



December 20, 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 **December 20, 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 November 22, 2019, Public Meeting

Agency Reports

1. Director's Presentation
2. Financial Report
3. QUICKCARD Presentation
4. Marketing Presentation
5. Fast Play Game Development Policy Presentation
6. New Games Introduction – No Presentation

New Business

1. Discussion and action on new instant scratch game profile: *Wild \$10* #1262
2. Discussion and action on Fast Play game profile: *Extreme Green* #119
3. Discussion and action on amended draw game profiles: *Powerball*[®] *Amendment* #5 and *Mega Millions*[®] *Amendment* #3
4. Discussion and action on *Fast Play Game Development Policy*

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

1. The next Commission meeting will be held January 24, 2020, 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 12th day of December, 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 of November 22, 2019

- PRESIDING** Chair Jeff Weintraub (in person)
- COMMISSIONERS** Julie Katsel (telephonic), Chad Wilson (in person), Debra Roth (in person), and Trent Crump (in person)
- LOTTERY** Gregg Edgar, Executive Director; Sherri Zendri, Deputy Director of Legal Services; and Russ Harben, Deputy Director of Operations
- Kimberly Siddall, Luanne Mansanares, Ivy Gilio, Shelby Alessi, Mary Cimaglio, John Gilliland, Holly Gordon, and Susan Kalember
- GUEST** Attorney General Representative: Pamela (Linnins) Peiser
Scientific Games Representatives: Topper Wilson and Julio Dieppa
IGT Representatives: Ernie Perez
Owens Harkey Representative: Noelle Hobaica
- PUBLIC** None

Call to Order

1. Call for Quorum: Pursuant to the Public Notice dated November 18, 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, with Commissioner Katsel appearing telephonically and Chair Weintraub, Vice-Chair Wilson, Commissioners Roth and Crump appearing in person.

2. Notice: Notice was posted by Kimberly Siddall on November 18, 2019, at 3:35 p.m., at the Arizona State Lottery, located at 4740 E. University Dr., Phoenix, Arizona.
3. Approval of minutes: Chair Weintraub entertained a motion to approve the minutes of the October 18, 2019, Public Meeting. Commissioner Roth moved; Vice-Chair Wilson seconded. The vote was unanimous with all members voting aye and the motion was carried.

Agency Reports

1. Director's Presentation

Director Edgar presented information regarding the Multi-State Lottery Association (MUSL) and how the MUSL jackpots are funded. He informed the Commission that MUSL owns Powerball while the Mega Millions Consortium owns Mega Million Games. MUSL is a non-profit, government-benefit association owned and operated by its member lotteries.

Chair Weintraub inquired which group Arizona is a part of.

Director Edgar informed the Commission that Arizona is a part of Powerball. He also informed the Commission that each state lottery is either a part of MUSL or a part of the Mega Millions Consortium, it's either one or the other but there is a cross sell agreement.

Commissioner Crump requested more information about MUSL.

Director Edgar Responded.

Commissioner Katsel inquired how information regarding the funding is communicated to the Governor.

Director Edgar informed the Commission that he communicates this information to his superior Gilbert Davidson, Chief of Operations for the State of Arizona. The presentation is attached for the official minutes.

Financial Report: Mr. Russ Harben presented financial information involving total sales from instant, Fast Play, and draw games for the past 12 months. Mr. Harben also provided financial information regarding a recent audit that was performed. The presentation is attached for the official minutes.

2. New Game Introduction: No presentation.

New Business – Chair Weintraub asked if any members of the public wanted to address the Commission regarding new instant scratch game profiles: *Power 8s* #1260, *100X* #1261, *Lucky Lines* #1263, and *Aces High* #1264. 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 #1260, #1261, #1263, and #1264. Vice-Chair Wilson moved; Commissioner Katsel 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 the instant tab game profiles: *Lady Liberty* #129, *American Jackpot* #130, *Ruby Red Slots* #1042 and *Gimme More Money* #1043. There were no responses from the public.

Chair Weintraub inquired about the difference between the three-digit and four-digit games.

Ms. Susan Kalember informed the Commission that three-digit game numbers are reserved for charitable games and four-digit game numbers are used for age restricted / non-charitable games.

In addition, Director Edgar explained the difference between charitable games and age restricted / non-charitable games.

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 instant tab game profiles. #129,

#130, #1042, and #1043. Commissioner Crump moved; Vice-Chair Wilson seconded. The vote was unanimous with all members voting aye and the motion was carried.

Assistant Attorney General Pamela (Peiser) Linnins publicly inquired if the Chair voted. Chair Weintraub informed the Assistant Attorney General that a vote had taken place and the ruling was also unanimous with all voting aye.

Assistant Attorney General thanked the Chair for the clarification and informed that she did not hear and wanted to ensure a vote had taken place.

Chair Weintraub asked if any other members of the public wanted to address the Commission. There were no responses from the public.

Chair Weintraub asked if any members of the public wanted to address the Commission regarding new Fast Play game profile: *Piggy Bank Bucks* #118. 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 Fast Play game profile #118. 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 second chance profile: *Multiplier Mania Second Chance Promotions Profile* #97. 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 second chance promotion profile: #97. Commissioner Roth moved; Vice-Chair Wilson 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 –

1. The next Commission meeting will be held December 20, 2019 at 10:00 a.m.
2. An open meeting law training will be held after the Commission Meeting.

Adjournment - Chair Weintraub entertained a motion to adjourn. Vice-Chair Wilson 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
December 20, 2019

Director's Presentation

Financial Report

QUICKCARD Presentation

Marketing Presentation

Fast Play Game Development Policy Presentation

New Games Introduction – No Presentation

The following games were introduced since the last commission meeting: *I Love the Bens #1235* and *100 Large #1236*.

