

# Minutes for the Colorado Lottery Commission

---

## Call to Order

A Commission Meeting for the Colorado Lottery was held on Wednesday, December 9, 2020 via Zoom. The meeting was called to order at 8:00 a.m. and was presided over by Chairwoman Peterson.

## Attendees

In attendance were the following:

Stella Petersen – Chairwoman	Heidi Humphreys – Interim Director of DOR
Stan Podolski – Vice Chair	Jennifer Anderson – Lottery
Hon. Dennis Maes – Commissioner	Jessica Ross – AGO
Bill Clayton – Commissioner	Lauren Kramp – Lottery
Jim Bensberg – Commissioner	Mike Strasser – Lottery
Carol Sanchez – Lottery	Nancy Bartosz – Lottery
Chris Schroll – Lottery	Paul Kane – Eidi Bailly
Christian Hawley – Lottery	Summer Duncan – Cactus
Daniel Bewley – Lottery	Todd Greco – Lottery
David Aldag – Lottery	Tom Campbell – Lottery
Dwayne Wilson – IGT	Tom Seaver – Lottery
Emily Stewart – Lottery	Tyson Barr – IGT
Ethan Nosky – Cactus	
Heather Love – Lottery	

## Introductions and Welcome

### Public Comment

Chairwoman Peterson called for public comment. There was none.

### FY20 Financial Audit Report Overview

Paul Kane from Eide Bailly presented the FY20 financial audit report overview. There were no audit findings. The audit report goes over what is expected and looked for by the auditors. Cash went down \$6 million and receivables went up \$6 million due to timing of sales during the year, with sales being up during the fourth quarter. Prepaid prize expense with MUSL is about the same as last year. The net pension liability dropped \$5 million since the previous year and is trending in the right direction. Lottery sales were down \$20 million but this is the third year that Colorado Lottery hit over \$600 million in sales in its history. Jackpot games were down because of the decrease in bigger jackpots. Scratch sales were up over \$50 million from year before. Wages and

benefits dropped because of the result of the pension adjustment. Net position increased over \$7 million. Cash decreased \$6 million compared to previous year due to large increase to accounts receivable that was collected right after year end. Note 1 is the summary of all of Lottery's accounting policies. Note 2 shows the break out of the cash, with most of it being on deposit with the state treasurer. Note 6 covers how the net distributions are calculated. Notes 7 through 9 cover pension plans with minimal changes from past years. Note 10 covers contingencies and commitments – prize annuities, large contracts, any potential litigation, etc. There are no restatements this year. There were no deficiencies that were noticed to bring to the Lottery's attention.

Chairwoman Peterson asked if other lotteries are also seeing so many clean audits in a row. Mr. Kane responded that Eide Bailly hadn't had any benchmarks for other lotteries. Mr. Seaver added that, having worked with other lotteries, Nancy and her team do the best work, especially during this virtual period of time. Ms. Bartosz added that the audit was a lot of work and thanked her team.

## **Lottery Spotlight**

Daniel Bewley presented a video featuring the Heartland Ranch Preserve, one of the Lottery's 2019 Starburst Award recipients.

## **Approval of Minutes**

A motion to approve the minutes from the November 12, 2020 lottery Commission meeting was made by Chairwoman Peterson.

Commissioner Bensberg motioned for an amendment to the minutes, due to his name not being included in the attendee list. Vice Chair Podolski seconded the amendment. The motion passed unanimously. Commissioner Secretary Heather Love will add Commissioner Bensberg to the attendee list on the amended commission minutes from November 12, 2020.

## **Colorado Lottery**

### **MAIN MOTIONS**

Approval of Scratch Game Guidelines, presented by Emily Stewart;

- Game #189 \$1 \$10,000 Casino Nights
- Game #190 \$2 \$20,000 Casino Nights
- Game #191 \$5 \$100,000 Casino Nights
- Game #192 \$10 \$250,000 Casino Nights
- Game #193 \$20 \$1,000,000 Casino Nights
- Game #194 \$1 7-11-21

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

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

- Game #886 \$1 7-11-21
- Game #108 \$ 4X The Fun Crossword
- Game #109 \$2 Super 7-11-21
- Game #112 \$10 Spotlight Game VIII

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

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

David Aldag reported that although sales numbers who that the Lottery is down, the sales goals are aggressive and sales have been higher each week. Scratch sales had a great week and jackpot reached another record.

Personal services expenditures are projected to fall \$500,000 below the spending authority. There are a few positions open, within the Lottery, but with the current circumstances, filling some of those positions are on hold. Some vacant positions will become critical should the decision item pass next year.

Travel expenditures continue to be down due to current circumstances.

It's estimated between \$100,000 to \$200,000 will be saved in OIT non-capitalized spending – Lottery's equipment hasn't required much maintenance so far.

Managers and their teams have done a great job with spending and there is no cause for alarm. Ultimately, it comes down to sales and the Lottery is projected to have a great December.

