



May 17, 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 May 17, 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 April 19, 2019 Public Meeting

Agency Reports

1. State Service Recognition Awards
2. Director's Presentation
3. FY20 Marketing Plan

New Business

1. Discussion and action on new instant scratch game profiles: *The Addams Family*® Fortune #1227, *Hit It Big* #1233, *Fa La La* #1237, *Stocking Stuffer* #1238, *Jolly Holiday Crossword* #1239, *Holiday 7* #1240 and *25 Days of Winning* #1241.
2. Discussion and action on new 2nd chance promotion profiles: *Powerball*® *New Year's Rockin' Eve* 2nd Chance Promotion #95 and *Beat the Heat* 2nd Chance Promotion #96.
3. Discussion and action on amended draw game profiles: *Triple Twist*, *Fantasy 5* and *Pick 3*.

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 June 21, 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 13th day of May, 2019

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 April 19, 2019

PRESIDING Chair Jeff Weintraub

COMMISSIONERS Debra Roth, Julie Katsel and Trent Crump

LOTTERY Biju Kamaleswaran, Deputy Director of Operations; Chris Rogers, Deputy Director of Products & Marketing

Luanne Mansanares, Kimberly Siddall, Ivy Gilio, Robin Peters, Roland Tang, Shelby Alessi, Karla Henriksen, Mary Cimaglio, Holly Gordon Susan Kalember, and Wyeth Hines.

GUEST Attorney General Representative: Pamela Linnins
Pollard Banknote Representative: Brad Thompson
Scientific Games Representative: Julio Dieppa,
Owens Harkey Representatives: Chelsea Smeland and Laura Flag

Call to Order - Pursuant to the Public Notice dated April 15, 2019, the Public Meeting of the Arizona State Lottery Commission was called to order at 10:00 a.m. by Chair Jeff Weintraub. A quorum was present.

Chair Weintraub entertained a motion to approve the minutes of the March 22, 2019 public meeting; Commissioner Roth moved; Commissioner Crum seconded. The vote was unanimous with all members voting aye and the motion was carried.

Retailer of the Quarter – Mr. Wyeth Hines gave a PowerPoint presentation highlighting Fry’s Marketplace #657 located at 35401 N. Lake Pleasant Parkway, Peoria, AZ. The presentation is attached for the official minutes.

Director’s Presentation – Mr. Chris Rogers presented slides and a short video on the beneficiary of the month “Strangers We Know,” a non-profit organization assisting trauma stricken children who are removed from homes. Mr. Rogers gave a recap of the ADDY Awards received. Owens Harkey (OH) Representative Ms. Chelsea Smeland explained the ADDY Awards are the advertising industry’s largest and most representative local competition. Chair Weintraub wanted to know what the criteria is to win an award. Mr. Rogers informed the Commission that it is a collaborative effort with the Arizona Lottery and the marketing firm OH. Chair Weintraub also inquired if the awards are based on creativity. Mr. Rogers yes.

Mr. Rogers continued with the presentation and gave an overview of the Powerball® Dick Clark Productions New Year’s Rockin’ Eve live drawing and the upcoming North American Association of State and Provincial Lotteries (NASPL) Conference. Mr. Rogers informed the Commission that Arizona will be hosting the NASPL Conference in July. Chair Weintraub informed Mr. Rogers that he was interested in attending and encouraged the other Commissioners to attend. The presentation 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. The presentation also included budget information. The presentation is attached for the official minutes.

Marketing Presentation - Ms. Shelby Alessi gave a marketing PowerPoint presentation highlighting the Players Club Second Chance and the FY18 Million Dollar Madness vs. F19 Million Dollar Giveaway. 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 new instant scratch game profiles: *2 For \$1* #1214, *Mad Money* #1228, *Crossword* #1231, and *Super 7-11-21* #1232. There were no responses from the public.

In accordance with A.R.S. §5-554(C), Chair Weintraub entertained a motion to approve the orders and authorize the Director to issue the orders regarding new instant scratch game profiles #1214, #1228, #1231, and #1232. Commissioner Roth moved; Commissioner Crump 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: *Dynamite Deuces* #118, *American Heroes* #119, *Raise 'Em High* #120, *1 Arm Bandit* #121, *Land That I Love* #122, *America Rocks* #123, *Spectacular 7's* #124, *Beer Money* #1031, *Blast of Cash* #1032, *Give it a Pull* #1033, *Magnificent Cherries* #1034, *Spicy 9s* #1035, *Poker Stud* #1036, *Freedom Rocks* #1037, *Bar Darts* #1038, *Super 8's* #1039, *Slot Tamales* #1040, and *Red Hot Jackpot* #1041. Ms. Ivy Gilio clarified that game #121 should be One Arm Bandit and not I Arm Bandit #121. Chair Weintraub noted the correction and asked if any other members of the public wanted to address the Commission. There were no responses from the public.

In accordance with A.R.S. §5-554 (C), Chair Weintraub entertained a motion to approve the orders and authorize the Director to issue the orders regarding new instant tab game profiles #118, #119, #120, #121, #122, #123, #124, #1031, #1032, #1033, #1034, #1035, #1036, #1037, #1038, #1039, #1040, and #1041. Commissioner Roth moved; Commission 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 May 17, 2019, at 10:00 a.m.

Adjournment - Chair Weintraub entertained a motion to adjourn. Commissioner Crump moved; Commissioner Roth 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
May 17, 2019

State Service Recognition Awards

Director's Presentation

FY20 Marketing Plan

New Games Introduction

The following games were introduced since the last Commission meeting: *Bonus Ball Bingo #1193*, *Red Hot 7s #1219*, and *Wheel of Fortune® #1220*.

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.

Date Ended	Price Point	Game No.	Game Name	Beginning Inventory	% Sold through 5/6/19
4/27/19	\$3	1188	Fruit Explosion	2,509,600	88.4%
5/7/19	\$10	1162	Big Money	1,681,260	97.7%

ATTACHMENT A



Dashboard Report May 2019

**SERVING ARIZONA
FOR 37 YEARS**

0.0%

vs. Proj (FYTD)

Total Sales (FYTD)
\$905,717,128

9.8%

vs. PYTD

4.7%

vs. Proj (FYTD)

Draw Sales
\$272,634,499^{30.1%}
%Total Sales

20.5%

vs. PYTD

-1.9%

vs. Proj (FYTD)

Instant Sales
\$633,082,629^{69.9%}
%Total Sales

5.8%

vs. PYTD

6.6%

vs. Proj (FYTD)

Multi-State
\$187,988,605^{69.0%}
%Draw Sales

18.6%

vs. PYTD

-1.8%

vs. Proj (FYTD)

Scratchers Sales
\$624,673,497^{68.7%}
%Instant Sales

5.7%

vs. PYTD

6.3%

vs. Proj (FYTD)

In-State
\$70,009,707^{25.7%}
%Draw Sales

11.8%

vs. PYTD

-4.4%

vs. Proj (FYTD)

Charitable Pulltab Sales
\$6,325,122^{1.0%}
%Instant Sales

6.6%

vs. PYTD

-19.1%

vs. Proj (FYTD)