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

The following game was 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 11/7/19
12/7/19	\$5	1167	Double Sided Dollars	2,261,760	93.9%

ATTACHMENT A



Dashboard Report December 2019

**SERVING ARIZONA
FOR 38 YEARS**

-14.4%

vs. Proj (FYTD)

Total Sales (FYTD)
\$387,734,862

-10.7%

vs. PYTD

-40.7%

vs. Proj (FYTD)

Draw Sales

\$88,074,058 22.7%
%Total Sales

vs. PYTD

-40.1%

-1.7%

vs. Proj (FYTD)

Instant Sales

\$299,660,804 77.3%
%Total Sales

vs. PYTD

4.3%

-52.4%

vs. Proj (FYTD)

Multi-State

\$48,619,295 55.2%
%Draw Sales

vs. PYTD

-56.2%

-1.6%

vs. Proj (FYTD)

Scratchers Sales

\$296,024,636 98.8%
%Instant Sales

vs. PYTD

4.3%

-19.4%

vs. Proj (FYTD)

In-State

\$30,626,370 34.8%
%Draw Sales

vs. PYTD

3.6%

-16.7%

vs. Proj (FYTD)

Charitable Pulltab Sales

\$2,531,328 0.8%
%Instant Sales

vs. PYTD

-10.1%

5.8%

vs. Proj (FYTD)

Fast Play

\$8,828,393 10.0%
%Draw Sales

vs. PYTD

37.3%

-9.9%

vs. Proj (FYTD)

Age Rest. Pulltab Sales

\$895,320 0.3%
%Instant Sales

vs. PYTD

17.5%

Draw Sales : From 7/1/2014 - To 11/28/2019
 Fast Play Sales : From 2/11/2018 - To 11/28/2019

Scratcher Sales : From 7/1/2014 - To 11/28/2019
 Pulltab Sales : From 7/1/2014 - To 11/27/2019

-

vs. Proj (FYTD)

