

Minutes for the Colorado Lottery Commission

Call to Order

A Commission Meeting for the Colorado Lottery was held on Wednesday, March 9, 2022 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
Stan Podolski, Vice Chair	Todd Greco, Lottery
Bill Clayton, Commissioner	Scott Chavkin, Lottery
Arnold Hanuman, Commissioner	Tom Campbell, Lottery
Tom Seaver, Senior Director, Lottery	Cristi Gannon, Lottery
Jennifer Anderson, Deputy Director, Lottery	Emily Stewart, Lottery
Heather Love, Commission Secretary, Lottery	Mike Strasser, Lottery
Jessica Ross, Attorney General's Office	Daniel Bewley, Lottery
Suzanne Karrer, DOR	Kelly Tabor, Lottery
Peggy Brown, Problem Gambling Coalition of Colorado	David Aldag, Lottery
Danielle Reino, Cactus	Christian Hawley, Lottery
Ethan Nosky, Cactus	Nancy Bartosz, Lottery
Dwayne Wilson, IGT	Terri Geier, Lottery
Tyson Barr, IGT	Meghan Dougherty, Lottery
Brian Kohnlein, Lottery	Wendy Weldon, Lottery

Introductions and Welcome

Public Comment

Chairwoman Peterson called for public comment. There was none.

Lottery Spotlight

Ms. Hawley presented the newest television spot featuring the new group of scratch games with a cash theme. Mr. Seaver added that this is not a "family" set of games, each ticket is unique, but they share the same theme around cash.

Approval of Minutes

A motion to approve the minutes from the February 9, 2022 Lottery Commission meeting was made by Commissioner Clayton and seconded by Commissioner Hanuman. The motion passed unanimously.

Colorado Lottery

MAIN MOTIONS

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

- Game #123 \$3 JOKER POKER
- Game #165 \$10 \$250,000 CROSSWORD

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

Decision Items

There were no decision items for this meeting.

Scratch Game Performance

Mr. Greco reported that overall sales in February were about \$44 million, down around \$1 million compared to January but there are less days in February. Down about \$1.5 million compared to February of last year. Around \$30 million ahead of last year overall. Vast majority of lotteries, except four, are lower in sales compared to last year. This is due to things like inflation and rising gas prices. Unsure of the impact over the long run but it's being monitored. The new Cash games are selling extremely well and there a number of campaigns coming up.

Chairwoman Peterson asked if the performance change might affect Colorado for only a couple of months or longer. Mr. Greco responded that a meeting with Scientific Games was had and, internationally, nobody was sure what was going on and how it would impact lotteries in the long term. It's an issue where lotteries will just have to wait and see about.

Chairwoman Peterson asked if passively pushing more marketing in other areas, outside of gas stations, have been discussed. Mr. Greco responded that grocery stores are one of the other high traffic retailers. Need to focus on the overall retail locations, making sure machines are full and counters have tickets available. Customers will continue to be made aware of Colorado Lottery games and marketing will continue with new campaigns coming up.

Jackpot Game Performance

Mr. Sisson reported that jackpot sales in Feb were \$13.2 million - a decrease of \$13.6 million from January. The reason being that the large jackpots in January were hit and then hit again in February when jackpots were beginning to build. Sales are down about \$714,000 from the previous year. Seeing less sales due to customers holding on to their money for things like rising gas prices.

Mega Millions jackpot hit in New York last night. Colorado Lottery reached its goal of \$51 million for Lotto+.

Commissioner Hanuman asked about the packet stating an “increase” in sales when “decreased” was just mentioned. Mr. Sisson confirmed that it was a typo in the packet and that it should have been “decrease”.

FY21 Projected Sales, Expenses, and Disbursements

Mr. Aldag reported that, through January, sales are running between \$584-588 million for scratch and jackpot is between \$245-256 million. Down a little for scratch but up slightly for jackpot. Beneficiary proceeds are around \$176 million, possibly more. Believe that the new games will provide a slight bump in numbers.

The GOCO cap is adjusted every year based on the CPI - it will increase quite a bit going into FY23. Next year, the amount will be close to \$79 million. There will be less money for the waterfall beneficiaries. Outdoor Equity Fund (“OEF”) was established last year and first in line for the excess from the GOCO cap. BEST gets a \$3 million base amount.

Chairwoman Peterson asked if there’s knowledge of what the Outdoor Equity Fund has done so far. Mr. Bewley responded that he attended the first public meeting they held, which was last month, and that they’re working with GOCO and CPW but should be afforded a little more time. They plan on going around the state and meeting with different communities.

Commissioner Clayton asked about the amount of money being given to the Outdoor Equity Fund. Mr. Aldag responded that this was legislatively driven and that the amount increases even more in FY24 but then plateaus at \$3 million.

Mr. Bewley included that the grants process has just opened for this year and the OEF will be making decisions soon on how to spend the funds they have received so far.

Continuous spending authority is going before the JBC - continuous spending was not approved but did approve adjusting the spending to \$85 million, an increase from \$70 million. Won’t need to go back to the JBC for another two to three years.

Looking at being under in the personal services and operating costs area – it's in line with where it was expected to be. Had a few employees leave but have also had luck with hiring and staffing is holding steady. Expect the FTE count to be up, in the near future, from what it is now.