Fast Play
\$14,636,187^{5.4%}
%Draw Sales

187.7%

vs. PYTD

-11.2%

vs. Proj (FYTD)

Age Rest. Pulltab Sales
\$1,859,370^{0.3%}
%Instant Sales

39.3%

vs. PYTD

Draw Sales : From 7/1/2013 - To 5/2/2019

Fast Play Sales : From 2/11/2018 - To 5/2/2019

Scratcher Sales : From 7/1/2013 - To 5/2/2019

Pulltab Sales : From 7/1/2013 - To 5/2/2019

-

vs. Proj (FYTD)

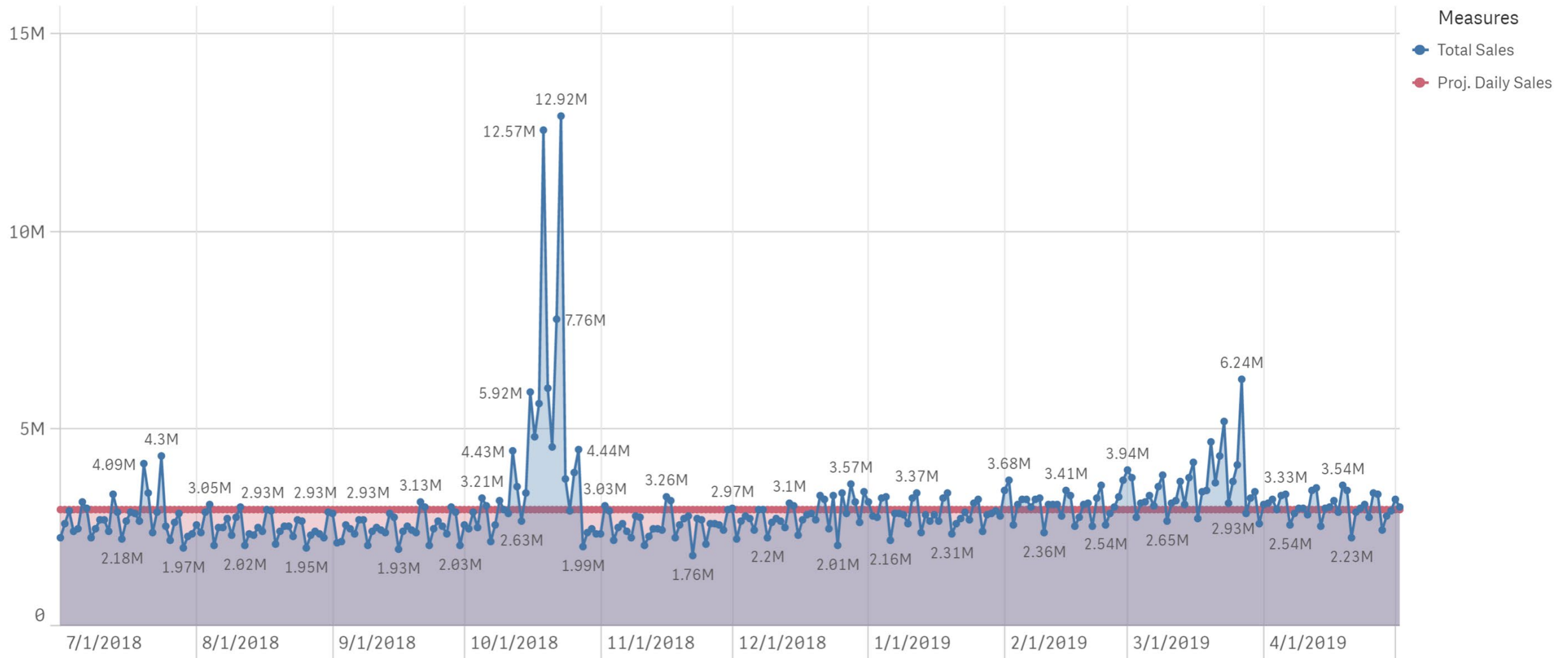
Other Pulltab Sales

\$224,640^{0.0%}
%Instant Sales

-

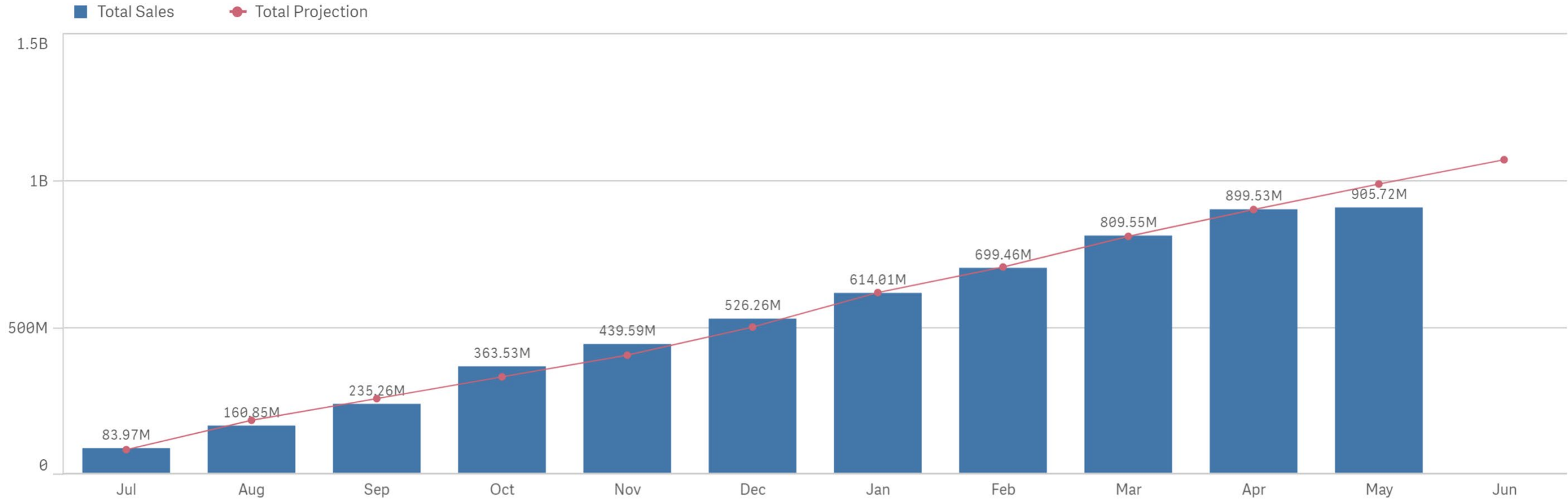
vs. PYTD

Daily Sales vs Goal



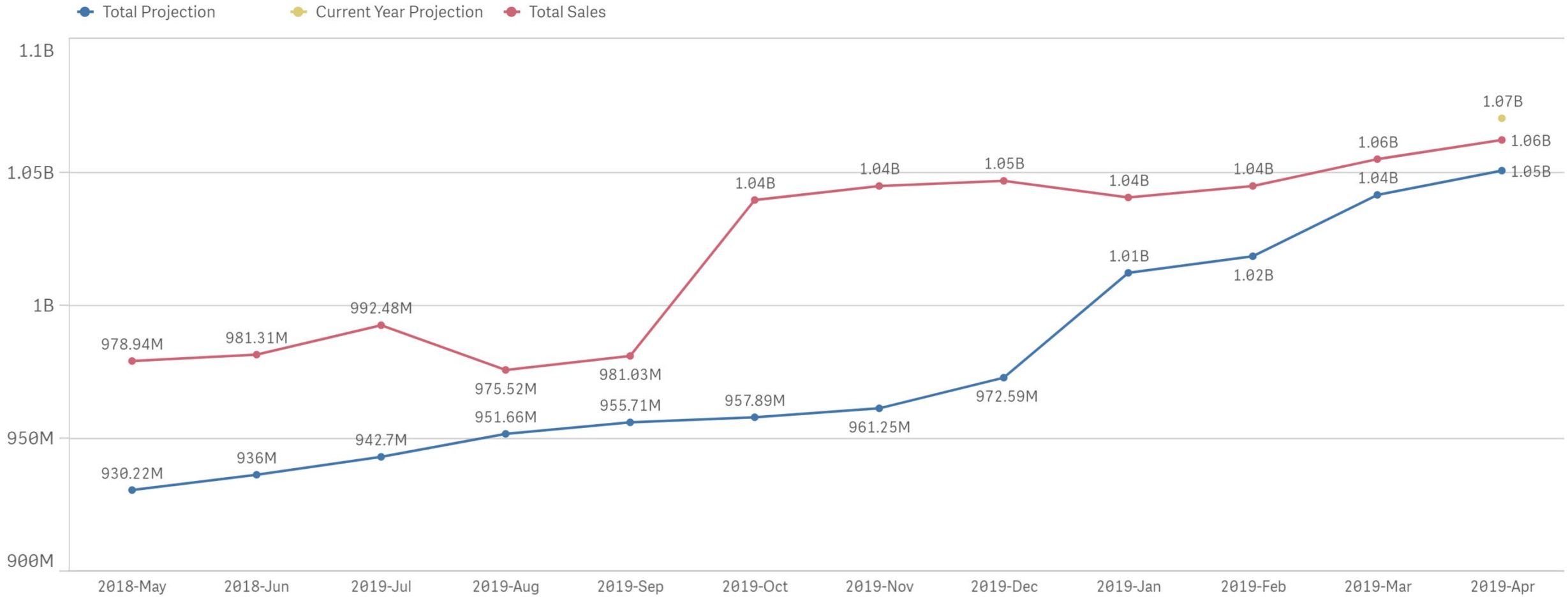