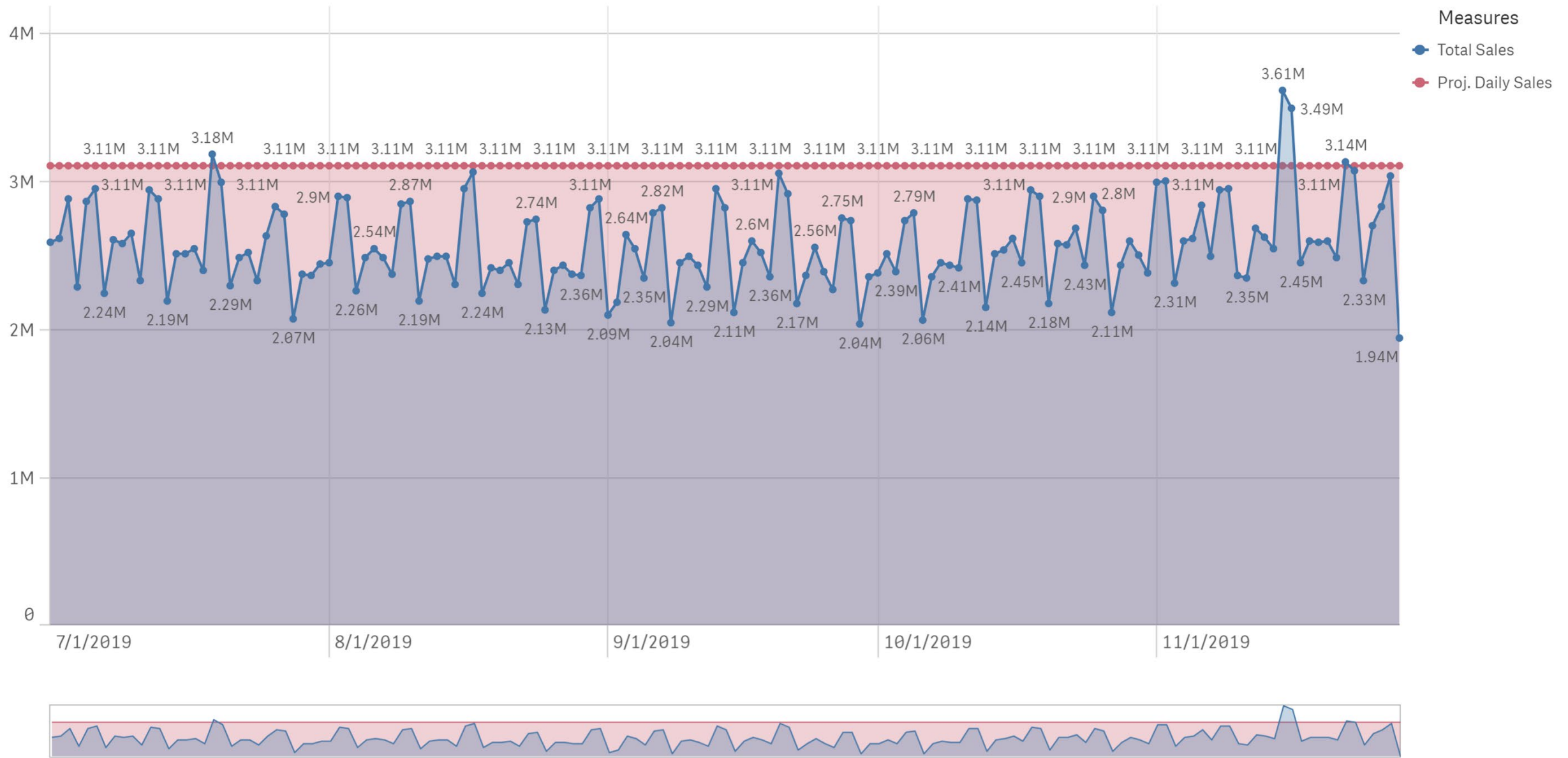
Other Pulltab Sales

\$208,440 0.1%
%Instant Sales

vs. PYTD

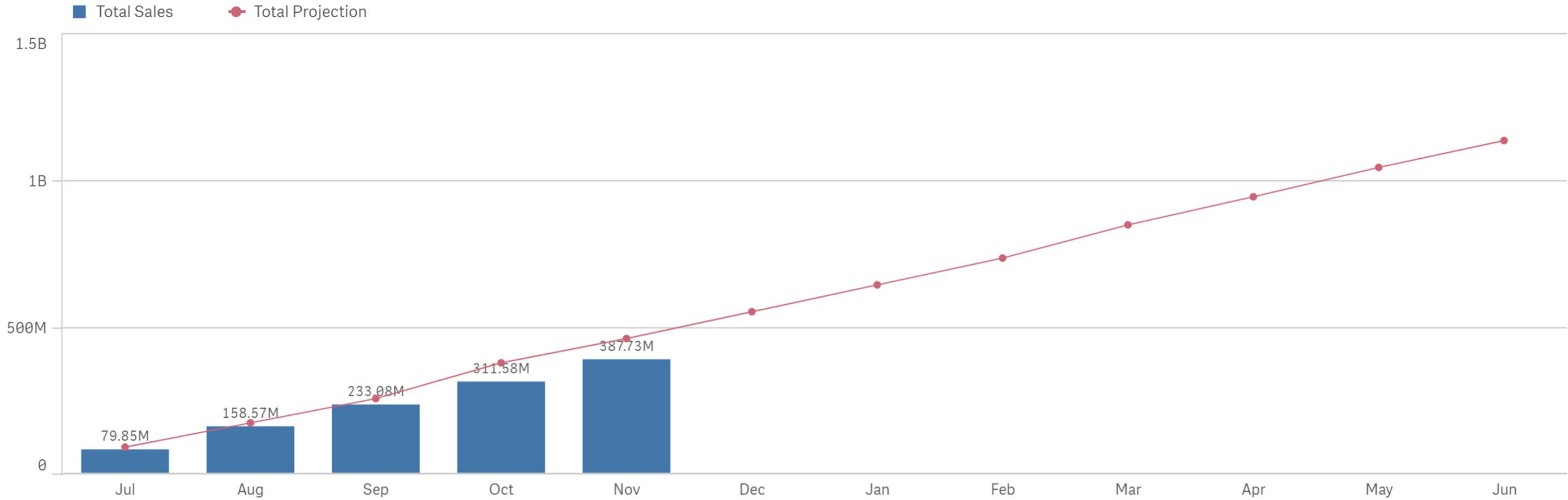
522.6%

Daily Sales vs Goal



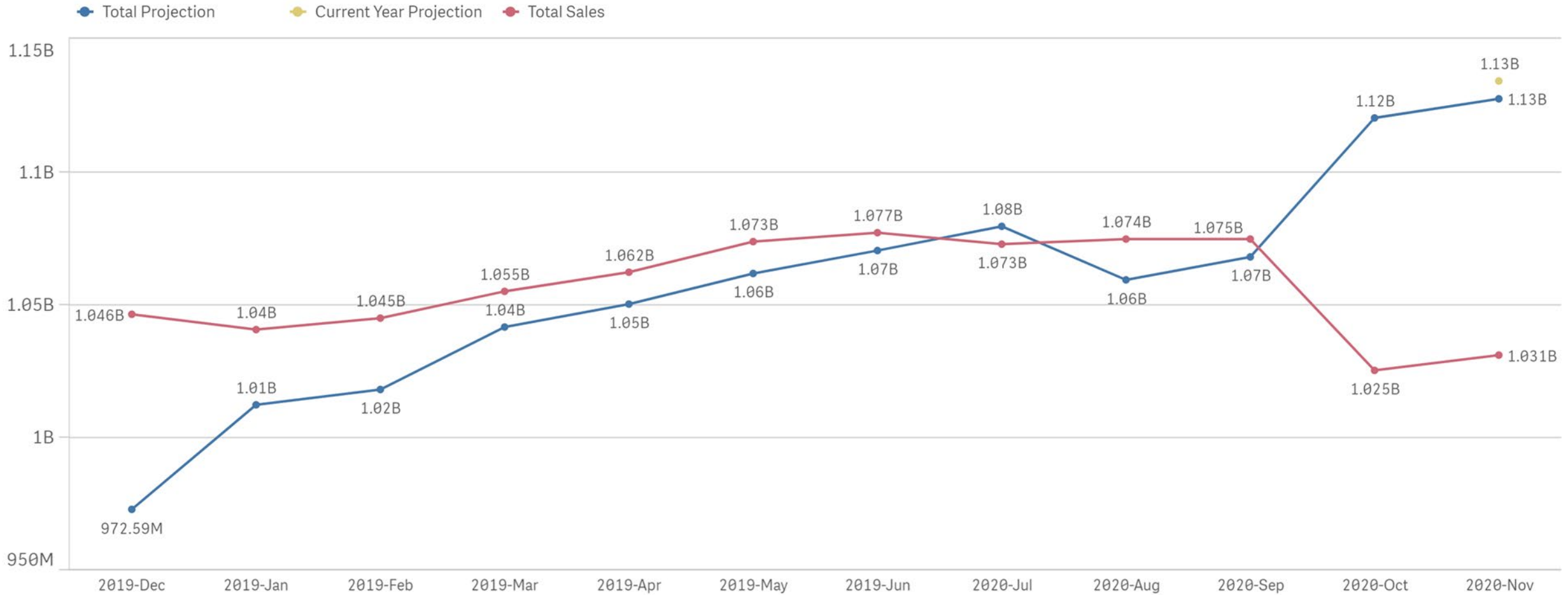
YTD Sales vs. Projection

