



February 22, 2019  
COMMISSION  
REPORT

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## **NOTICE OF PUBLIC MEETING AND EXECUTIVE SESSION OF THE ARIZONA STATE LOTTERY COMMISSION**

Pursuant to Arizona Revised Statute (A.R.S.) § 38-431.02, notice is hereby given to the members of the Arizona State Lottery Commission and to the general public that the Arizona State Lottery Commission will hold a meeting open to the public on February 22, 2019, at 10:00 a.m., in the Arizona Lottery Board Room, located at 4740 East University Drive, Phoenix, Arizona. Pursuant to A.R.S. § 38-431.02(B), further notice is hereby given to the Arizona State Lottery Commission and members of the public that the Arizona State Lottery Commission may vote to go into Executive Session, which will not be open to the public, for the purpose of obtaining legal advice pursuant to A.R.S. § 38-431.03(A)(3) regarding any of the agenda items, as well as for the purposes listed on the agenda under Executive Session. The Commission may also vote on any item listed on the agenda. One or more members of the Commission may participate by means of telephonic communication.

### **Call to Order**

1. Call for Quorum
2. Call for Notice
3. Approval of Minutes for January 18, 2019 Public Meeting

### **Agency Reports**

1. Director's Presentation
2. Marketing Presentation

### **New Business**

1. Discussion and Action on continued Costco Program for Sale of Instant Tickets.
2. Discussion and Action on second chance promotion profile: *Million Dollar Madness* #92.
3. Discussion and Action on second chance promotion profile: *The Home Depot*® #93.
4. Discussion and Action on new instant scratch game profiles: *Hot Ticket* #1212, *Red Hot 7s* #1219, *Wheel of Fortune*® #1220, *Lady Luck* #1222 and *Blazing Hot Bucks* #1224.
5. Discussion and Action on amended instant tab game profiles: *Because of the Brave* #108, *Let Freedom Ring* #109 & #110, *Wild Reels* #111, *Honor the Flag* #112, *Lotto Luck* #113, *American Gems* #114, *Triple Trouble* #115 and *Loot Pursuit* #117.

### **Call to the Public**

Consideration and discussion of comments from the public. Those members of the public wishing to address the Commission need not request permission in advance and will be given approximately five minutes for their comments and requests. Action taken as a result of public

comment will be limited to directing staff to study the matter or rescheduling the matter for further consideration at a later date to comply with A.R.S. § 38-431.02.

**Announcements**

The next Commission meeting will be held March 22, 2019 at 10:00 a.m.

**Adjournment**

**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.

Dated this 14<sup>th</sup> day of February, 2019

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Gregory R. Edgar  
Executive Director

Persons with a disability may request a reasonable accommodation, such as a sign language interpreter, by calling (480) 921-4486. Requests should be made as early as possible to allow time to arrange the accommodation.

**PUBLIC MEETING OF THE ARIZONA LOTTERY**  
COMMISSION MINUTES January 18, 2019

**PRESIDING** Chair Jeff Weintraub

**COMMISSIONERS** Chad Wilson, Debra Roth, Julie Katsel and Trent Crump

**LOTTERY** Gregory Edgar, Executive Director; Biju Kamaleswaran, Deputy Director of Operations; Sherri Zendri, Deputy Director of Legal; Raynie Hosto, Deputy Director of Sales; Chris Rogers, Deputy Director of Products & Marketing

Kimberly Siddall, Luanne Mansanares, Robin Peters, Shelby Alessi, Mary Cimaglio, John Gilliland, Ivy Gilio, Karla Henriksen, Stacey Henderson, Holly Gordon, Tasha Younger, Michael Jennings and Susan Kalember

**GUEST**

Attorney General Representative: Pamela Linnins  
IGT Representatives: Russ Harben and Serena Arlotta  
Scientific Games Representatives: Julio Dieppa, Topper Wilson and Rachelle Shackelford  
Owens Harkey: Chelsea Smeland  
Nucleus Marketing Lab: Patrick Howley and Steve Bast

**Call to Order** - Pursuant to the Public Notice dated January 10, 2019, the Public Meeting of the Arizona State Lottery Commission was called to order at 10:01 a.m. by Chair Jeff Weintraub. A quorum was present.

Chair Weintraub introduced newly appointed Commissioner Trent Crump.