YTD Sales vs. Projection

FY 2019 Total Sales vs. Projection

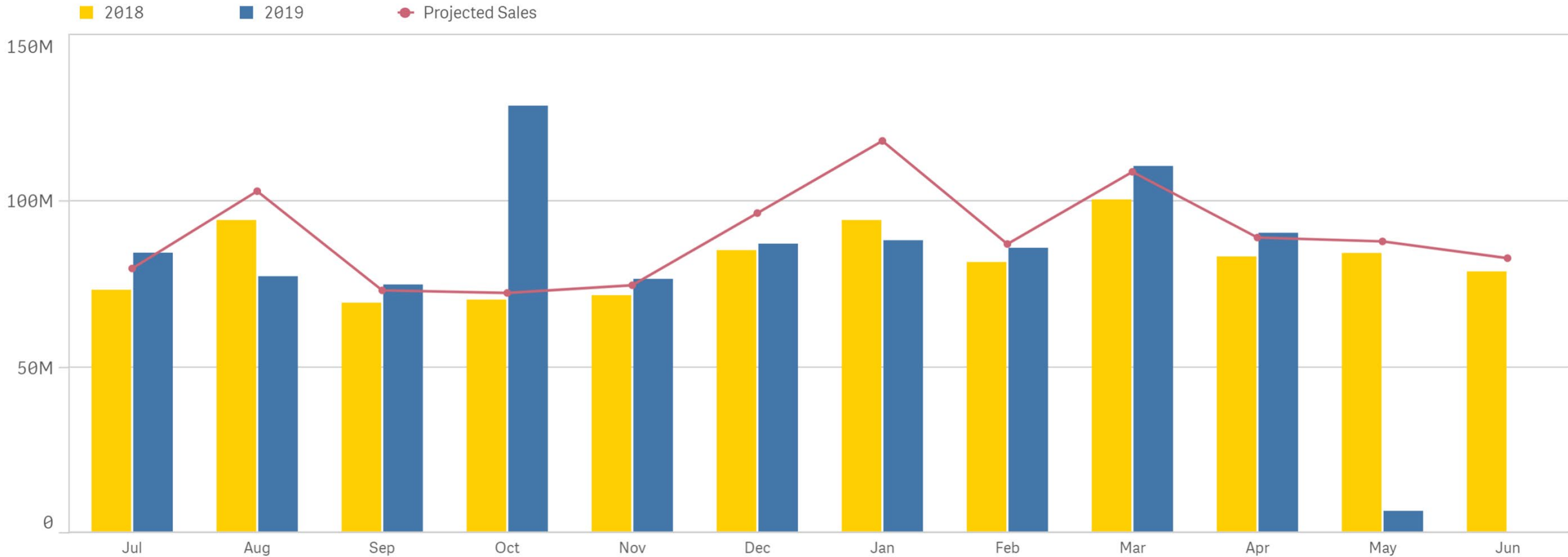


Rolling 12 Month Total Sales

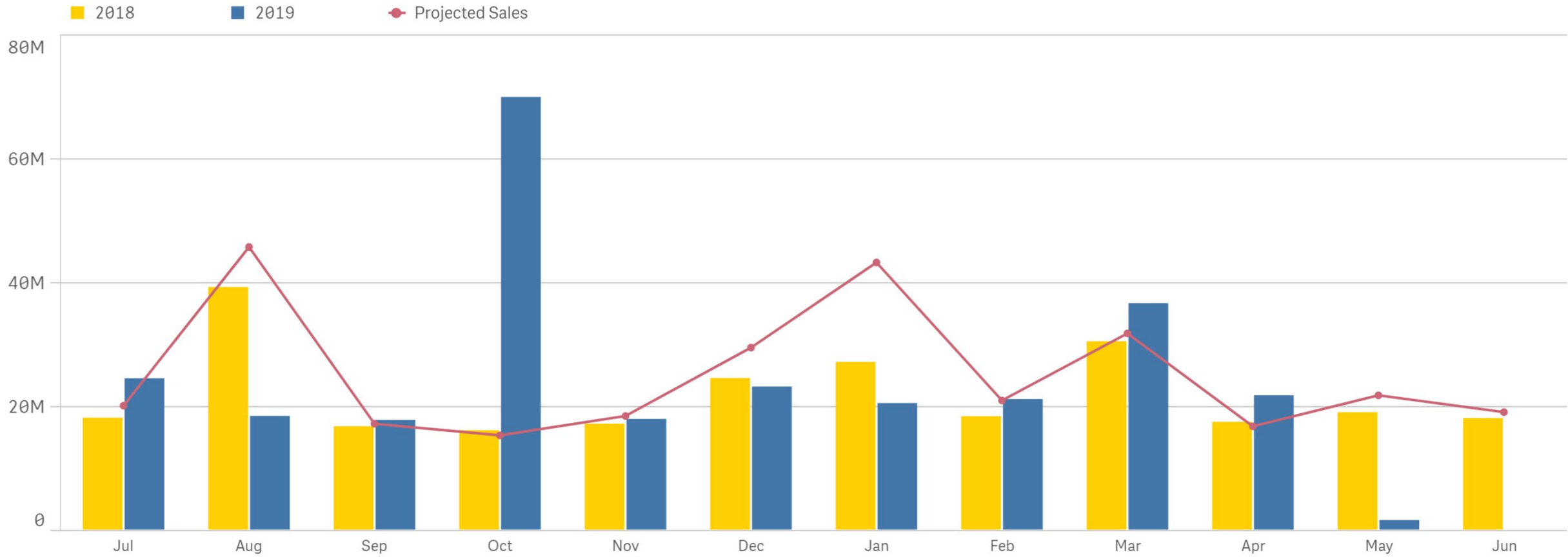
Rolling 12 Month Sales



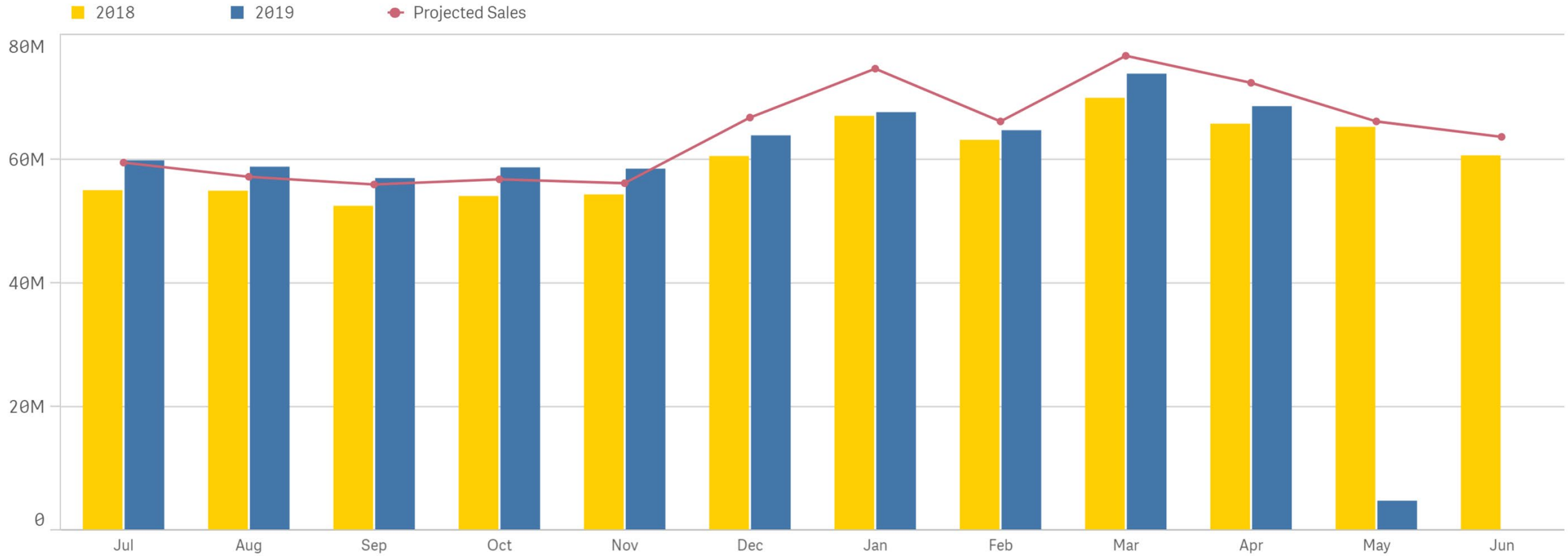
Total Sales FY 2018 vs. 2019 vs. Projection