FY 2020 Total Sales vs. Projection

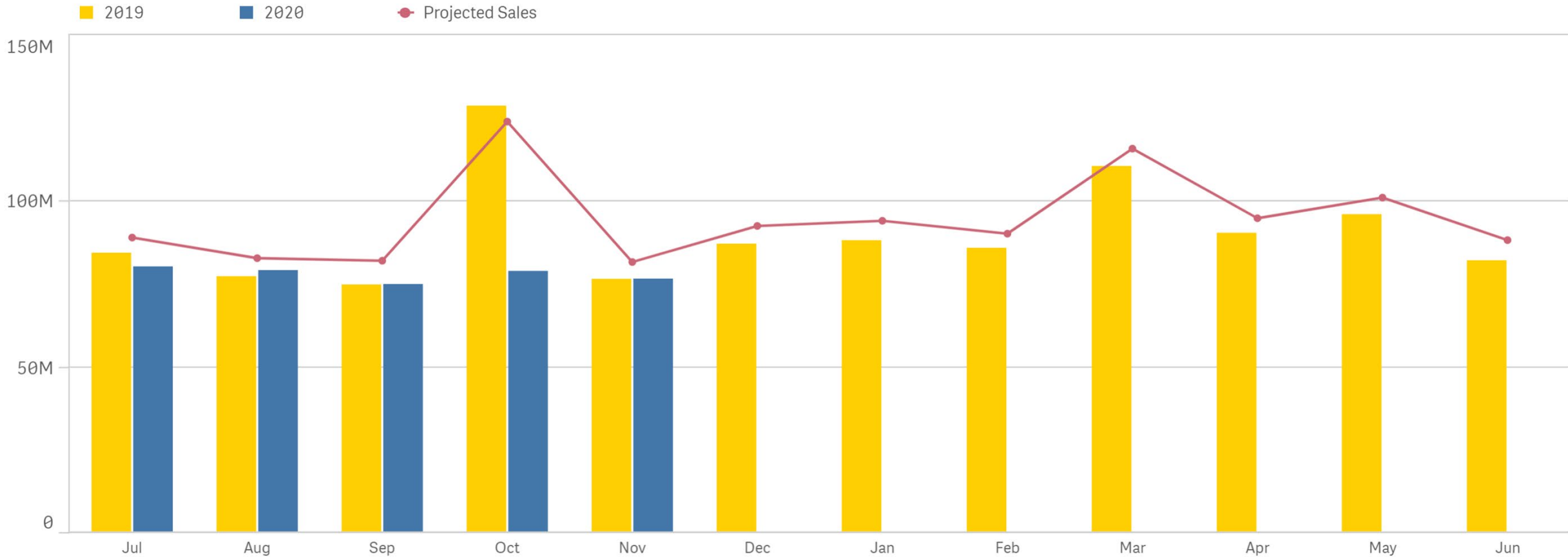


Rolling 12 Month Total Sales

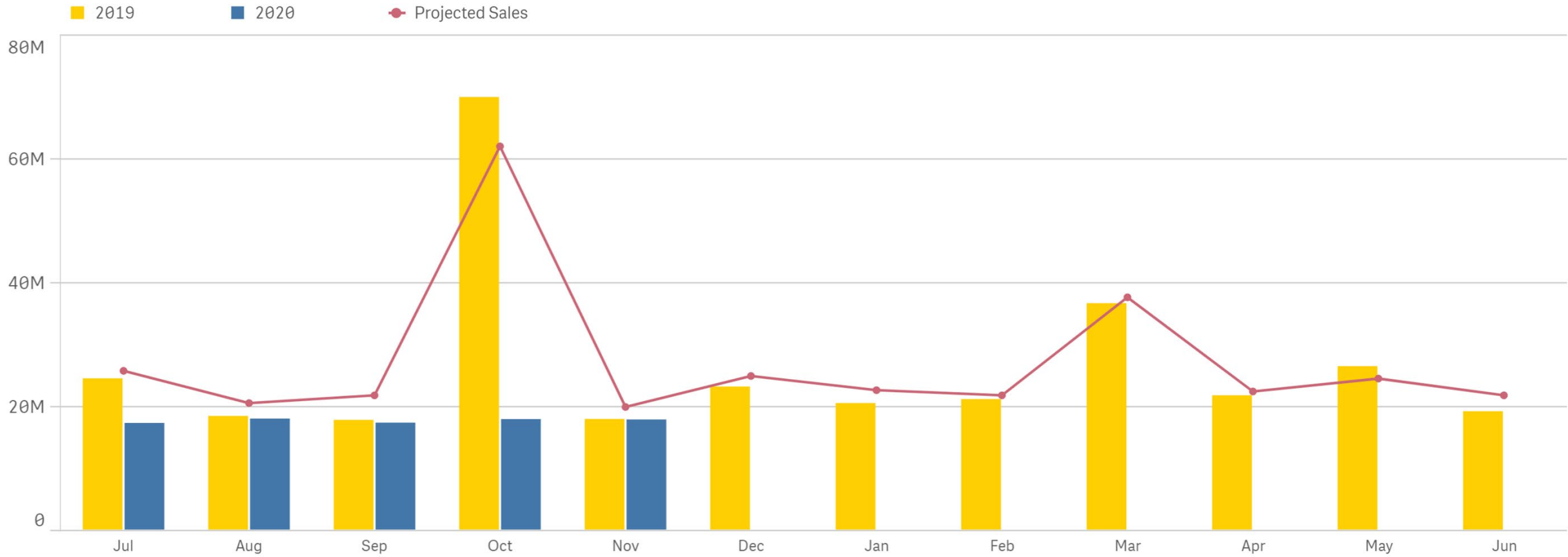
Rolling 12 Month Sales



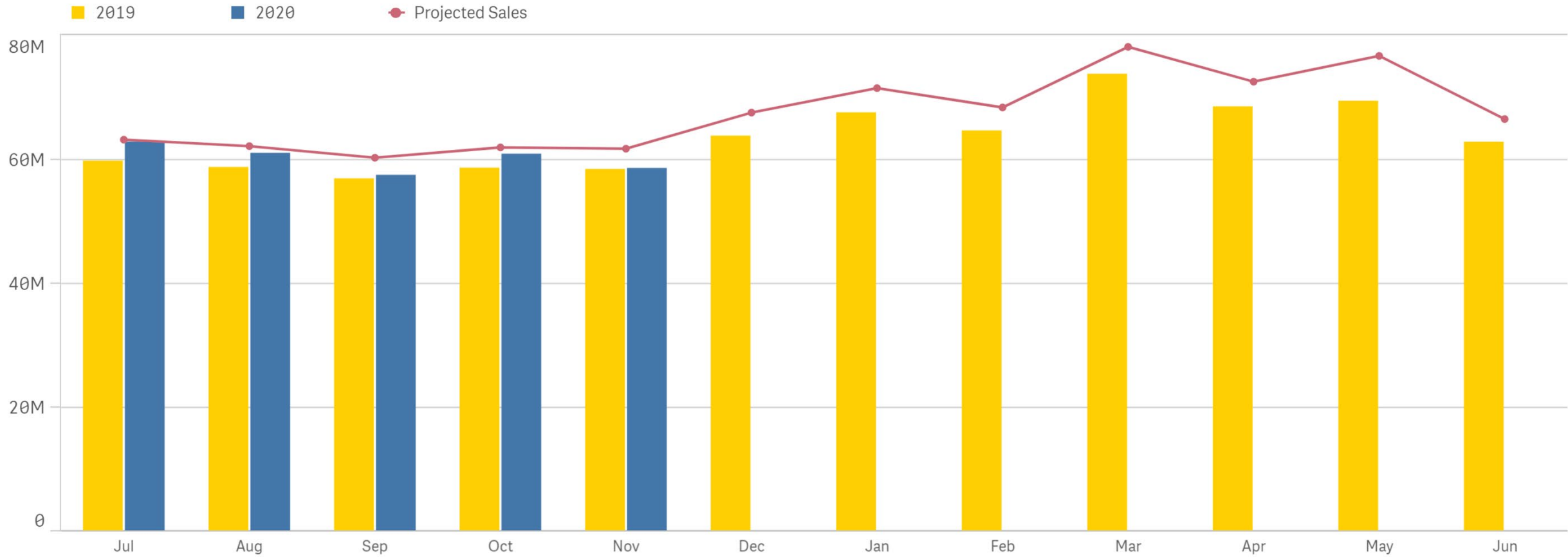
Total Sales FY 2019 vs. 2020 vs. Projection



