

# Minutes for the Colorado Lottery Commission

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## Call to Order

A Commission Meeting for the Colorado Lottery was held on Wednesday, September 11, 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 8:00 a.m., and was presided over by Vice Chair Stella Peterson.

## Attendees

In attendance were one (1) Vice Chair, three (3) Commissioners, fourteen (14) representatives from the Colorado Lottery, one (1) representative from the Multi-State Lottery Association (MUSL), one (1) representative from the Attorney General's Office (AGO), one (1) representative from IGT, and one (1) representative from Cactus.

### Present Denver:

Stella Peterson, Vice Chair  
Stan Podolski, Commissioner  
Bill Clayton, Commissioner  
Tom Seaver, Lottery  
Christian Hawley, Lottery  
Bret Toyne, MUSL  
Tom Campbell, Lottery  
Jessica Ross, AGO  
Jennifer Anderson, Lottery  
Tyson Barr, IGT  
Summer Duncan, Cactus  
Diane Boddicker, Lottery  
Todd Greco, Lottery  
Tom Cargal, Lottery  
David Aldag, Lottery

### Present in Pueblo:

Dennis Maes, Commissioner  
Trisha Macias, Lottery  
Cristi Gannon, Lottery  
Juslena Trujillo, Lottery  
Jay Sisson, Lottery  
Nancy Bartosz, Lottery  
Carol Sanchez, Lottery

## Lottery Spotlight

Christian Hawley presented three Lotto+ television ads. The campaign will be heavily supported by digital media.

## Approval of Minutes

A motion was made by Commissioner Clayton to approve the minutes for the Commission Meeting held on August 23, 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 #140 \$3 Extra! Bonus! Crossword

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 \$1 Loteria

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 the fiscal year ended June 30, 2019. YTD gross ticket sales at end of the fiscal year were \$679M. Proceeds were \$166.5M with \$68.5M to GOCO, under \$66.6M to the Colorado Trust, \$16.7M to Colorado Parks & Wildlife, and \$14.7M to BEST. Sales for the month of June only were \$51.4M and distributions were \$10.2M. Sales at the end of the fiscal year were at 111.8% of goal. FY19 is being closed and the full disclosure is being completed with the auditor, to be sent to the State Controller in mid-October.

Commissioner Clayton asked for clarification of the line item for DOR allocations and expenses. Nancy Bartosz responded that those allocations represent DOR centralized services. OIT expenses will begin to accrue following Lottery staff transition to OIT effective July 1, 2019. OIT service hours for Lottery projects will be billed and detailed in monthly utilization reports, per the interagency agreement. Accurate billing will be dependent on Lottery staff filling out work tickets and OIT staff properly reporting their time to complete a ticket. Lottery will pay the salaries of thirteen staff who transitioned to OIT but state agencies as a whole may switch to common billing in the future to provide greater transparency. OIT billable hours will be higher this year as their staff works on the Lottery back office conversion.

David Aldag presented FY20 projected sales, expenses and disbursements. \$169M is projected for beneficiaries. Jackpot sales are projected to be low in light of the slow start to the year thus far. Mr. Aldag identified where savings and expenses in OIT services are projected to net out with \$200K in savings. The budget projection process will be ongoing and monitored closely, as will the effects of changes in Lotto and their impact on Jackpot games overall.

Commissioner Podolski asked whether there is enough money available to marketing if Lotto enhancements do not meet expected outcomes. Ms. Hawley responded that the campaign can be adjusted in the second half of the year. The new ads will end two days before holiday games launch and a second set of commercials will run after the first of the year, so as not to

compete with holiday games. Tracking research will be evaluated to identify what features of the game players are responding to or not, and those outcomes will guide the second run of commercials.

### **Jackpot Game Performance**

Mr. Sisson reported that jackpots are not building and sales are low as a result. The Powerball jackpot only got to \$149M before it was hit in New York. Lotto is also down but Cash 5 is even and Pick 3 is slightly up and sustaining.

### **Scratch Game Performance**

Todd Greco reported that Scratch sales have been consistently good to start the year. August sales were \$38.5M, up about \$3.5M compared to last August. Sales were good even with just one new game launched during the month. The Frenzy games are still out and continue to be popular. Sales are \$1M off from projections, but this is usually a slow time of year for Scratch. Being down by just \$1M is still good heading into prime holiday season sales. A reorder of Frenzy games to boost sales before the holidays is under consideration.

Commissioner Clayton asked how sales were at the State Fair. Ms. Hawley responded that Scratch sold better this year than last. The goal of the Fair presence is to provide interactive experiences with players rather than achieve high sales. Lottery sponsored the sold out 38 Special concert at the Fair. Concert attendees could only obtain tickets through the purchase of Lottery products, which also provided entry into the Fair. The Fair director and attendees were thrilled with the concert sponsorship and we received many thanks.

### **Decision Items**

Approval of Scratch Games, presented by Todd Greco;

- Game #141 \$1 7-11-21
- Game #142 \$2 Super 7-11-21
- Game #143 \$1 eXtreme Match
- Game #144 \$2 eXtreme Bucks
- Game #145 \$3 eXtreme Wins
- Game #146 \$5 eXtreme Money
- Game #147 \$10 eXtreme Cash
- Game #148 \$3 Loteria

Mr. Greco informed the Commission that the eXtreme games will be tabled for presentation and approval at the October meeting in order to adjust price points in the game. Changes to the game are a result of player input.

A motion to approve the remaining Scratch Games presented was made by Commissioner Clayton and seconded by Commissioner Podolski. The motion passed unanimously.

## **Director's Report**

- **Multi-State Lottery (MUSL) Association Update**  
Bret Toyne, Executive Director of MUSL, provided an update of the MUSL strategic plan. MUSL is exploring the challenges and opportunities of global expansion. Their strategic intent is to double gross gaming revenue to \$6B by June 30, 2022.
- **Report from MUSL Marketing Committee**  
Mr. Seaver reported that the MUSL Marketing Committee is developing a white paper of best practices to address jackpot fatigue. It will provide a resource for lotteries to share their strategies and promotions for generating sales when jackpots are low.

Internally Lottery is working toward the industry standard to provide more Scratch games in the market place at a time, above the twenty four currently offered. The advantage of providing more games is the variety and the ability to provide customized retailer offerings.

Commissioner Clatyon asked if retailers have space available to offer more games. Mr. Greco responded that Tom Campbell has already been talking to retailers about increasing facings where available and targeting best selling products to those with limited space. The new back office system will identify the best mix of products for retailers based on their individual sales trends. We will also be able to increase the variety of games offered for retailers who have multiple sets of dispensers.

Vice Chair Peterson asked how staff would handle the extra workload of customizing products for retailers to increase sales. Mr. Seaver responded that we are moving toward a mature back office product that IGT already utilizes and has tested in other states. This system will allow for easily customized products for a big impact on sales.

The Director's Report was concluded at 9:12 a.m.

## **Commission Items**

Commissioner Maes asked for further observations about the State Fair and what is being considered for next year. Mr. Seaver responded that this year's sponsorship is still being evaluated. There was a lot of anxiety about moving away from the car drawing that players has been used to for so many years, but the concert sponsorship enabled us to reward five thousand players with a personal experience as a reward for playing and that seems to have carried more weight with them rather than rewarding just one player. The response has been positive and we will consider a similar direction for next year.

## **Public Comment**

Vice Chair Peterson asked for Public Comment. There was none.

**Adjournment**

Vice Chair Peterson adjourned the meeting at 9:16 a.m.

Trisha Macias

Completed by: Trisha Macias

10/9/19

Date of Approval