Draw Sales FY 2018 vs. 2019 vs. Projection

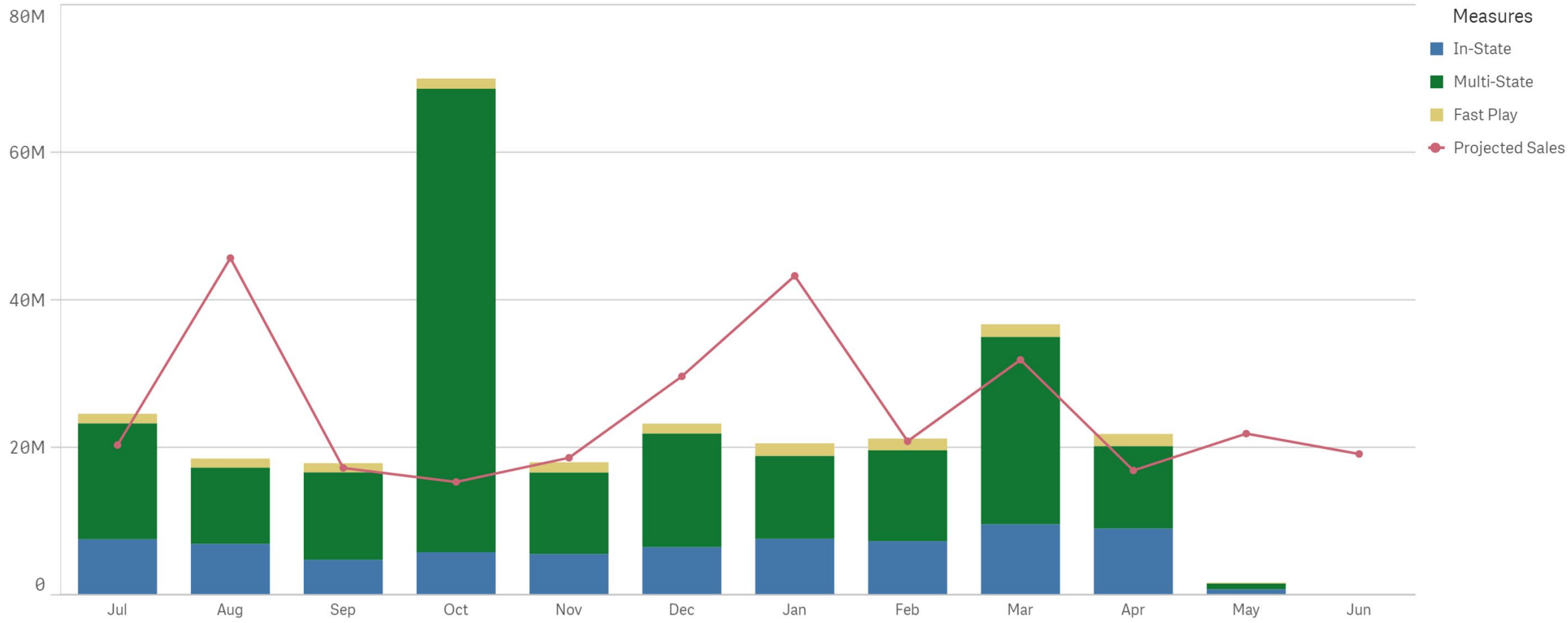


Instant Sales FY 2018 vs. 2019 vs. Projection



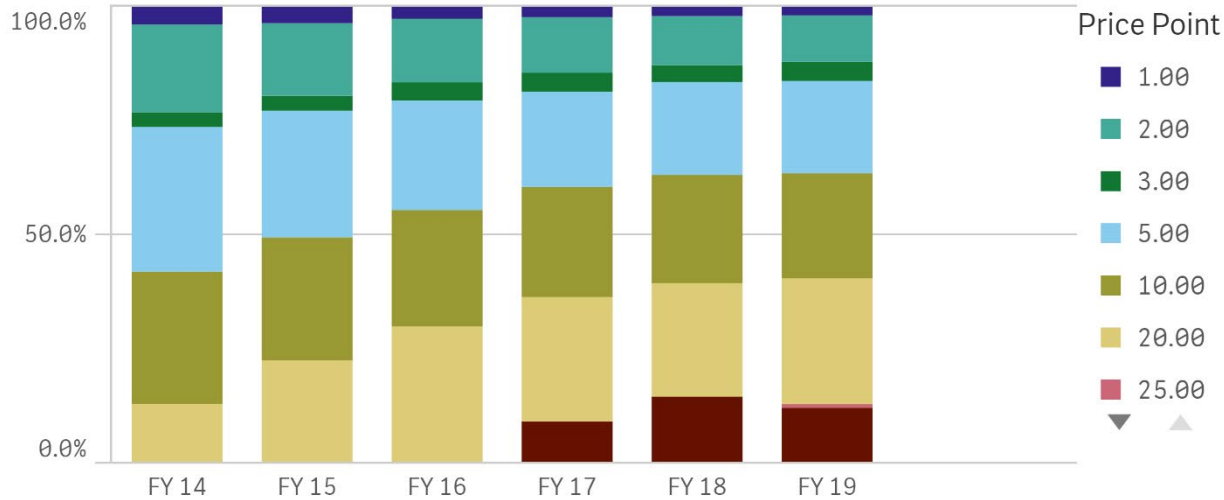
Draw Sales by Month

FY 2019 Draw Sales by Multi-State & In-State

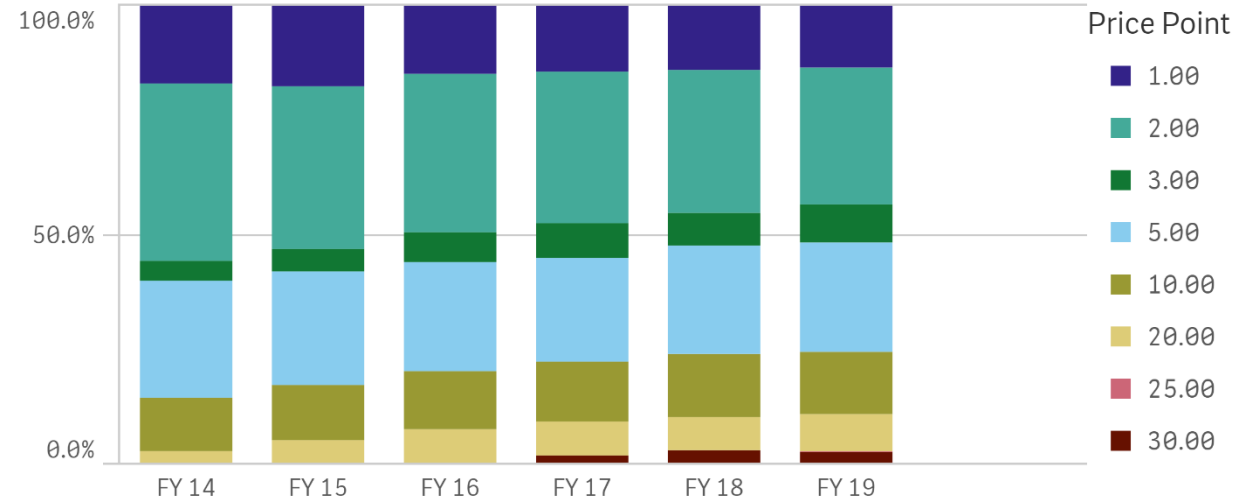


Scratcher Sales by Price Point

Based on Dollars Sold



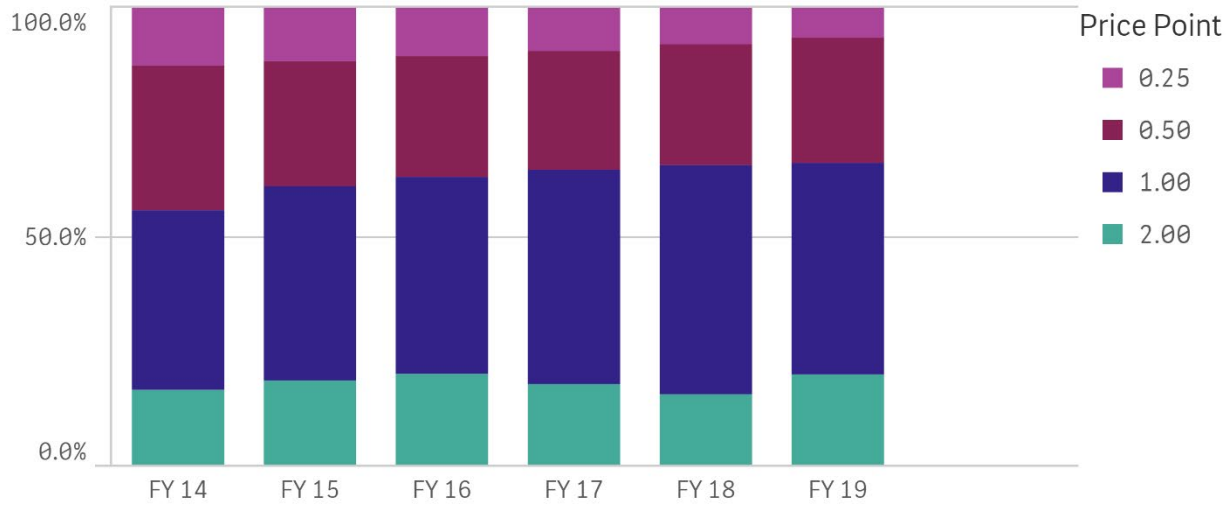
Based on Tickets Sold



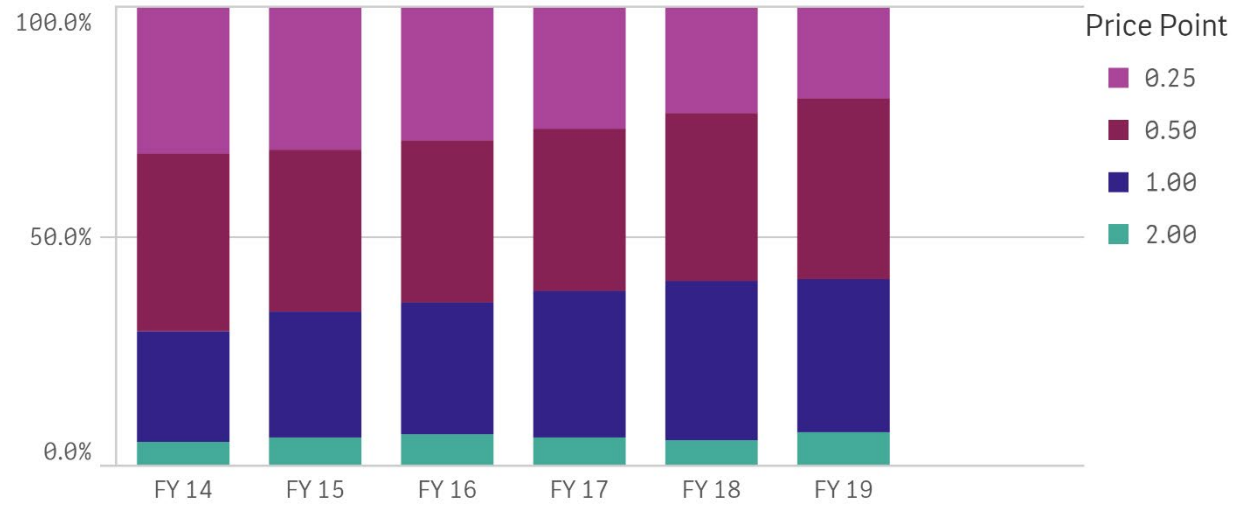
Price Point	FY 15	FY 16	FY 17	FY 18	FY 19	Price Point	FY 15	FY 16	FY 17	FY 18	FY 19
1.00	\$21,852,857	\$18,183,806	\$17,230,930	\$17,675,313	\$14,732,529	1.00	21,852,857	18,183,806	17,230,930	17,675,313	14,732,529
2.00	\$86,110,390	\$82,257,128	\$77,080,640	\$76,286,420	\$63,203,460	2.00	43,055,195	41,128,564	38,540,320	38,143,210	31,601,730
3.00	\$17,793,777	\$23,323,455	\$26,348,367	\$26,204,778	\$26,243,358	3.00	5,931,259	7,774,485	8,782,789	8,734,926	8,747,786
5.00	\$150,203,925	\$141,578,675	\$131,823,090	\$144,423,905	\$126,110,185	5.00	30,040,785	28,315,735	26,364,618	28,884,781	25,222,037