Draw Sales FY 2019 vs. 2020 vs. Projection

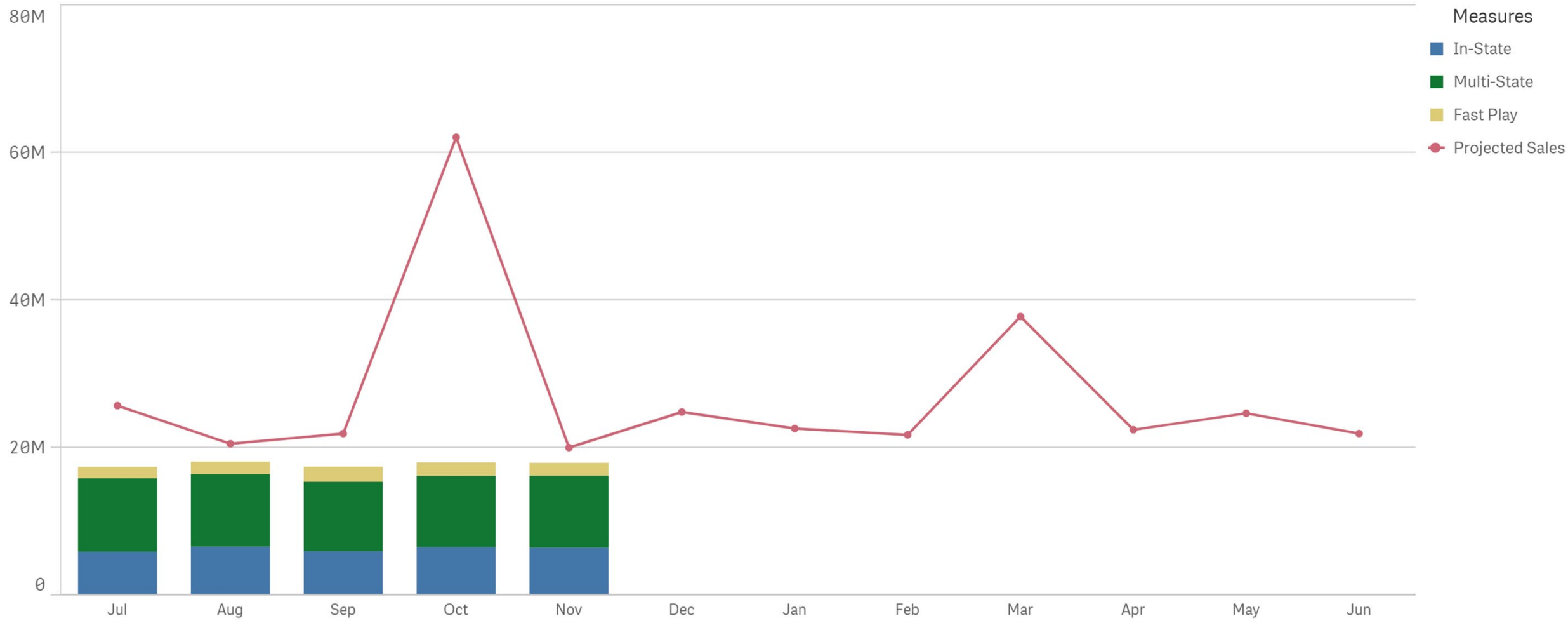


Instant Sales FY 2019 vs. 2020 vs. Projection



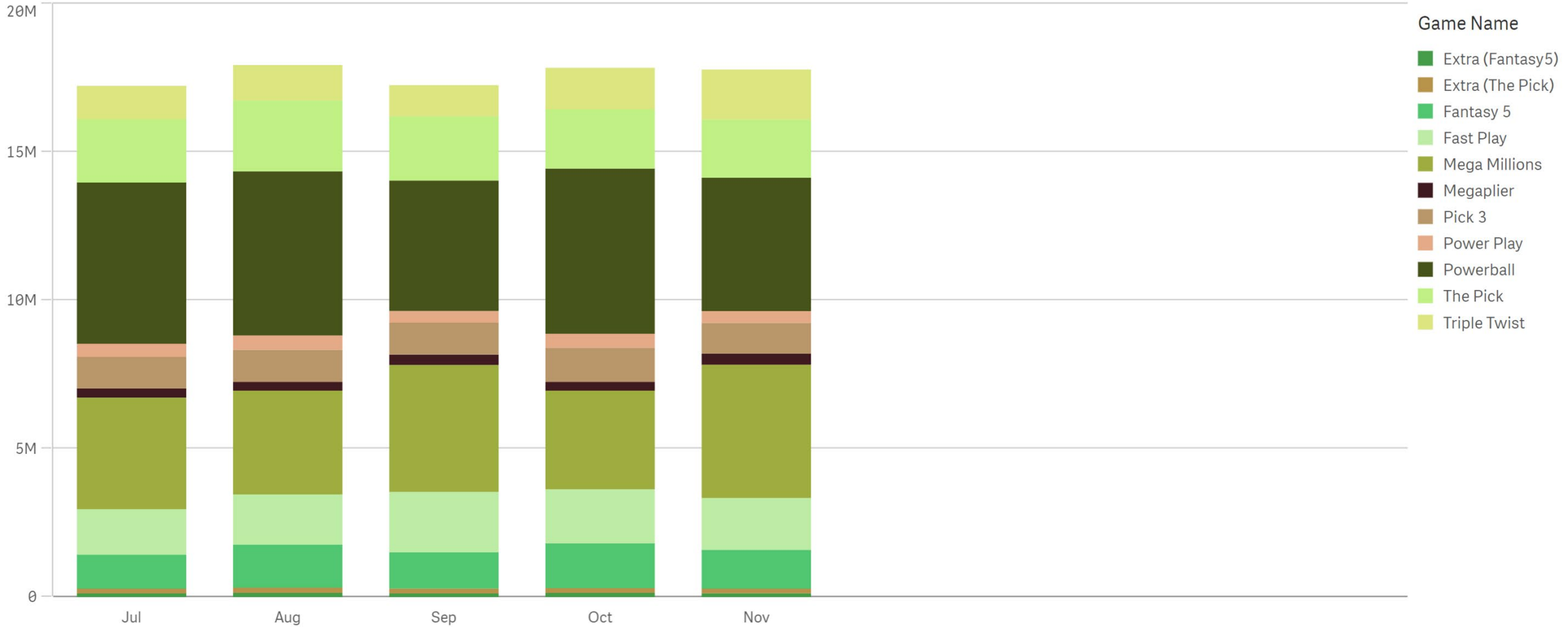
Draw Sales by Month

FY 2020 Draw Sales by Multi-State & In-State



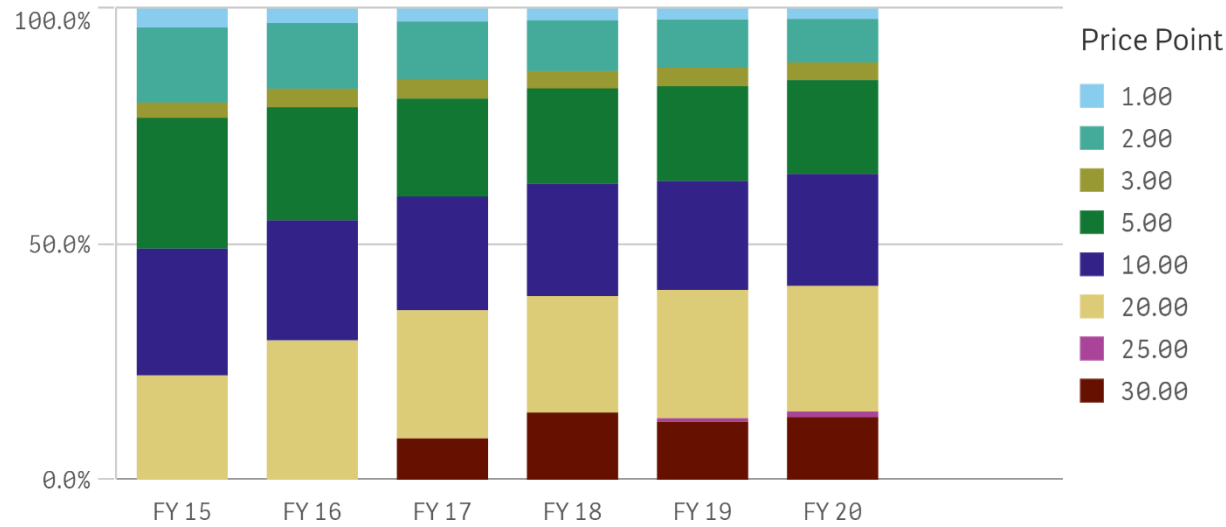
Draw Sales by Game

FY 2020 Draw Sales by Game

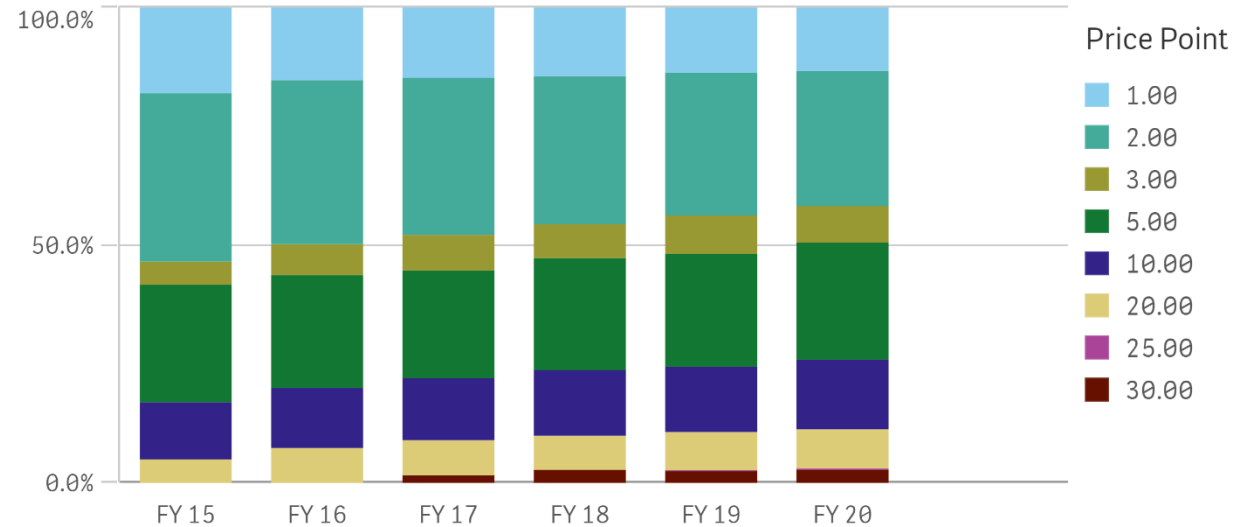


Scratcher Sales by Price Point

Based on Dollars Sold

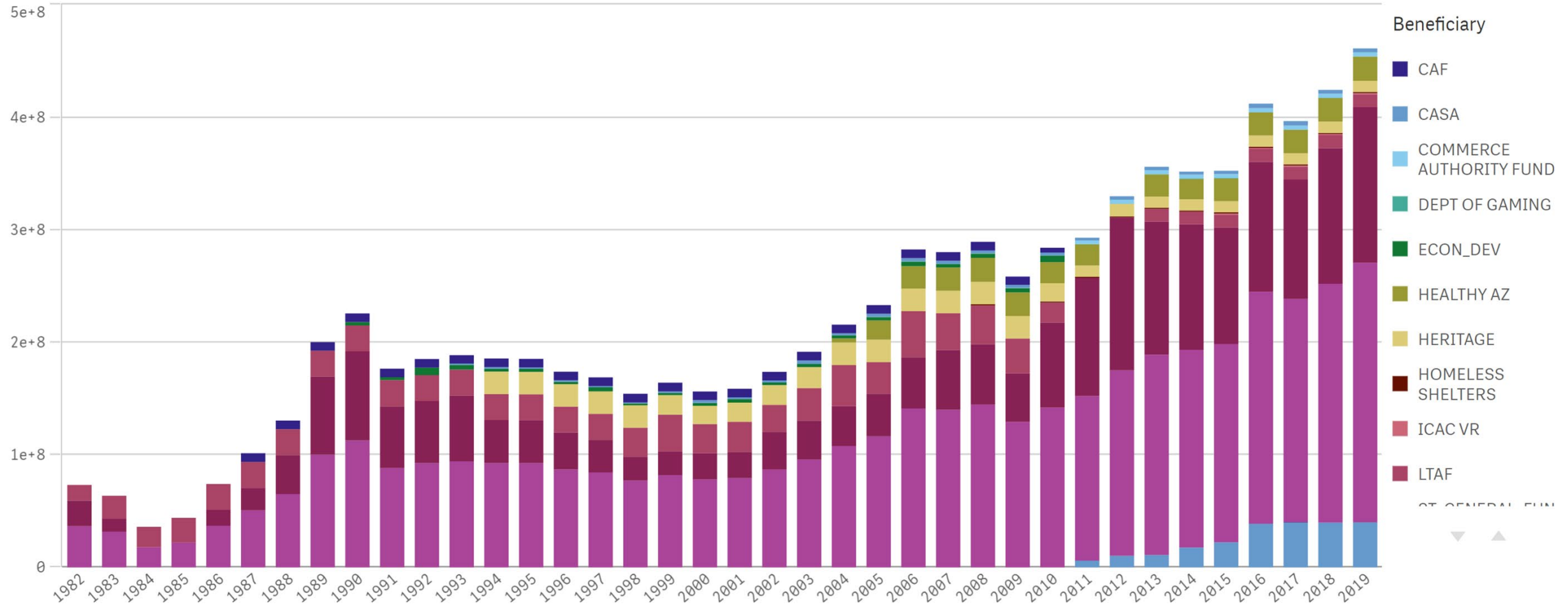


Based on Tickets Sold



Price Point	FY 16	FY 17	FY 18	FY 19	FY 20	Price Point	FY 16	FY 17	FY 18	FY 19	FY 20
1.00	\$18,183,806	\$17,230,930	\$17,675,313	\$17,327,856	\$6,412,398	1.00	18,183,806	17,230,930	17,675,313	17,327,856	6,412,398
2.00	\$82,257,128	\$77,080,640	\$76,286,420	\$76,045,580	\$27,256,512	2.00	41,128,564	38,540,320	38,143,210	38,022,790	13,628,256