Commissioner Hanuman asked who the beneficiaries report to regarding how funds are being spent. Ms. Anderson responded that they can report on how money is being spent during their Smart Act Hearing and they are also accountable to the Board for funds being spent. Mr. Bewley supplied a link that provides more information:

<http://cpw.state.co.us/outdoor-equity-fund>.

Commissioner Clayton asked when the consumer price index goes down, does the same happen for GOCO funding. Mr. Aldag responded that the GOCO cap is adjusted according to the previous year's earnings and adjust accordingly.

Director's Report

- Commission Packet Timeline / Commission Meeting Date – Tom Seaver

Mr. Seaver asked the commission whether they would prefer moving the commission meeting from the second Wednesday of the month to the third Wednesday of the month. This would help provide Commissioners with packets further in advance of the meetings.

Commissioner Hanuman asked if there was any information that wasn't being included in the packet already. Commissioner Clayton, Chairwoman Peterson and Vice Chair Podolski agreed that they're on board for moving the meeting back a week if it's beneficial to Lottery staff in gathering information for the packets.

Mr. Aldag added that the accounting for the state doesn't close until at least the third Friday of each month. Currently, reports are a month behind the previous month. Unless meetings are moved to the last Wednesday of the month, financials will continue to be reported a month behind the previous month. This is solely due to the State's accounting system.

Commissioner Clayton responded that the timeframe of information for financials is fine - it's only the timeframe of receiving packets. Mr. Seaver concluded that meetings and packet timeframes will continue as they are.

- In-Person Commission Meetings – Tom Seaver

Mr. Seaver reported that meetings have gone very well virtually. He received word from the EDO that in-person meetings are now offered again, along with the continued offering of virtual attendance. A benefit of virtual meetings is that more staff seem to attend but a video option could be available if in-person attendance is chosen.

Vice Chair Podolski voted in favor of resuming in-person meetings if the video option is still available. Commissioner Hanuman and Commissioner Clayton seconded Vice Chair Podolski.

Mr. Seaver added that the State is still working on defining what requires working in a hybrid model. The Lottery will continue to look at the situation with opening up the claims centers - not quite there yet but the conversation remains fluid.

Chairwoman Peterson asked how the Lottery staff feel regarding resuming commission meetings in a hybrid model. Commissioner Clayton responded that trying one hybrid meeting would be a good indicator of how future meetings will go.

Mr. Seaver responded that the April meeting could be the trial meeting for the hybrid model - having both Pueblo and Denver offices open to staff who would like to attend in person, with the virtual option still available for those who prefer to stay at home.

Ms. Anderson said that if no one attends the in-person meetings at either/both offices, it would be preferable to only do virtual meetings, as it does take a lot more work for Lottery staff to prepare for an in-person meeting. Commissioner Clayton responded that a notice could go out to get a number of attendees prior to the meeting and if no one will be attending in person, staff would not need to prepare for an in-person meeting. Another option would be, holding an in-person meeting twice a year instead of monthly.

Mr. Seaver concluded that the next in person meeting will be at the State Fair in Pueblo and then a second meeting will be held in Denver in-person. Lottery will try having two in-person meetings a year and the rest virtual.

- Rocky Mountain PBS Spots for Barr Lake and Riparian Park Alamosa – Scott Chavkin

Mr. Chavkin presented two spots from Rocky Mountain PBS – one for Barr Lake and one for Riparian Park Alamosa.

The Director's Report was concluded at 9:05 a.m.

Commission Items

- Vice Chair Podolski reported that, when talking to the public, he used to have a link for a more robust annual report but could no longer find it on the website and would like to give a copy to the Mayor of Tinmath. Mr. Seaver responded that the website will be looked at to make that more prominent and less buried.
- Vice Chair Podolski asked about receiving an organization chart for the staff. Mr. Seaver responded that an updated org chart will be included in next month's commission packet.

- Commissioner Hanuman asked about the equipment category this FY compared to last year with a \$5 million difference. Mr. Seaver responded that he will gather an answer and report back to the commission.
- Commissioner Hanuman asked if getting a tour of the warehouse is possible. Mr. Seaver responded that a tour can be arranged. There are two warehouses - Pueblo being the main ticket packing location and Denver handling more of the support for the sales team.
- Annual Responsible Gaming Best Practices Training – Daniel Bewley

Mr. Bewley presented a slideshow with training on responsible gambling.

Commissioner Hanuman asked if the PGCC is part of the Lottery or a separate group. Mr. Bewley responded that the Lottery helped found the PGCC and serves on the board, but it is a separate organization. The Lottery is making sure that they have appropriate funding to operate and promote responsible gambling.

Commissioner Clayton added that it's about time the casinos came around with getting responsible gaming awareness out and having the current Speaker of JBC being a big advocate, will help tremendously.

- Annual Best Practices and Code of Ethics Training Pursuant to C.R.S. 24-3.7-102 and C.R.S. 44-40-110 – Jessica Ross

Ms. Ross presented a PowerPoint training on the 2022 Lottery Commission Best Practices and Code of Ethics Training.

Adjournment

Chairwoman Peterson adjourned the meeting at 10:12 a.m.

Heather Love

Completed by: Heather Love

April 13, 2022

Date of Approval