Commissioner Bensberg asked about the distribution of proceeds and why the percentage is lower. Mr. Aldag responded that there's a timing issue on prize expense and that he reports conservatively. More of sales are scratch products than ever before, rather than jackpot. As jackpot sales grow, that will shift, but scratch sales being as high as they are does lower the margin. The price point of scratch games is rising as well which is shown by the average ticket sale at \$6. Mr. Seaver added that projections are difficult when it's unknown what jackpot sales will be. Lottery also has very aggressive sales goals for scratch and will drive the percentage down but the amount of dollar sales up.

## Decision Items

Approval of Scratch Games, presented by Todd Greco;

- Game #195 \$1 Lucky 13
- Game #196 \$2 Win It All
- Game #197 \$2 Super 7-11-21
- Game #198 \$3 Lucky Day
- Game #199 \$5 Golden Blast

A motion to approve the Scratch Games presented was made by Chairwoman Peterson and seconded by Commissioner Maes. The motion passed unanimously.

## Scratch Game Performance

Mr. Greco reported that scratch sales, to goal, are down about \$2-3 million. Just getting into big sales season for scratch. This past month's sales were up \$3.4 million, compared to last year. Scratch holiday games are doing exceptionally well. The James Bond games are coming up which includes digital advertising. In January, some Mayhem games are coming out. Excited about where sales are trending and hoping to surpass sales goals for this year.

## Jackpot Game Performance

Mr. Seaver reported, on behalf of Jay Sisson, that jackpot sales for November were \$17.3 million, an increase of almost 7.5%. PB, MM and Lotto+ are all experiencing great jackpot growth. Higher jackpot than in 18 years for Lotto+. When the big jackpot games go up, it tends to lift up the other games. Down \$6.6 million to projection but should become smaller and the jackpot grows. Dropped the trigger campaign level to \$250 million, not including television, which will stay at \$350 million.

## Director's Report

- **PSA Radio Report – Christian Hawley**

Ms. Hawley reported that the Comms team came up with an idea to push 30-second radio spots to spread the conservation and proceeds message. Sent the ads through media partners. Had a total of about 3,500 spots that aired at no cost to the Colorado Lottery. Also created a 30-second problem gambling awareness spot that will be shared in March, which is problem gambling month. Mr. Seaver added that people relate more to the proceeds message the closer it is to their back door. By airing messages regionally, it gives a better realization that lottery money is not just a state wide fund but has local impact.

- **Virtual Claims – Carol Sanchez**

Ms. Sanchez reported on the upcoming virtual claims plans for the Colorado Lottery. Currently, prize redemptions include retailers paying tickets up to \$599. Smaller stores don't have to pay anything over \$150. Players can redeem prizes over \$600 at any of the

four claim centers. Before COVID-19, players could walk in and redeem their high-tier prizes. Since the pandemic, appointments are required. There was a meeting with the Ohio Lottery to discuss their protocol and practice in providing virtual claim services to their players. There was also a meeting with DocuSign that will help further the virtual claim needs.

There is a meeting with OIT and DocuSign to review costs and go over licensing agreements. Will then obtain the necessary budget approvals and going over implementation. The prize threshold would be \$600 or more but if a player had multiple tickets, for example a \$600 winner and a separate \$1 winner, they could bundle those tickets for redemption.

- **MUSL Update – Tom Seaver**

Mr. Seaver reported that there was a board meeting last week and there are changes being made to Powerball and Lucky for Life, with continued talks of selling internationally. The Lottery's AGO team will continue to look at what's needed in order to do that. Mega Millions and their reaction to the Powerball changes is still unknown; they are currently considering a price increase to \$5 per play. If that change is made, it will impact the amount of resources for the Colorado Lottery. Fall 2021 will be a very busy time with BAMO involved with an increased amount of testing due to these changes.

- **Service Awards – Tom Seaver**

Mr. Seaver congratulated the following employees for their dedicated service to the State of Colorado. For 25 years of service – Ken White. For 20 years of service – Peter Tomeny and Byron Martinez. For 15 years of service: Josh Haffner, Dave Aragon, Thomas Campbell, Eliza Tyndall, Steven Powers, Audra Roybal and Sabrina Gallegos. For 10 years of service: Denise Serna, Garrett Ulibarri, Darren Long, Andrea Hammons, Anna Aragon and Jeffrey Martinez. For 5 years of service: Brian McKim, Steven Powers, Barry Wagoner and Chad Wedmore.

- **Holiday Treats – Heather Love**

Ms. Love reported that there are 35 staff identified as having to come into an office or warehouse, since March. The treats will be individually wrapped to adhere to social distancing.

The Director's Report was concluded at 9:30 a.m.

## **Commission Items**

- Commissioner Bensberg asked if the Lottery apparel orders will include tracking numbers. Ms. Love responded that, because of the volume of orders, individual tracking numbers will not automatically be provided; however, if an individual needs a tracking number, one can be provided.

## Adjournment

Chairwoman Peterson adjourned the meeting at 9:37 a.m.

*Heather Love*

---

Completed by: Heather Love

1/13/2021

---

Date of Approval