10.00	\$145,784,060	\$150,398,690	\$152,231,750	\$168,662,410	\$143,652,690	10.00	14,578,406	15,039,869	15,223,175	16,866,241	14,365,269
20.00	\$120,285,280	\$174,963,960	\$172,393,320	\$176,364,760	\$172,002,440	20.00	6,014,264	8,748,198	8,619,666	8,818,238	8,600,122
25.00	\$0	\$0	\$0	\$0	\$4,895,025	25.00	0	0	0	0	195,801
30.00	\$0	\$0	\$55,673,280	\$101,269,350	\$73,833,810	30.00	0	0	1,855,776	3,375,645	2,461,127

Pull Tab Sales by Price Point

Based on Dollars Sold



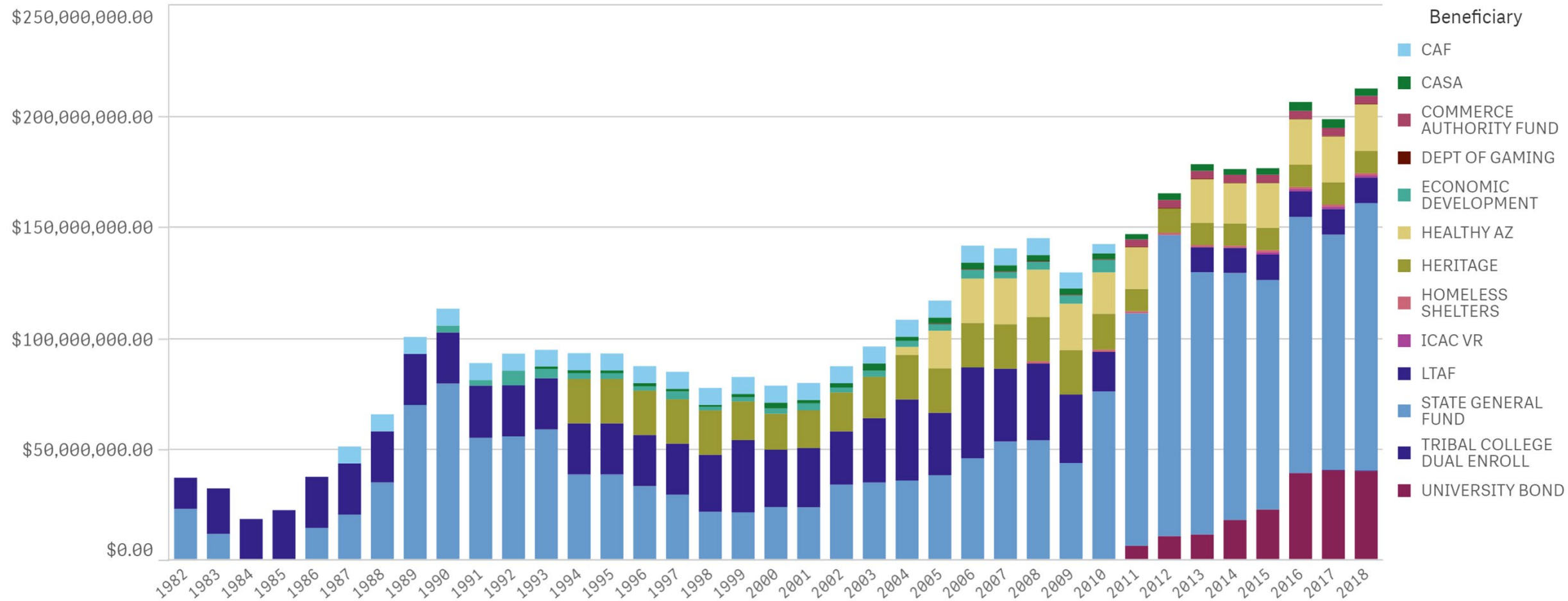
Based on Tickets Sold



Price Point	FY 15	FY 16	FY 17	FY 18	FY 19	Price Point	FY 15	FY 16	FY 17	FY 18	FY 19
0.25	\$621,894	\$664,482	\$762,762	\$726,726	\$588,042	0.25	2,487,576	2,657,928	3,051,048	2,906,904	2,352,168
0.50	\$1,398,480	\$1,597,560	\$2,004,420	\$2,271,990	\$2,292,150	0.50	2,796,960	3,195,120	4,008,840	4,543,980	4,584,300
1.00	\$2,176,320	\$2,603,580	\$3,621,360	\$4,315,260	\$3,874,380	1.00	2,176,320	2,603,580	3,621,360	4,315,260	3,874,380
2.00	\$943,920	\$1,203,360	\$1,363,440	\$1,327,560	\$1,654,560	2.00	471,960	601,680	681,720	663,780	827,280