3.00	\$23,323,455	\$26,348,367	\$26,204,778	\$30,416,967	\$11,107,731	3.00	7,774,485	8,782,789	8,734,926	10,138,989	3,702,577
5.00	\$141,578,675	\$131,823,090	\$144,423,905	\$150,294,810	\$59,001,510	5.00	28,315,735	26,364,618	28,884,781	30,058,962	11,800,302
10.00	\$150,398,690	\$152,231,750	\$168,662,410	\$173,763,390	\$70,364,960	10.00	15,039,869	15,223,175	16,866,241	17,376,339	7,036,496
20.00	\$174,963,960	\$172,393,320	\$176,364,760	\$204,007,420	\$79,043,920	20.00	8,748,198	8,619,666	8,818,238	10,200,371	3,952,196
25.00	\$0	\$0	\$0	\$6,504,400	\$3,395,375	25.00	0	0	0	260,176	135,815
30.00	\$0	\$55,673,280	\$101,269,350	\$91,917,900	\$39,442,230	30.00	0	1,855,776	3,375,645	3,063,930	1,314,741

Transfer Amount by Beneficiary



Draw Game Monthly Sales



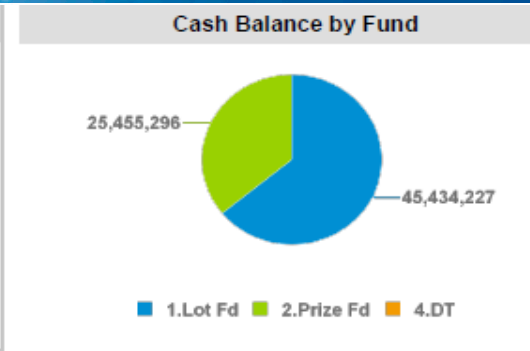
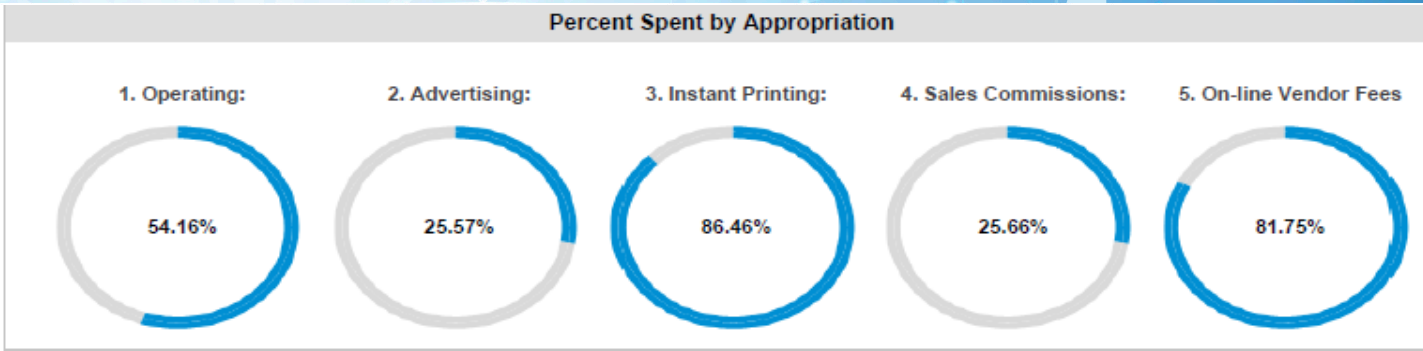