Chair Weintraub entertained a motion to approve the minutes of the December 19, 2018 public meeting; Commissioner Katsel moved; Vice Chair Wilson seconded. The vote was unanimous with all members voting aye and the motion was carried.

**Retailer of the Quarter** – Mr. Michael Jennings gave a PowerPoint presentation highlighting the Los Amigos Market. The presentation is attached for the official minutes.

**Director’s Presentation** – Director Gregory Edgar gave a PowerPoint presentation highlighting the beneficiary of the month. The Director’s report is attached for the official minutes.

**Financial Report** - Mr. Biju Kamaleswaran presented a financial overview of sales from all product lines for the past 12 months as well as year-to-date sales. His presentation also included budget information. The presentation is attached for the official minutes.

**Marketing Presentation** - Mr. Chris Rogers introduced Steve Bast from Nucleus Marketing Lab. Mr. Bast gave a brand tracking update. The presentation is attached for the official minutes.

**Promotion Team Presentation** – Ms. Tasha Younger gave a PowerPoint presentation highlighting the revenue generated by the Arizona Lottery ticket van. She also included past, present and future events. The presentation is attached for the official minutes.

**Costco Wholesale Presentation** – Ms. Holly Gordon gave a PowerPoint presentation regarding holiday instant scratcher tickets sold in Costco Wholesale stores. The presentation included the location of stores, quantity of tickets sold and the length of time being sold. The presentation is attached for the official minutes.

**New Business** – Chair Weintraub asked if any members of the public wanted to address the Commission regarding amended instant scratch game profile: *\$100K Payday* #1210 and new instant scratch game profile: *Spot Some Cash* #1213. There were no responses from the public.

In accordance with A.R.S. §5-554(C), Chair Weintraub entertained a motion to approve the order and authorize the Director to issue the orders regarding amended instant scratch game profile #1210 and new instant scratch game profile #1213. Commissioner Katsel moved; Vice Chair Wilson seconded. The vote was unanimous with all members voting aye and the motion was carried.

Chair Weintraub asked if any members of the public wanted to address the Commission regarding new instant tab game profiles: *Rockets Red Glare* #105, *Wild Jokers* #106, *Car Classics* #107, *Because of the Brave* #108, *Let Freedom Ring* #109 & #110, *Wild Reels* #111, *Honor the Flag* #112, *Lotto Luck* #113, *American Gems* #114, *Triple Trouble* #115, *Star Spangled Bucks* #116 and *Loot Pursuit* #117. There were no responses from the public.

In accordance with A.R.S. §5-554 (C), Chair Weintraub entertained a motion to approve the order and authorize the Director to issue the order regarding new instant pull tab game profiles: #105, #106, #107, #108, #109, #110, #111, #112, #113, #114, #115, #116 and #117. Commissioner Roth moved; Commissioner Katsel seconded. The vote was unanimous with all members voting aye and the motion was carried.

**Call to the Public** - Chair Weintraub invited members of the public to speak before the Commission. There were no responses from the public.

**Announcements** - The next Commission meeting will be held February 22, 2019, at 10:00 a.m.

**Adjournment** - Chair Weintraub entertained a motion to adjourn. Commissioner Katsel moved; Commissioner Crump seconded. The vote was unanimous with all members voting aye and the motion was carried.

**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

**Agency Reports**  
Report to Arizona Lottery Commission  
February 22, 2019

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**Director's Presentation**

**Marketing Update**

**New Games Introductions**

The following games were introduced since the last Commission meeting: *Late Night Crossword #1195*, *Arizona 7 #1209*, and *Multiplier Mania #1207*.

More information on these games is available by visiting the [Scratchers](#) section at ArizonaLottery.com

The following games were approved to end consistent with the Instant Scratch Game Ending Policy. Players have 180 days from the game-ending date to claim prizes.

<b>Date Ended</b>	<b>Price Point</b>	<b>Game No.</b>	<b>Game Name</b>	<b>Beginning Inventory</b>	<b>% Sold through 1/07/18</b>
2/07/19	\$5	1177	Lady Luck	2,439,360	98.4%

# **ATTACHMENT A**



**New Business Item #1**  
Continued Costco Program for Sale of Instant Tickets  
Report to Arizona Lottery Commission  
February 22, 2019

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**Opportunity:** Arizona Lottery (Lottery) and Costco are experimenting with various sales and service models and would like to continue sales of Lottery instant products at all 17 Arizona stores. Lottery will provide Costco with “mini-packs” of instant tickets with a \$100 pack value for \$89.99 per pack.