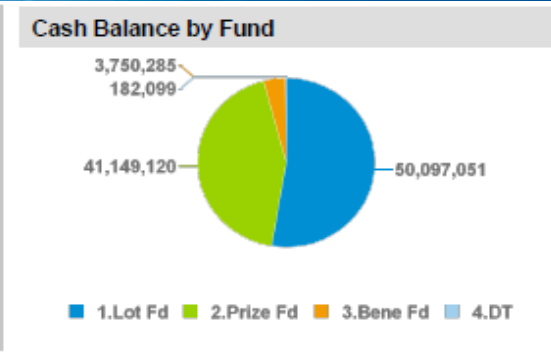
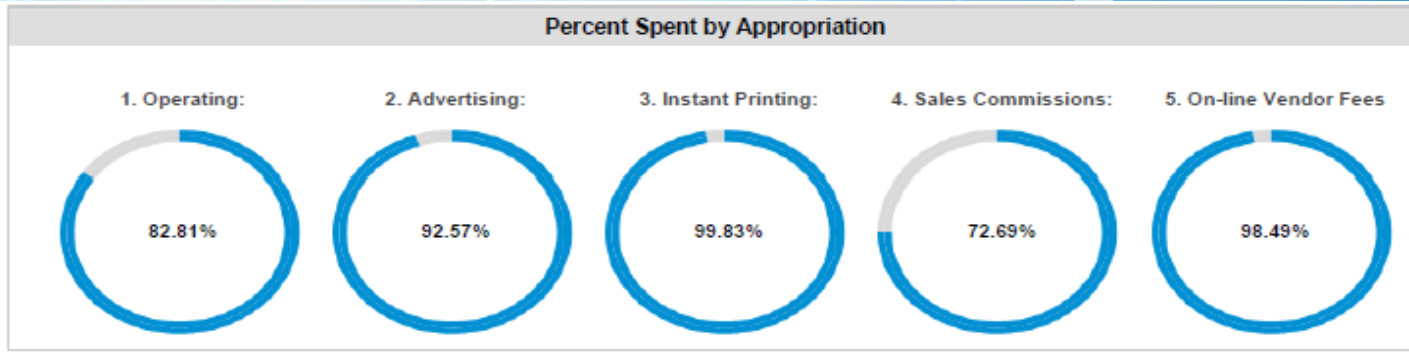
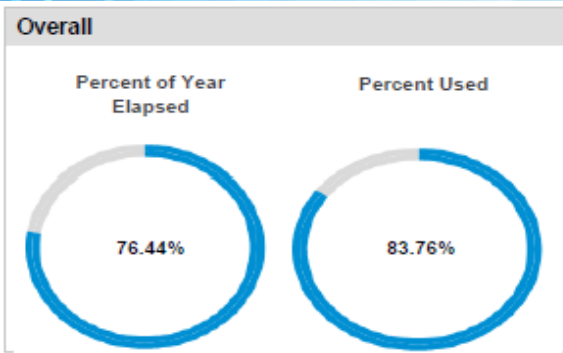
Transfer Amount by Beneficiary



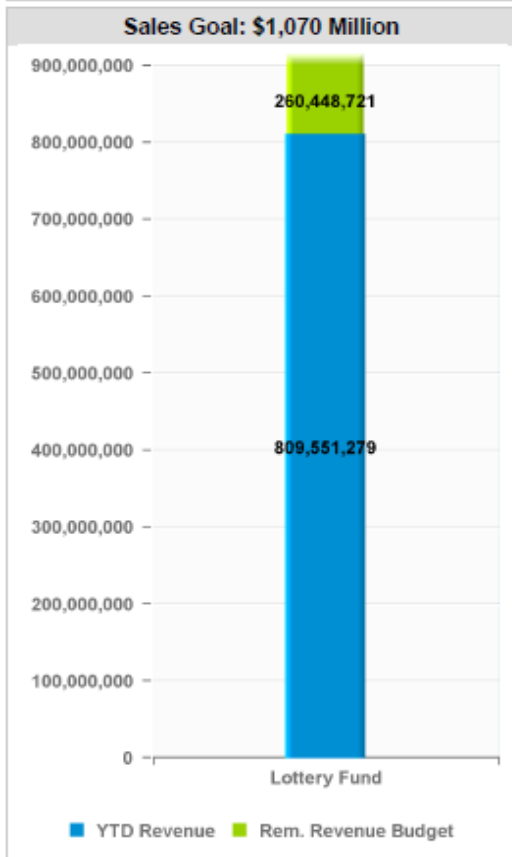
Instant Game Monthly Sales

Month	SCRATCHERS	CHARITABLE PULL-TABS	AGE-RESTRICTED PULL-TABS	TOTAL INSTANT SALES CURRENT FY	TOTAL INSTANT SALES PREVIOUS FY	% of Change
Jul	\$58,861,119	\$548,340	\$127,440	\$59,536,899	\$54,720,609	8.8%
Aug	\$57,780,629	\$544,836	\$187,920	\$58,513,385	\$54,652,925	7.1%
Sep	\$56,033,162	\$506,766	\$145,800	\$56,685,728	\$52,208,456	8.6%
Oct	\$57,649,986	\$578,478	\$159,840	\$58,403,424	\$53,778,411	8.6%
Nov	\$57,366,280	\$671,640	\$146,490	\$58,202,770	\$54,050,272	7.7%
Dec	\$62,767,564	\$636,204	\$152,280	\$63,575,488	\$60,239,793	5.5%
Jan	\$66,267,753	\$769,338	\$243,000	\$67,318,971	\$66,711,173	0.9%
Feb	\$63,507,082	\$648,630	\$185,760	\$64,393,312	\$62,837,368	2.5%
Mar	\$72,517,506	\$699,522	\$255,960	\$73,525,908	\$69,616,417	5.6%
Apr	\$67,373,743	\$659,772	\$219,240	\$68,280,835	\$65,446,750	4.3%
May	\$4,548,673	\$61,596	\$35,640	\$4,645,909	\$64,938,425	-92.8%
Jun	\$0	\$0	\$0	\$0	\$60,327,873	-100.0%

