

# 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 8, 2021 via Zoom and in person. The meeting was called to order at 8:05 a.m. and was presided over by Chairwoman Peterson.

## Attendees

In attendance were the following:

Stella Peterson, Chairwoman	Brian Kohnlein, Lottery
Stan Podolski, Vice Chair	Terri Geier, Lottery
Bill Clayton, Commissioner	Tyson Barr, IGT
Arnold Hanuman, Commissioner	Mike Strasser, Lottery
Jim Bensberg, Commissioner	Danielle DeLeon, Lottery
Jennifer Anderson, Deputy Director, Lottery	LuAnn Caligaris, Lottery
Jessica Ross, AGO	Cristi Gannon, Lottery
Heather Love, Lottery	Nancy Bartosz, Lottery
Chris Schroll, Lottery	Danielle Reino, Cactus
Daniel Bewley, Lottery	Kelly Tabor, Lottery
Dave Aldag, Lottery	Marie Valtakis, Lottery
Meghan Dougherty, Lottery	Leah Glazer, Cactus
Todd Greco, Lottery	Christian Hawley, Lottery
Emily Stewart, Lottery	Suzanne Karrer, DOR
Jay Sisson, Lottery	Ethan Nosky, Cactus
Scott Chavkin, Lottery	

## Introductions and Welcome

## Public Comment

Chairwoman Peterson called for public comment. There was none.

## FY22 Projected Sales, Expenses, and Disbursements

Mr. Aldag reported that at the end of August, sales have been ahead on scratch and a little behind on jackpot. The growing jackpots should help with the run rates. Beneficiary proceeds are at \$164 million, with the GOCO cap at \$72.1 million for FY22 – up about 2% over last year.

Based on current projections, will be under appropriated for retailer compensation if sales hit projected levels. There is currently a pending decision item that would allow continuous spending, without needing authority, for retailer compensation.

Operational POTS is at about \$2 million below what it was the year before, in part to having OIT credit coming through from two years ago that helps take care of any current OIT costs. OIT is going to a real-time billing system this year, but still catching up from two years ago and will have an additional catch up period next year.

Commissioner Clayton asked if the OIT expenses should be going down significantly now that IGT is handling the back office. Mr. Aldag responded that there's no anticipation of any significant changes in run rates. One area he does anticipate changes in run rates is from the staffing changes. With the real-time OIT billing, run rates look to be sitting at around \$600,000 per year. The real-time billing will be on a monthly basis, billed in arrears.

Commissioner Hanuman asked if the credits are from one or two years ago. Mr. Aldag answered that credits are given two years in arrears. There should be one more year of potential credits for FY23.

## **Lottery Spotlight**

Ms. Dougherty presented drone footage from Clear Creek Greenway.

## **Approval of Minutes**

A motion to approve the minutes from the August 27, 2021 lottery Commission meeting was made by Commission Clayton and seconded by Commissioner Bensberg. The motion passed unanimously.

## **Decision Items**

Approval of Scratch Games, presented by Todd Greco;

- Game #230 \$1 CA\$H CRUSH
- Game #236 \$2 CA\$H INCLINE
- Game #237 \$5 CA\$H BACK
- Game #238 \$10 CA\$H PAYOUT

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

## **Colorado Lottery**

### MAIN MOTIONS

A motion to open the Rulemaking Hearing for Lottery Rules 5, 10, and 14 was made by Commissioner Bensberg and seconded by Chairwoman Peterson. The motion passed unanimously.

Rulemaking Hearing Lottery Rules 5, 10 and 14, presented by Emily Stewart;

### **Rule 5 COLORADO LOTTERY SCRATCH GAMES**

The following actions were taken to Rule 5

In Section 5.8.C removed verbiage specifying that Lottery tickets must be claimed via mail or in person at a Lottery Claim Center and added Tickets and claim forms must be submitted to the Colorado Lottery.

In Section 5.8.I changed Ticket Holder to Prize Winner as to who the payment of prizes will be paid to.

In Section 5.8.1 changed the statement that tickets must be received by the Colorado Lottery Headquarters to tickets must be received by the Colorado Lottery.

### **Rule 10 COLORADO LOTTERY IN-STATE JACKPOT LOTTERY GAMES**

The following actions were taken to Rule 10

In Section 10.9.C removed verbiage specifying that Lottery tickets must be claimed via mail or in person at a Lottery Claim Center and added Tickets and claim forms must be submitted to the Colorado Lottery.

In Section 10.9.D removed verbiage stating the payment to the Prize Winner would be in Person or by mail.

In Section 10.9.K changed the statement that tickets must be received by the Colorado Lottery Headquarters to tickets must be received by the Colorado Lottery.

In Section 10.9.L changed Ticket Holder to Prize Winner as to who the payment of prizes will be paid to.

### **Rule 14 COLORADO LOTTERY MULTI-STATE JACKPOT LOTTERY GAMES**

The following actions were taken to Rule 14

In Section 14.9.C removed verbiage specifying that Lottery tickets must be claimed via mail or in person at a Lottery Claim Center and added Tickets and claim forms must be submitted to the Colorado Lottery.

In Section 14.9.D removed verbiage stating the payment to the Prize Winner would be in Person or by mail.

In Section 14.9.K changed the statement that tickets must be received by the Colorado Lottery Headquarters to tickets must be received by the Colorado Lottery.

In Section 14.9.L changed Ticket Holder to Prize Winner as to who the payment of prizes will be paid to.

Commissioner Hanuman asked Ms. Stewart what the significance was by changing verbiage from ticketholder to prize winner. Ms. Stewart answered that anyone can hold the ticket but the person claiming is the one actually receiving the prize. The only way a third party can be paid is if we're making the check out to them.