**Discount and Commission:** Pending Arizona Lottery Commission approval, Lottery would provide a 10.01% discount on a volume purchase of \$100 to Costco members. Various service models are being evaluated as Lottery and Costco determine the most cost-effective methods of delivering Lottery products. In any model, Lottery would pay Costco no more than a 6.5% commission on the face value of the tickets.

**Operationally:** Similar to gift card operations, customers will select a “Take-To-Cashier Card” to the check-out to purchase the ticket pack and then receive the purchased pack from the cage. The cardboard placard will highlight the product, the value purchase and the community impact of Arizona Lottery.

**Display:** Costco will display the Take-To-Cashier Cards on a palletized end cap with a pallet skirt and poster.

**Invoicing and Settlement:** At the conclusion of the pilot, any unused inventory will be returned to Lottery for full credit. Given the short duration of the pilot, Arizona Lottery will invoice Costco at the conclusion of the program. Invoicing will be gross sales less the commission and will account for returned inventory and in-store marketing materials.

The Lottery asks the Commission to approve an order to allow the Lottery to move forward with an expanded sales program.

**New Business Item #2**  
Million Dollar Madness Second Chance Promotion Profile #92  
Report to Arizona Lottery Commission  
February 22, 2019

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This report has been provided to the Lottery Commission regarding the Million Dollar Madness Second Chance Promotion Profile.

For the month of March 2019, players may enter non-winning tickets from designated \$10, \$20, and \$30 instant scratch ticket games for a chance to win a cash prize of \$250,000 in each of the four weekly drawings.

The Commission is asked to approve this profile.

Attachments (Commissioners only)

**New Business Item #3**  
The Home Depot® Second Chance Promotion Profile # 93  
Report to Arizona Lottery Commission  
February 22, 2019

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This report has been provided to the Lottery Commission regarding The Home Depot® Second Chance Promotion Profile.

Starting April 2, 2019, players may enter non-winning tickets from instant ticket game #1201 \$50,000 Makeover Money for a chance to win Home Depot gift cards.

The Commission is requested to approve the attached profile.

Attachments (Commissioners only)

**New Business Item #4**  
Instant Scratch Game Profiles  
Report to Arizona Lottery Commission  
February 22, 2019

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This report has been provided to the Lottery Commission regarding instant scratch game profiles planned for Arizona Lottery instant scratch games. The Commission is requested to approve these game profiles. After Commission approval, staff will commence with plans for printing, distribution, and sales of these games.

**NEW GAME PROFILES**

Attached for the Lottery Commission's action are new instant scratch game profiles: *Hot Ticket* #1212, *Red Hot 7s* #1219, *Wheel of Fortune*<sup>®</sup> #1220, *Lady Luck* #1222, and *Blazing Hot Bucks* #1224.

**Hot Ticket #1212.** This \$1 game has a top prize of \$1,000 and will be printed at a quantity of approximately 2.1 million tickets.

**Red Hot 7s #1219.** This \$2 game has a top prize of \$7,777 and will be printed at a quantity of approximately 4.8 million tickets.

**Wheel of Fortune<sup>®</sup> #1220.** This \$10 game has a top prize of \$100,000 and will be printed at a quantity of approximately 1.8 million tickets.

**Lady Luck #1222.** This \$5 game has a top prize of \$50,000 and will be printed at a quantity of approximately 2.4 million tickets.

**Blazing Hot Bucks #1224.** This \$5 game has a top prize of \$50,000 and will be printed at a quantity of approximately 1.6 million tickets.

Attachments (Commissioners only)

**New Business Item #5**  
Amended Instant Tab Game Profiles  
Report to Arizona Lottery Commission  
February 22, 2019

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This report has been provided to the Lottery Commission regarding game profiles planned for Arizona Lottery Instant Tab games. The Commission is requested to approve these game profiles. After Commission approval, staff will commence with plans for printing and distribution of these games.

**AMENDED GAME PROFILES**

Attached for the Lottery Commission's action are amended instant tab game profiles: *Because of the Brave #108, Let Freedom Ring #109 & 110, Wild Reels #111, Honor the Flag #112, Lotto Luck #113, American Gems #114, Triple Trouble #115, and Loot Pursuit #117.*

For all games, the PRIZE SYMBOLS section was revised to reflect the correct number of tabs.

Attachments (Commissioners only)