

# Minutes for the Colorado Lottery Commission

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## Call to Order

A Commission Meeting for the Colorado Lottery was held on Friday, August 27, 2021 via Zoom and in person at the Pueblo office only. The meeting was called to order at 8:11 a.m. and was presided over by Chairwoman Peterson.

## Attendees

In attendance were the following:

|   |                          |
|---|--------------------------|
| Stella Peterson, Chairwoman                 | Wendy Weldon, Lottery    |
| Stan Podolski, Vice Chair                   | Jorge Rivera, Lottery    |
| Arnold Hanuman, Commissioner                | Katrina Peter, Lottery   |
| Bill Clayton, Commissioner                  | Scott Chavkin, Lottery   |
| Jim Bensberg, Commissioner                  | Suzanne Karrer, DOR      |
| Tom Seaver, Senior Director, Lottery        | Mike Strasser, Lottery   |
| Jennifer Anderson, Deputy Director, Lottery | Nancy Bartosz, Lottery   |
| Heather Love, Lottery                       | Kelly Tabor, Lottery     |
| Terri Geier, Lottery                        | Jessica Ross, AGO        |
| Chris Schroll, Lottery                      | Cristi Gannon, Lottery   |
| Dave Aldag, Lottery                         | Danielle DeLeon, Lottery |
| Emily Stewart, Lottery                      | Brian Kohnlein, Lottery  |
| Ethan Nosky, Cactus                         | Michelle Hauck, Lottery  |
| Joe Conrad, Cactus                          | Mindy Chapman, Lottery   |
| Tyson Barr, IGT                             | Tom Campbell, Lottery    |
| Christian Hawley, Lottery                   | Danielle Reino, Cactus   |
| Todd Greco, Lottery                         | Miranda Rivera, Lottery  |
| Jay Sisson, Lottery                         |                          |

## Introductions and Welcome

## Public Comment

Chairwoman Peterson called for public comment. There was none.

## Lottery Spotlight

Ms. Hawley presented the new spot for the “Jackpot Scratch” games. The commercial featured an office environment and the discussion of “FOMO-MOOLAH”.

## Approval of Minutes

A motion to approve the minutes from the June 9, 2021 lottery Commission meeting was made by Commissioner Clayton and seconded by Commissioner Bensberg. The motion passed unanimously.

A motion to approve the minutes from the July 14, 2021 lottery Commission meeting was made by Commissioner Hanuman and seconded by Commissioner Clayton. The motion passed unanimously.

## Decision Items

Approval of Scratch Games, presented by Todd Greco;

- Game #229 \$1 7-11-21
- Game #231 \$1 10X THE CASH
- Game #232 \$2 20X THE CASH
- Game #233 \$3 30X THE CASH
- Game #234 \$5 50X THE CASH
- Game #235 \$10 100X THE CASH

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

## Colorado Lottery

MAIN MOTIONS

Approval of Scratch Game Guidelines, presented by Emily Stewart;

- Game #225 \$1 WINTER MAGIC
- Game #226 \$2 HAPPY HOLIDAYS
- Game #227 \$3 DECK THE HALLS
- Game #228 \$5 HOLLY-DAY PAYOUT
- Game #229 \$1 7-11-21
- Game #231 \$1 10X THE CASH
- Game #232 \$2 20X THE CASH
- Game #223 \$3 30X THE CASH
- Game #234 \$5 50X THE CASH

- Game #235 \$10 100X THE CASH

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

## Scratch Game Performance

In July, scratch sales were over \$52 million – one of the best in the history of Colorado Lottery. The launch of the “For Life” games have seen about \$1 million in sales per week – up \$6.9 million from June. Already tracking around \$2 million ahead of the FY22 goal.

## Jackpot Game Performance

For July, jackpot games saw around \$16.4 million in sales - up 14.5% over June. Sales were down about \$3 million from goal at \$225 million for the year. Starting to build Mega Millions and Powerball jackpots in July.

Changed Lucky for Life at the end of July by going to daily drawings - seen about 25% increase in sales for Lucky for Life. Last year’s sales averaged about \$290,000 a week and \$400,000 on average per week now. Colorado has its first Lucky for Life grand prize winner. The winner resides in Florence and agreed to do press for his winnings. The game change shows possible cannibalization for Cash5 and unsure about Lotto+.

