3<sup>rd</sup> for last minute gift giving. Digital and social media have also begun. Holiday sales performance is off to a good start.

## **Colorado Lottery**

### **MAIN MOTIONS**

**Approval of Permanent Rule Changes, presented by Juslena Trujillo;**

- Rule 1, General Rules, Regulations, and Definitions
- Rule 5, Instant Scratch Games

An amended Rule 1 was provided to Commissioners with an updated definition of Key Employee to include officer, director or employee, as cited in Section 1.3.3, Persons Ineligible to Purchase Tickets.

A motion to approve the Permanent Rule Changes presented was made by Commissioner Maes and seconded by Commissioner Podolski. The motion passed unanimously.

**Approval of Scratch Game Guidelines, presented by Juslena Trujillo;**

- Game #898 \$1 Reel Winner\$
- Game #899 \$2 Double Up Dollar\$
- Game #100 \$2 Money Mile Game
- Game #101 \$5 Give Me 5
- Game #102 \$5 Blue Chip Ca\$h
- Game #103 \$1 10X
- Game #104 \$2 20X
- Game #105 \$3 30X
- Game #106 \$5 50X
- Game #107 \$10 100X
- Game #108 \$3 4X The Fun Crossword

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

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

- Game #774 \$20,000 Series VIII
- Game #775 Millionaire Series VI
- Game #794 Double the Fun Crossword
- Game #811 Super Power Bonus Word Crossword
- Game #829 Super Special Multiple Multiplier Bonus Bingo
- Game #836 Tattoo Loot
- Game #838 Fiesta De Los Muertos
- Game #847 Reindeer Riches
- Game #848 Happy Howl-I-Days
- Game #849 Candy Cane Cash

Commissioner Podolski asked for clarification on the validation end date and what is done with remaining game inventory. Ms. Trujillo responded that the validation end date is the 180<sup>th</sup> day after the game ends and the last opportunity for players to redeem a winning ticket. Mr. Cargal added that once a game ends, it is pulled back from the retailer and sent to the warehouse for destruction.

Commissioner Maes asked whether the game Fiesta De Los Muertos was considered a bust at only 76% of inventory sold compared to other games. Mr. Cargal responded that the goal is to end games when they hit near 90% of inventory sold but Fiesta De Los Muertos was only a Tier 1 game and just a \$1 ticket. He anticipates putting a similar game in the market again with a different marketing approach to obtain a higher sell out.

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

### **Public Comment**

Chairman Bensberg asked for public comment. There was none.

Chairman Bensberg adjourned the public meeting at 8:25 a.m.



Completed by: Trisha Macias



Date of Approval

# Minutes for the Colorado Lottery Commission

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A Commission Meeting for the Colorado Lottery was held on Wednesday, November 14, 2018, at 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 8:26 a.m., and was presided over by Chairman Jim Bensberg.

## Attendees

In attendance were one (1) Chair, (1) Vice Chair, two (2) Commissioners, sixteen (16) representatives from the Colorado Lottery, one (1) representative from Cactus, one (1) representative from IGT, one (1) representative from the Attorney General's Office (AGO), and one (1) representative from the Department of Revenue (DOR).

### Present in Pueblo:

Jim Bensberg, Chair  
Dennis Maes, Commissioner  
Stan Podolski, Commissioner  
Jay Sisson, Lottery  
Brian Kohnlein, Lottery  
Juslena Trujillo, Lottery  
Cindy Perez, Lottery  
Byron Martinez, Lottery  
Cristi Gannon, Lottery  
Nancy Bartosz, Lottery  
Tyson Barr, IGT  
Trisha Macias, Lottery

### Present in Denver:

Stella Peterson, Vice Chair  
Colin Waters, Lottery  
Betsy Schmerge, Lottery  
Carol Sanchez, Lottery  
Summer Hershey, Cactus  
Tom Horvat, Lottery  
Cindy Delaney, AGO  
Jennifer Anderson, Lottery  
Tom Cargal, Lottery  
Tom Seaver, Lottery  
Heidi Humphreys, DOR  
Corry Powers, Lottery

## Approval of Minutes

A motion was made by Commissioner Maes to approve the minutes for the Commission Meeting held on October 10, 2018, and was seconded by Vice Chair Peterson. The motion passed unanimously.

## Financial Reports

Cristi Gannon presented financials for the month ended August 31, 2018. Numbers are comparable to August 2017. Sales and distributions are down compared to last year but we are still on goal to date.

On the proceeds sheet, July and August are actual. September and October sales are updated to include the big jackpot runs. Scratch sales remained consistent. Proceeds projections are \$20M against goal, however we are only a quarter into the year and things can change in the remaining months.