A motion to approve changes made to Lottery Rules 5, 10 and 14 was made by Commissioner Bensberg and seconded by Commissioner Clayton. The motion passed unanimously.

Approval of Scratch Game Guidelines, presented by Emily Stewart;

- Game #230 \$1 CA\$H CRUSH
- Game #236 \$2 CA\$H INCLINE
- Game #237 \$5 CA\$H BACK
- Game #238 \$10 CA\$H PAYOUT

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

No Scratch Games were presented for repeal during this meeting.

## **Scratch Game Performance**

Mr. Greco reported that scratch sales remain strong - \$51.1 million for August, which are the best sales for August. Down compared to July but there were a number of games launched and August had no games launched. Currently at about \$3.5 million ahead of FY22 goal – last year sales were down from goal. September should see a boost with the launch of the jackpot scratch games.

## Jackpot Game Performance

Mr. Sisson reported that August sales were at \$19.2 million, an increase of about \$2.8 million or 15% over July. Jackpots are building throughout August with Powerball at \$388 million, Lotto+ at \$9.6 million and Mega Millions at \$368 million. Sales are up about \$5 million over August of last year.

Lucky for Life performance – at seven weeks prior to changing over to daily drawings, did about \$1.8 million in sales. Post seven weeks, did about \$2.7 million – about a 33.86% increase. Change to daily drawings is pushing players and going up a little each week.

Powerball performance – growing jackpots are a large variable in sales. Two weeks prior to the drawing change, did about \$2.5 million and two weeks after change, did about \$3.5 million – an increase of \$1 million. \$253,000 of sales were from adding the double play feature with no cannibalization of Powerplay. Playership averages about 16.33% and is up around 18% this past Monday with the double play participation.

Lotto+ add on sales run around 50-55% and Megaplier and Powerplay for run around 40-45%. Out of 14 states participating in double play, the average is about 13.5% - Colorado is slightly above.

Currently, at \$1.7 million down in sales from year-to-date projections – about 4.2% down but slowly getting to goal. Should see a large increase in sales for the national games and Lotto+ doing well with the large jackpot.

Information will be put on the back of jackpot ticket stock regarding virtual claims – coinciding with Rule 10.

Powerball is at a \$388 million jackpot for Wednesday night and Mega Millions is at a \$368 million jackpot for Friday night.

Cannibalization – when products are changed or features added to products, want to make sure that dollars aren't moving and taking away from other products, impacting their performance.

## Director's Report

- Security and Investigations Updated – Chris Schroll

Operational – WLA 4 certification includes a sting effort to deter underage gambling. Draft job requisition is in place for underage secret shoppers. Minors between 16-17  $\frac{3}{4}$  years old will be employed for underage stings. Lottery already performs integrity checks with retailers which deters clerks from trying to keep winning tickets.

Staffing – Bill Burrueel will be retiring December 1<sup>st</sup> and there is currently a shadow position requisition in place with HR. Will onboard a new investigator about 30 days prior to retirement so that they can shadow Mr. Burrueel.

The new licensing specialist will onboard October 20<sup>th</sup> and will provide additional administrative support to Security & Investigations, helping to ease the workload across licensing and compliance.

Mr. Schroll's last day with the Lottery will be September 10<sup>th</sup> – moving to the private sector.

- Kathi J. Show Recap – Meghan Dougherty

Ms. Dougherty reported that the show is on Channel 3 from 9-9:30 a.m. every morning, along with two Facebook lives and two TV segments each month. Lottery was able to come in as a sponsor at a reasonable rate. Ms. Dougherty presented video of the TV segment regarding Powerball changes and a proceeds showcase.

The show has only been on for a month, so numbers aren't readily available. Will be able to present numbers after the show runs for a little longer. Ms. Anderson included that the contract with Kathi J. was purposefully made for about six months as a pilot.

- Colorado State Fair Recap – Jennifer Anderson

Ms. Anderson reported that the State Fair recap included sales of \$113K - just under the 2019 numbers with sales, despite having to close for three days during the week due to lack of staffing shortages. We had at least a dozen lottery staff volunteer to sell tickets, operate the prize wheel and pitch in wherever needed. The Loverboy concert was canceled by the band and Lottery offered a few other concerts in place like Diamond Rio and George Thoroughgood.

The Director's Report was concluded at 9:11 a.m.

## Commission Items

- Chairwoman Peterson asked about Ashley Baller (Ms. Rodeo 2022) and whether it would be possible to partner her, being that she's born in Pueblo and her family has relocated to Greeley. Mr. Chavkin will look into that and follow-up at a later meeting. Ms. Dougherty added that she also may be considered an "influencer" and there might be an opportunity to partner with her as part of the Lottery's influencer campaign.
- Vice Chair Podolski asked Ms. Bartosz to give an update on the recent audit. Ms. Bartosz reported that the audit is going well and the auditors have been to the Pueblo office – Cristi Gannon and Nancy were at the office to meet them. All of the requests that were made by the auditors were fulfilled and satisfied the auditors. There was a one week delay due to an issue with CORE. The auditors have an aggressive deadline with the state auditor's office. They have been pushing forward as fast as possible. The hearing with the Legislative Audit Committee is projected to move forward as planned. No findings or issues currently identified by the auditors. These auditors are in their 9<sup>th</sup> year working with the lottery.
- Ms. Anderson added that the group photo has been put on pause with plans for the photo to happen sometime in the spring due to the ongoing COVID precautions.

## Adjournment

Chairwoman Peterson adjourned the meeting at 9:23 a.m.

*Heather Love*

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Completed by: Heather Love

November 10, 2021

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Date of Approval