Powerball started with their Monday drawing and “Double Play”. About 15% of players now also purchase the “Double Play”, compared to 44% players buying the add-on for Powerball.

For the Lucky for Life grand prize, there are two options: a lump sum or the \$1,000 a day for life. The minimum payout is 20 years and if the player passes away before the 20 years, the remainder of 20 years is paid out to their estate. If the player collects longer than 20 years and then passes away, the payments discontinue but the payments continue for as long as the player is alive.

\$350 million trigger campaigns are about to begin for Powerball and Mega Millions. Powerball is at \$322 million for this Saturday and, by Wednesday, the trigger campaign will begin. Mega Millions is at \$288 million and, within two or three more draws, should reach \$350 but will not run during the Powerball trigger campaign.

Lotto+ is at \$8.8 million and is selling more than Powerball currently. Lotto+ and Lucky for Life are above the year-to-date projection.

Some states saw cannibalization of their games when their state’s Lucky for Life went to daily drawings. If it begins to take away from another game in Colorado, it will be rethought.

## **FY21 Projected Sales, Expenses, and Disbursements**

\$169 million will go to beneficiaries in FY21 – the highest distribution in the history of Colorado Lottery. Personal services and operating costs were under appropriation. New SGI contract – waiting to see what happens. In process of hiring a few positions but also have a handful of positions that will have duties rewritten.

Last year saw a lot less travel and operating costs were down. For FY22, there is a decision item before the JBC to give Lottery continuous spending authority on retailer compensation. Meaning, there would not be a cap and Lottery would be allowed to pay out what's needed without going back to JBC without exceeding the appropriation. FY22 will exceed the appropriation for retailer compensation.

Commissioner Hanuman asked about the Outdoor Equity Fund – whether the funds were paid out yet. Mr. Aldag responded that September 1<sup>st</sup> is when the funds will be paid out for the year prior.

Mr. Seaver added that money within the budget that isn't used, goes to the beneficiaries – it's a "use or lose" mentality.

## **Director's Report**

- Virtual Claims – Terri Geier

Ms. Geier presented a slideshow regarding the four phase process of introducing virtual claims. The first phase consists of claims initiated by phone, the second phase is claims submitted via website, the third phase is claims submitted via website with virtual payments and the fourth phase is full integration into the mobile app and gaming system.

There will still be G-Guard checks and investigations for tickets sent in.

The success of other lotteries, and their virtual sales, will determine how far the Colorado Lottery takes virtual sales. There is a lot of communication with other lotteries during their trial phase of virtual sales and claims.

There are three states currently conducting virtual claims and they were consulted for Colorado's virtual claims. DocuSign has been the successful digital source for envelopes and secured transactions.

Metrics will need to be tracked, as it is suspected mail in claims will go down. During the pandemic, mail in claims consist of about 800-1,000 per month.

- DOR Values – Tom Seaver

With the appointment of the new DOR Director, Mark Ferrandino, a focus on a values based orientation was introduced. Mr. Seaver presented a graph that depicts the five areas of values: respect, service, teamwork, accountability and integrity. These were chosen by the employees at DOR as being the most important areas of DOR values. These values are in the early stages but play an important role within DOR.

- Big Dry Creek Drone Footage – Tom Seaver

Mr. Seaver presented the drone footage from a recent Starburst Awards recipient, Big Dry Creek Park in Westminster, Colorado. The drone footage from Fisher’s Peak became so popular that additional drone footage is being used to capture conservation projects for the lottery and its beneficiaries to use.

The Director’s Report was concluded at 9:52 a.m.

## **Commission Items**

- Chairwoman Peterson asked the Cactus team about a presentation on the demographic and branding for the Colorado Lottery. Mr. Seaver responded that the best way to conduct the tours are to have one Commissioner at a time, so that it doesn’t fall into an open meeting situation. The Commissioners can work with Mr. Chavkin to set up any tours of Cactus.

## **Adjournment**

Chairwoman Peterson adjourned the meeting at 9:55 a.m.

*Heather Love*

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Completed by: Heather Love

September 8, 2021

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Date of Approval