Commissioner Podolski asked whether current performance is similar to four months in of previous years. Ms. Bartosz responded that it fluctuates. Generally sales are slow until the holiday season but last year's sales were high in the beginning of the year because of a large Powerball jackpot. Spring has seen the best sales in the past usually because new games are introduced then. Last year new \$20 games and the \$50 game launched and we saw phenomenal sales as a result.

## Director's Report

- **Jackpot Affect on Sales**

Tom Seaver shared information about how the most recent jackpot run impacted Scratch sales. Sales of lower price point Scratch games, from \$5 down, benefited more from the jackpot roll up than games at higher price points. This is likely because more casual and occasional players entering to play for jackpots are more comfortable adding a lower price point Scratch game. The other thing that helped was that the holiday games launched during the last weeks of the final jackpot run. As a result, holiday game sales are about \$400K above where they were last year. This can be attributable to players buying a jackpot ticket and adding a holiday scratch ticket. Contrary to popular thought, the big jackpots didn't cannibalize Scratch. They actually helped, although more at the lower price points.

Jay Sisson shared high points for the \$1.6B Mega Millions run. The run lasted 26 draws (13 weeks or 3 months), from July 23<sup>rd</sup> to October 23<sup>rd</sup>. Colorado sales were \$35.4M, 1.5% of total sales of \$2.5B from all states. The projected contribution to proceeds is around \$12M.

The Powerball run lasted 22 draws, from August 12<sup>th</sup> to October 26<sup>th</sup>. Sales were \$22.3M, 1.6% of total sales of \$1.4B from all states. The projected contribution to proceeds is \$7.5M.

The difference in sales in this Mega Millions run and the \$1.5B Powerball jackpot run in 2015/2016 is \$35.4M now versus \$60M then. This shows that players are jaded and not as impressed by large jackpots. However, Mega Millions is a different game and there was a simultaneous Powerball jackpot run. Combined Mega Millions and Powerball sales for this run almost equal \$57M, close to sales from the first billion dollar jackpot. Sales performed quite well despite two games fighting one another.

With regard to impact on in-state games, there was no impact on daily games Cash 5 and Pick 3 because they have a core group of players. During the run, Lotto was up 22.25% for the first draw and 27% for the next draw compared to normal sales. With Lucky For Life, the advertising campaign had ended on October 6<sup>th</sup> so per usual sales were great immediately following the campaign and had begun to decline but then jumped 21-22% per draw in the last week of the Mega Millions jackpot. Once both jackpots got hit sales went back down to their normal levels.

Mr. Sisson also noted that sales declined for the second to last Powerball draw with a \$750M jackpot. Sales from the \$620M jackpot to the \$750M jackpot declined by \$1.5M. This is perhaps because it was the end of the month and people had drained their discretionary money. Mr. Seaver added that there is a strong relationship between when people get paid and when they play lottery games.

- **All-Employee Teambuilding Event**  
Colin Waters shared photos from an All-Employee Teambuilding Event held at Sky Sox Stadium in Colorado Springs on October 19<sup>th</sup>. Nearly 100 employees were split into ten groups to participate in activities designed to help get everyone thinking about working together toward common objectives. This is the first of many activities focused on building stronger core culture in the Lottery.
- **Updated Restricted Player Database Requirements**  
Jennifer Anderson reported that in response to concerns raised about disclosing social security numbers, only the last four digits will now be required. Changes to the system will be complete by January 1 and SSNs already on file will be deleted.
- **HB18-1198, Best Practices for State Boards and Commissions**  
Ms. Anderson reviewed HB18-1198, which calls for annual training for state boards and commissions. A draft written policy is being developed within DOR and with the Department of Regulatory Agencies to ensure consistency between agencies. The policy will be implemented and trainings will begin in 2019. A draft policy may be available for Commission review at the December meeting but likely will not be adopted before January. Commissioners agreed they would like all trainings to be conducted in one day, preferably the day before a Commission meeting.

The Director's Report was concluded at 8:55 a.m.

## **Commission Items**

Cindy Delaney provided an annual review of the Code of Ethics pursuant to Lottery Statute 44-40-110, Lottery Regulations 1 CCR 206-7.2, and C.R.S. 24-18-102-113.

## **Executive Session**

Vice Chair Peterson made a motion that the Commission enter into Executive Session for the purpose of conferencing with counsel pursuant to C.R.S. 24-6-402(3)(a)(IV) concerning specialized details of security investigations. Commissioner Maes seconded. There was no discussion and the motion passed unanimously. No decisions or votes were made in Executive Session. Executive Session ended at 9:30 a.m.

## **Public Comment**

Chairman Bensberg asked for public comment. There was none.

**Adjournment**

Chairman Bensberg adjourned the meeting at 9:31 a.m.

*Trisha Macias*

Completed by: Trisha Macias

*12/12/18*

Date of Approval