PUBLIC MEETING OF THE ARIZONA LOTTERY
COMMISSION MINUTES – JUNE 22, 2011

TIME	10:00 a.m.
PLACE	Arizona Lottery Board Room 4740 E. University Drive, Phoenix, AZ
PRESIDING	Chair Veronica Zapata Vaughn
COMMISSIONERS	Vice-Chair Jeffrey Boehm and Commissioners Jeff Weintraub, Nikki Daly, and Leo Valdez
LOTTERY LEADERSHIP	Jeff Hatch-Miller, Executive Director; Trish Phillips, Deputy Director/Operations; Karen Emery, Deputy Director/Policy; Bill Kaehler, Audit, Accounting, and Procurement Director; Carolyn Koll, Human Resources Manager; Kim McGlothlen, Marketing and Sales Director
LOTTERY STAFF	Tim Matykiewicz, Barbara Anderson, Marita Ralston, Cindy Esquer, Pam DiNunzio, Bruce Heyn, Penny Gutierrez, Debra Chacon, Tom Seow, Robin Peters, and Jacqui Ayala
GUESTS	EB Lane Representatives: Todd Bresnahan, Conchita Rajces Kollman, Emily Ginzl, Kristin Jones, Shailesh Ghimire, and Lopez Negrete Representative, Mary Verdugo GTECH Representatives: Russ Harbin, Serena Stapp, and Matt Hayes Attorney General Representative: LaDonna Ockinga

Call to Order

Pursuant to the Public Notice dated June 17, 2011, the Public Meeting of the Arizona State Lottery Commission was called to order at 10:00 a.m. by Chair Zapata Vaughn. A quorum was present.

Upon request by Chair Zapata Vaughn, Commissioner Daly made a motion to approve the minutes of May 20, 2011; Commissioner Weintraub seconded. All members voting aye, motion carried.

State Service Awards

Director Hatch-Miller recognized the following employees for their years of service: Penny Gutierrez – 15 years, Debra Chacon and Pamela Ulloa - 20 years, and Bruce Heyn and Tom Seow – 30 years of service to the State of Arizona.

Director's Report

Director Hatch-Miller presented a PowerPoint overview of the Director's Report. The Director's Report is attached for the official minutes.

Director Hatch-Miller presented an overview of the FY12 Sales Projection. There are a lot of variables taken into consideration when preparing this projection. The FY12 Sales Projection is $594M, which breaks down as Scratchers $374M (63% of sales) and on-line products $220M (37% of sales).

Commissioner Valdez asked, "How does the market share percentages compare to actuals for the last two years?" Director Hatch-Miller responded that there are more sales on the instant side and less on the on-line side. We are actively and aggressively trying to move it back in the other direction but it has been a hard sale. The Scratchers product has been extremely strong; double digit growth every year.

Commissioner Valdez also asked when the dollar amount goes up do our overall expenses go up proportionately to include marketing. Director Hatch-Miller responded that the Lottery has met with the Governor's budget director and the Appropriations Chairmen of both the Senate and the House. Our appropriations have not been increasing except in the print line and fee line. On the operational side, it has been steadily decreasing. We will have discussions later in regards to what they want to invest in the Lottery.

New Business

Nominations for Chair and Vice-Chair

Chair Zapata Vaughn opened the floor for nominations for Commission Chair. Commissioner Valdez nominated Vice-Chair Boehm for Chair. There were no other nominations and Chair Zapata Vaughn entertained a motion to elect Vice-Chair Boehm as Chair by unanimous consent. Commissioner Daly seconded. The motion was carried.

Chair Zapata Vaughn opened the floor for nominations for Commission Vice-Chair. Commissioner Valdez nominated Chair Zapata Vaughn for Vice-Chair. There were no other nominations and Chair Zapata Vaughn entertained a motion to elect Chair Zapata Vaughn as Vice-Chair by unanimous consent. Commissioner Daly seconded. The motion was carried.

Chair Zapata Vaughn asked if any members of the public would like to address the Commission regarding the new Scratchers Game Profiles: *30th Anniversary ($2)* #768, *Reindeer Money* #775, *Holiday Break* #776, *Snowflake Crossword* #777, *$50,000 Jingle Jackpot* #778, *Holiday Riches #779, Wheel of Fortune® #793, Match & Win #794,* and *Arizona Black Limited #803*. No response from the public.

In accordance with A.R.S. §5-504 (C), Chair Zapata Vaughn entertained a motion to approve the order and authorize the Director to issue the order regarding new Scratchers Game Profiles*: 30th Anniversary ($2)* #768, *Reindeer Money* #775, *Holiday Break* #776, *Snowflake Crossword* #777, *$50,000 Jingle Jackpot* #778, *Holiday Riches #779, Wheel of Fortune® #793, Match & Win #794,* and *Arizona Black Limited #803*. Commissioner Valdez moved; Vice-Chair Boehm seconded. All members voting aye, the motion carried.

Chair Zapata Vaughn asked if any members of the public would like to address the Commission regarding the Wheel of Fortune® 2nd Chance Drawing Profile. No response from the public.

In accordance with A.R.S. §5-504 (C), Chair Zapata Vaughn entertained a motion to approve the order and authorize the Director to issue the order regarding the Wheel of Fortune® 2nd Chance Drawing Profile. Vice-Chair Boehm moved; Commissioner Daly seconded.

All members voting aye, the motion carried.

Call to the Public._Chair Zapata Vaughn invited members of the public to speak before the Commission. No one from the public requested to speak.

Announcements. The next two meetings will be Monday, August 22, 2011 and Monday, September 19, 2011, at 10 a.m.

Marketing Update. Ms. McGlothlen presented Campaign B - *Hall of Winners* from the Continuity Campaign, which launched on June 16, 2011, and reported that Campaign A - *Wonderful Life* has received positive feedback.

She also spoke on Spring Sports sponsorships in Arizona. She presented an overview on the following promotions: the Arizona Diamondbacks "Gonzo" Grand Slam promotion, Arizona Rattlers test promotion, and a multicultural retail promotion at Pro-Ranch Market.

Adjournment. Chair Zapata Vaughn requested a motion to adjourn the meeting. Commissioner Weintraub moved; Vice-Chair Boehm seconded. All members voting aye, motion carried.

Meeting adjourned at 11:11 a.m.