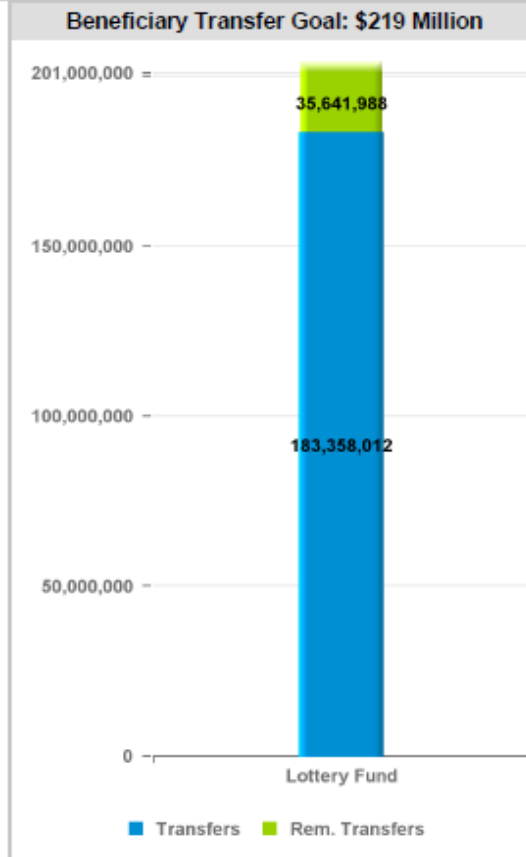
FY19 Year-To-Date Financial Status



Budget by Appropriation Type and Object Class



Appropriation	Object Class	Budget	Expenditures	Encumbered	Remaining	% Used
1. Operating:	6000 - Personal Services	4,530,000	3,204,290	-	1,325,710	70.73%
	6100 - Employee Related Expenditures	2,034,000	1,336,153	-	697,847	65.69%
	6200 - Professional And Outside Services	386,800	505,047	314,264	-432,511	211.82%
	6500 - Travel - In-State	271,600	197,358	0	74,242	72.66%
	6600 - Travel - Out-Of-State	16,800	42,975	0	-26,175	255.81%
	7000 - Other Operating Expenditures	1,773,200	1,014,194	444,686	314,320	82.27%
	8100 - Capital Outlay	-	-	-	-	100.00%
	8400 - Capital Equipment	-	-	39,914	-39,914	100.00%
	8500 - Non-Capital Equipment	50,000	202,535	179,582	-332,117	764.23%
	9100 - Transfers Out	140,000	139,834	-	166	99.88%
	- NOT ENTERED	-	-	-	-	100.00%
Total:		9,202,400	6,642,387	978,446	1,581,567	82.81%
2. Advertising:	7000 - Other Operating Expenditures	15,500,000	8,583,573	5,764,013	1,152,414	92.57%
	- NOT ENTERED	-	-	-	-	100.00%
Total:		15,500,000	8,583,573	5,764,013	1,152,414	92.57%
3. Instant Printing:	6200 - Professional And Outside Services	-	66,353	-	-66,353	100.00%
	6600 - Travel - Out-Of-State	-	-	-	-	100.00%
	7000 - Other Operating Expenditures	25,687,500	8,497,155	7,910,433	9,279,913	63.87%
	8400 - Capital Equipment	-	7,470,000	1,700,000	-9,170,000	100.00%
	- NOT ENTERED	-	-	-	-	100.00%
Total:		25,687,500	16,033,508	9,610,433	43,559	99.83%
4. Sales Commissions:	7000 - Other Operating Expenditures	64,788,200	47,093,003	0	17,695,197	72.69%
	- NOT ENTERED	-	-	-	-	100.00%
Total:		64,788,200	47,093,003	0	17,695,197	72.69%
5. On-line Vendor Fees:	6200 - Professional And Outside Services	11,994,400	9,188,335	2,624,848	181,217	98.49%
	- NOT ENTERED	-	-	-	-	100.00%
Total:		11,994,400	9,188,335	2,624,848	181,217	98.49%
Grand Total:		127,172,500	87,540,806	18,977,739	20,653,956	83.76%



New Business Item #1
Instant Scratch Game Profiles
Report to Arizona Lottery Commission
May 17, 2019

This report has been provided to the Lottery Commission regarding 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: *The Addams Family*® Fortune #1227, *Hit It Big* #1233, *Fa La La* #1237, *Stocking Stuffer* #1238, *Jolly Holiday Crossword* #1239, *Holiday 7* #1240 and *25 Days of Winning* #1241.

***The Addams Family*® Fortune #1227.** This \$2 game has a top prize of \$10,000 and will be printed at a quantity of approximately 1.4 million tickets.

***Hit It Big* #1233.** This \$10 game has a top prize of \$100,000 and will be printed at a quantity of approximately 1.6 million tickets.

***Fa La La* #1237.** This \$1 game has a top prize of \$500 and will be printed at a quantity of approximately 3.1 million tickets.

***Stocking Stuffer* #1238.** This \$2 game has a top prize of \$10,000 and will be printed at a quantity of approximately 2 million tickets.

***Jolly Holiday Crossword* #1239.** This \$3 game has a top prize of \$20,000 and will be printed at a quantity of approximately 2 million tickets.

***Holiday 7* #1240.** This \$5 game has a top prize of \$50,000 and will be printed at a quantity of approximately 1.9 million tickets.

***25 Days of Winning* #1241.** This \$10 game has a top prize of \$100,000 and will be printed at a quantity of approximately 1.4 million tickets.

Attachments (Commissioners only)

New Business Item #2
Promotion Profiles
Report to Arizona Lottery Commission
May 17, 2019

This report has been provided to the Lottery Commission regarding Promotion Profiles for Arizona Lottery promotions. The Commission is requested to approve these Promotion Profiles.

NEW 2nd CHANCE PROMOTION PROFILES

Attached for the Lottery Commission's action are new Promotion Profiles: *Powerball® New Year's Rockin' Eve 2nd Chance Promotion #95* and *Beat the Heat Promotion 2nd Chance #96*.

Powerball® New Year's Rockin' Eve 2nd Chance Promotion #95

On July 29, 2019, the Arizona Lottery will introduce a Powerball promotion, where players may enter winning or non-winning Powerball tickets for a chance to win a "New Year's Rockin' Eve VIP Experience" for two and a chance to win \$1 Million. The promotion will run through September 8, 2019. Following this date, one drawing will be held, producing 25 winners.

Beat the Heat 2nd Chance Promotion #96

Starting July 1, 2019, players will be able to enter non-winning tickets from designated instant scratch ticket and Fast Play games for a chance to win weekly cash prizes.

Attachments (Commissioners only)

New Business Item #3
Game Profile Amendments
Report to Arizona Lottery Commission
May 17, 2019

This report has been provided to the Lottery Commission regarding on-line game profiles planned for Arizona Lottery on-line games. The Commission is requested to approve the attached game profiles. After Commission approval, staff will commence with plans for game development, launch and subsequent sales of the game listed below.

AMENDED GAME PROFILES

Attached for the Lottery Commission's action are three amended on-line game profiles as follows: *Triple Twist*, *Fantasy 5* and *Pick 3*.

Triple Twist. This \$2 on-line game includes a jackpot starting at \$200,000. A total of three lines of six numbers, each from a 42-number matrix, are selected as a game play. A player can win up to four times on a single ticket by matching 3, 4, 5, or 6 of the numbers drawn in any order, on a single line, or five or more on all three lines combined.

Amendment: The draw schedule for Triple Twist has been changed from a six-day draw week to a seven-day draw week.

Fantasy 5. This \$1 on-line game includes a jackpot and can consist of up to ten game plays. Five numbers from a 41-number matrix are selected as a game play. Game plays matching 2, 3, 4 or 5 of the numbers drawn in any order as defined in the prize structure win the corresponding prize.

Amendment: The draw schedule for Fantasy 5 has been changed from a six-day draw week to a seven-day draw week.

Pick 3. This on-line game includes a variety of game plays at \$.50 each. Three numbers between 0 and 9 are selected as a game play. Game plays matching various combinations of the numbers defined in the prize structure win the corresponding prize.

Amendment: The draw schedule for Pick 3 has been changed from a six-day draw week to a seven-day draw week.

Attachment (Commissioners only)