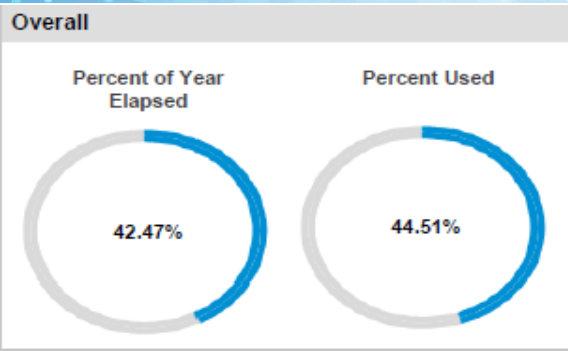
Month	POWERBALL	MEGA MILLIONS	TOTAL MULTI-STATE DRAW GAMES	THE PICK	FANTASY 5	PICK 3	ALL OR NOTHING	5 CARD CASH	TRIPLE TWIST	TOTAL IN-STATE DRAW GAMES	TOTAL DRAW GAMES
Jul	\$5,880,490	\$4,071,414	\$9,951,904	\$2,297,107	\$1,268,159	\$1,059,345	\$0	\$0	\$1,125,716	\$5,750,327	\$17,236,890
Aug	\$6,018,001	\$3,793,607	\$9,811,608	\$2,569,584	\$1,589,385	\$1,080,828	\$0	\$0	\$1,193,350	\$6,433,147	\$17,938,895
Sep	\$4,790,702	\$4,631,885	\$9,422,587	\$2,330,908	\$1,348,422	\$1,076,695	\$0	\$0	\$1,050,346	\$5,806,371	\$17,261,903
Oct	\$6,046,699	\$3,623,612	\$9,670,311	\$2,159,099	\$1,653,066	\$1,145,235	\$0	\$0	\$1,399,574	\$6,356,974	\$17,847,425
Nov	\$4,899,741	\$4,863,144	\$9,762,885	\$2,115,699	\$1,438,910	\$1,039,242	\$0	\$0	\$1,685,700	\$6,279,551	\$17,788,945



