

Minutes for the Colorado Lottery Commission

Call to Order

A Commission Meeting for the Colorado Lottery was held on Wednesday, October 13, 2021 via Zoom. The meeting was called to order at 8:01 a.m., and was presided over by Chairwoman Peterson.

Attendees

In attendance were the following:

Stella Peterson, Chairwoman	Jay Sisson, Lottery
Bill Clayton, Commissioner	Todd Greco, Lottery
Arnold Hanuman, Commissioner	David Aldag, Lottery
Tom Seaver, Senior Director, Lottery	Terri Geier, Lottery
Jennifer Anderson, Deputy Director, Lottery	Christian Hawley, Lottery
Jessica Ross, AGO	Nancy Bartosz, Lottery
Suzanne Karrer, DOR	Kelly Tabor, Lottery
Tyson Barr, IGT	Marie Valtakis, Lottery
Danielle Reino, Cactus	Tom Campbell, Lottery
Heather Love, Lottery	Scott Chavkin, Lottery
Emily Stewart, Lottery	Cristi Gannon, Lottery

Introductions and Welcome

Public Comment

Chairwoman Peterson called for public comment. There was none.

Lottery Spotlight

Ms. Hawley showed the “Barb and Bill” commercials which have returned from a successful run last year.

Approval of Minutes

Commissioner Hanuman stated that the rules were not correctly listed from the previous month's Rulemaking Hearing. Hanuman asked when rulemaking hearings are had, where are the official record of rules published? Ms. Ross responded that the rules are published in the Colorado Register.

The minutes from September 8, 2021 will be amended and approved during November's commission meeting.

Colorado Lottery

MAIN MOTIONS

Approval of Repeal of Scratch Games, presented by Emily Stewart;

- Game #125 \$20 MILLION SERIES VIII
- Game #159 \$3 JACKSON
- Game #173 \$3 MERRY MONEY

A motion to approve the Repeal of Scratch Games presented was made by Commissioner Clayton and seconded by Commissioner Hanuman. The motion passed unanimously.

Scratch Game Performance

Mr. Greco reported there were \$49.3 million in sales, down \$1 million compared to August because of the extra day in August. Best September on record – up \$5 million compared to last September. Jackpot family of games launched in September.

Commissioner Clayton asked if the jackpots being hit impact scratch at all. Mr. Greco responded that had the jackpots continued to grow, it could impact scratch due to players focusing play on the bigger jackpots but no significant impacts have been seen during the recent jackpot runs.

Jackpot Game Performance

Mr. Sisson reported that jackpot saw \$25.9 million in sales for September, an increase of 26% compared to August. Sales in September were \$11.7 million ahead of last year with the help of the dueling jackpots. Lotto+ was also up in September with the other three games slightly down. Mega Millions was hit on 9/21 with the winner being in New York, winning

\$432 million. On 10/4, Powerball hit at \$699.8 million to a California player. Lotto+ jackpot is up to \$12.7 million for tonight's drawing. Since changing the game in Sept. 2019, this is the largest jackpot seen, previous largest was \$11.7 hit in December 2020. This was the second largest jackpot for lotto throughout its life.

Year-to-date – up about 14% or \$8.7 million, PB up \$6.1 million, lotto up \$3.8 million, Lucky for Life is up half a million.

Ms. Hawley added that the Colorado Lottery received recognition at the recent NASPL Batches awards. Finalist for the Mayhem spots. Finalist for proceeds jackpot boards. Finalist for the "Know Your Limits" problem gambling campaign, which will help with the WLA application. Won in the TV category for the "Winning Country" spot.

FY21 Projected Sales, Expenses, and Disbursements

Mr. Aldag reported beneficiary proceeds are projected to be between \$160 and \$177 million. No concerns about expenditures but want to make aware that we will be under appropriation for retailer compensation but the decision item is still sitting with the JBC. 98 positions have been filled as of August. There are a couple more retirements coming up but managers and directors are doing a great job getting those filled quickly. Capital expenditures are very much within budget and no concerns.

Commissioner Clayton asked about the changes in operating expenses, specifically the marketing expense and what that's related to. Mr. Aldag responded that marketing was down last year due to suspending advertising for a few months, due to the pandemic. Mr. Seaver added that lotteries across the country suspended their advertising as well due to the public being advised to only make outings for essential items.

Chairwoman Peterson asked what the commission can do, as a group, to get the online / mobile claims pushed along. Commissioner Hanuman also asked if other lotteries are offering alternative ways of paying prizes. Mr. Seaver responded that the short answer is yes - other lotteries are making access and products available in a variety of other options. There are 14 or 15 other states that offer fully functional mobile platforms.

Commissioner Clayton also asked about the increase in wages and benefits when filling vacant positions. Mr. Aldag responded that the difference between FY21 and FY22 is due to the number of positions being filled and benefits slightly increasing every year. There was around a 3% pay raise in FY22 and a freeze during FY21 due to the pandemic.

Chairwoman Peterson asked about the employee turnover. Mr. Aldag responded that Lottery has a low turnover rate, compared to other divisions in DOR, but have had a number of retirements over the last year and a half. There are currently around 98 FTE staffed with 106 positions listed throughout the lottery.

Commissioner Clayton asked for updates on the Director of Security and Investigations. Ms. Anderson responded that first round interviews are being conducted this and next week with the hopes of having the position filled by mid-November.

Director's Report

- Steamboat and Runyon Footage – Marie Valtakis

Ms. Valtakis showed footage from the recent Runyon to the Res event held in Pueblo and footage from the Yampa Valley Re Tree in Steamboat Springs.

- Headquarters Building Lease – Tom Seaver

Mr. Seaver reported that the headquarters building in Pueblo will be reduced from using three floors to two floors. The building is older and originally created as a department store. Other spaces were looked at and came to the conclusion that reducing the footprint within the current building was the best option. There may be some partitions or walls that need to be reallocated but that will happen within next year's budget.

- Quarterly Tracking Highlights - Tom Seaver

The tracking survey is a quarterly online survey that reaches about 600 Coloradans. Most lotteries do tracking surveys to add in specific factors that change quarter to quarter, to see the impact of certain circumstances. It tells us what consumers are doing, thinking and behaving in terms of purchasing, what they notice from our marketing efforts and more. Moving forward, the task will be given to Mr. Chavkin.

In the tracking survey, we have consistently asked consumers about the appeal of cashless options. Out of the respondents between 35-44 years old, 52% say they would like to have more cashless options. In the last survey, 36% say they would likely or very likely be willing to play a Colorado Lottery game if it were available online.

The Director's Report was concluded at 9:35 a.m.

Commission Items

There were none.

Adjournment

Chairwoman Peterson adjourned the meeting at 9:39 a.m.

Heather Love

Completed by: Heather Love

November 10, 2021

Date of Approval