

**PUBLIC MEETING OF THE ARIZONA LOTTERY
COMMISSION MINUTES AUGUST 19, 2016**

PRESIDING Chair Frank Conley

COMMISSIONERS Michael Love, Jeff Weintraub, Andy Anderson, and Kristine Burnett

LOTTERY Gregg Edgar, Executive Director; Chris Rogers, Director of Products & Marketing; Raynie Hosto, Director of Sales; Steve O’Ney, Director of IT; Biju Kamaleswaran, Chief Financial Officer; and Lisa Whalin, Director of Legal Services
Kimberly Siddall, Pam DiNunzio, Ivy Gilio, Shelby Alessi, Michael Schiefelbein, Nikki O’Shea, Stacey Henderson, Michelle Anderson, and Jacqui Ayala

GUESTS GTECH Representatives: Russ Harben Marianne Manning, and Serena Arlotta
Owen’s Harkey Representatives: Scott Harkey, Dawn Kemmer, and Chelsea Smeland
Attorney General Representative: Deanie Reh
Scientific Games Representatives: Topper Wilson and Cory Bonogofsky

PUBLIC Nick Schell and Barbara Anderson

Call to Order Pursuant to the Public Notice dated August 12, 2016, the Public Meeting of the Arizona State Lottery Commission was called to order at 10:00 a.m. by Chair Conley. A quorum was present.

Chair Conley entertained a motion to approve the minutes of the June 17, 2016, Public meeting; Vice-Chair Love moved, Commissioner Anderson seconded. All members voting aye, motion carried.

Director’s Presentation Director Edgar spoke about some of our Beneficiaries and gave an update on our Community Sponsorship program. He said we have received over 200 submissions for funding and named a few that we have supported such as Local First, Feeding Matters, and Military Assistance Mission.

Mr. Edgar announced that we will be holding a Grand Opening Event at the airport on August 25th at 11:00am, he said Michael Bidwell will be coming out and we will do a little launch of our new Cardinals ticket. He invited the Commissioners to attend.

Director Edgar presented a PowerPoint overview of the Director’s Presentation. The Director’s Presentation is attached for the official minutes.

Chair Weintraub asked what the year over year was on Scratchers. Mr. Schiefelbein said he thought last year it was \$542 million and this year we ended at \$590 million. He said the projection for fiscal year 17 is \$628M.

Director Edgar said our on line system conversion goes into effect 08/28 by 10am at the latest. He thanked the vendors IGT & Scientific Games for all their hard work.

Chair Conley asked what the staffing looked like on Conversion day. Mr. Bonogofsky said they had about 40 additional people coming in from their corporate office as well as the site staff which is over 40 and advised they have a contractor coming in as well so it would be around 100 people to help. Mr. Edgar added that we will also have staff here as well.

Director Edgar provided an update on personnel changes. He said we lost Aaron but we have gotten ourselves staffed back we got the airport personnel hired territory managers we have one vacancy. He said we brought on a CFO Biju Kamaleswaran and General Council Lisa Whalin

Commissioner Burnette asked how many other vacancies there are. Director Edgar said our approved FTE is 85 and we are right at about 80-81.

Marketing/Products Update Mr. Chris Rogers provided a Marketing & Product update spoke about the Cardinal's promotions and shared what the Point of Sales would look like in the stores. He said last Monday we did our first ever retail webinar, he said an email notification was sent to 1000 retail contacts with a 30 second teaser video which he shared with the Commissioners. He said those that participated were incentivized with Cardinals tickets. Commissioner Burnett asked how many retailers participated. Mr. Rogers said participation was low and looked to Chair Conley for suggestions. Commissioner Conley suggested an earlier time and different day of the week.

Retailer Satisfaction Survey Ms. Hosto shared the results of our Retailer satisfaction survey. She said our goal was to maintain our 97% satisfaction rate but increase the number of responses. She said we ran the survey from May 7th to July 1st which should give us a nice baseline since it was pre conversion. She said we would do another survey post conversion to see how we weathered through conversion. She said we had a 22% increase in participation.

Out of Stock Update Ms. Hosto provided a quick update on out-of-stocks she said we ended the year at 4% which was below our goal of 4.4%. She said the goal for FY17 is 3.65%. Chair Conley encouraged us to continue to look at larger pack sizes.

New Business Chair Conley opened the floor for nominations for Commission Chair. Commissioner Love nominated Commissioner Weintraub for Chair. Commissioner Anderson seconded. There were no other nominations, and Chair Conley entertained a motion to elect Commissioner Weintraub as Chair by unanimous consent. The motion was carried.

Chair Conley opened the floor for nominations for Commission Vice-Chair. Commissioner Anderson nominated Commissioner Love for Vice-Chair. Commissioner Burnett seconded. There were no other nominations, Chair Conley entertained a motion to elect Vice-Chair Love as Vice-Chair by unanimous consent. The motion was carried.

Chair Conley asked if any members of the public would like to address the Commission regarding new instant scratch game profiles: *Did I Win? #1083, "7" #1084, \$50 Grand #1085, Café Crossword #1088, and VIP Crossword #1089*. No response from the public.

In accordance with A.R.S. §5-554 (C), Chair Conley entertained a motion to approve the order and authorize the Director to issue the order regarding new instant scratch game profiles: #1083, #1084, #1085, #1088, and #1089. Vice-Chair Love moved; Commissioner Burnett seconded. All members voting aye, the motion carried.

Chair Conley asked if any members of the public would like to address the Commission regarding new Promotion Profile: Arizona Cardinals Second Chance Drawing. No response from the public.

In accordance with A.R.S. §5-554 (C), Chair Conley entertained a motion to authorize the director to issue the order regarding new Promotion Profile: Arizona Cardinals Second Chance Drawing. Commissioner Anderson moved; Commissioner Weintraub seconded. All members voting aye, the motion carried.

Chair Conley asked if any members of the public would like to address the Commission regarding new Instant Tab Game Profiles: I Love My Country #069, Silver Lining #070, Treasure Hunters #071, Bold & Brave #072, Freedom Rocks #073, Red Hot Reels #074, Bonus America #075, Liberty Loot #076, Superior 7's #077, Hot Cash #078, Pot O' Gold PLUS #079, and Caribbean Cash #080. No response from the public.

In accordance with A.R.S. §5-554 (C), Chair Conley entertained a motion to approve the order and authorize the Director to issue the order regarding new instant tab game profiles: #069 #070, #071, #072, #073, #074, #075, #076, #077, #078, #079, and #080. Commissioner Anderson moved; Commissioner Burnett seconded. All members voting aye, the motion carried.

Call to the Public Chair Conley invited members of the public to speak before the Commission. No one from the public requested to speak.

Announcements The next Commission meeting will be held September 23, 2016, at 10:00 a.m.

Adjournment Chair Conley entertained a motion to adjourn, Commissioner Anderson moved; Commissioner Weintraub seconded. All members voting aye, the motion carried. Meeting adjourned at 11:03 a.m.

Materials A copy of the agenda and background material provided to Commission members, which is not exempt by law from public inspection, is available for public inspection at least 24 hours in advance of the meeting at the Lottery Office located at 4740 East University Drive, Phoenix, Arizona.

Notice Any amendments or additions to the agenda will be made available at least 24 hours prior to the meeting.