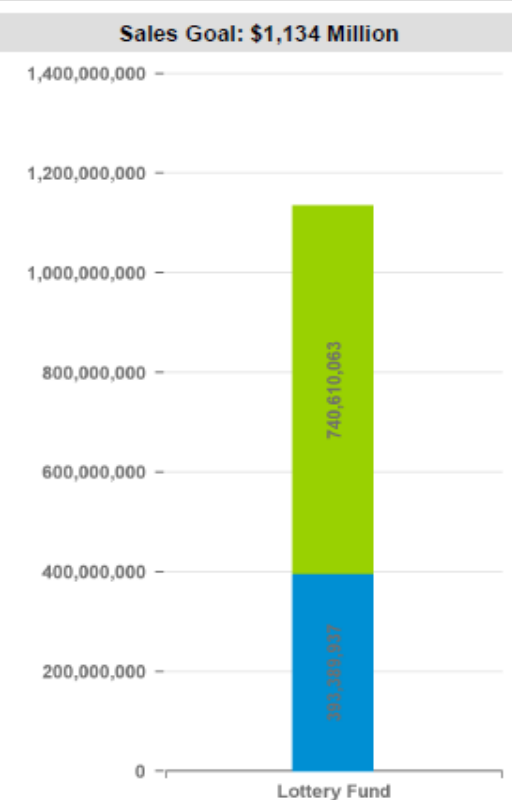
Instant Game Monthly Sales

Month	SCRATCHERS	CHARITABLE PULL-TABS	AGE-RESTRICTED PULL-TABS	TOTAL INSTANT SALES CURRENT FY	TOTAL INSTANT SALES PREVIOUS FY	% of Change
Jul	\$61,828,525	\$548,022	\$195,480	\$62,608,747	\$59,536,899	5.2%
Aug	\$60,112,466	\$457,806	\$176,040	\$60,789,512	\$58,513,385	3.9%
Sep	\$56,616,634	\$415,722	\$192,240	\$57,244,036	\$56,685,728	1.0%
Oct	\$59,720,917	\$673,416	\$173,880	\$60,650,293	\$58,403,424	3.8%
Nov	\$57,746,094	\$436,362	\$157,680	\$58,368,216	\$58,202,770	0.3%
Dec	\$0	\$0	\$0	\$0	\$63,575,488	-100.0%
Jan	\$0	\$0	\$0	\$0	\$67,318,971	-100.0%
Feb	\$0	\$0	\$0	\$0	\$64,393,312	-100.0%
Mar	\$0	\$0	\$0	\$0	\$73,524,672	-100.0%
Apr	\$0	\$0	\$0	\$0	\$68,280,835	-100.0%
May	\$0	\$0	\$0	\$0	\$69,167,313	-100.0%
Jun	\$0	\$0	\$0	\$0	\$62,589,230	-100.0%

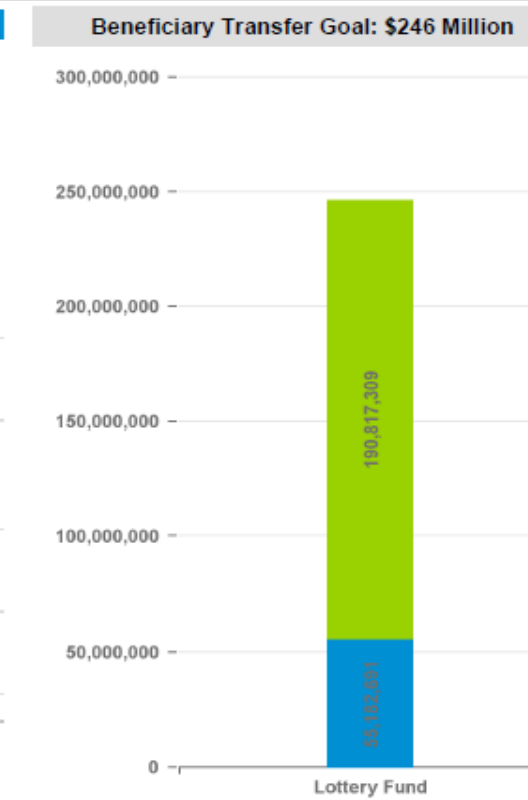
FY20 Year-To-Date Financial Status



Budget by Appropriation Type and Object Class



Appropriation	Object Class	Budget	Expenditures	Encumbered	Remaining	% Used
1. Operating:	6000 - Personal Services	4,571,000	1,853,073	-	2,717,927	40.54%
	6100 - Employee Related Expenditures	1,993,000	762,588	-	1,230,412	38.26%
	6200 - Professional And Outside Services	388,800	250,357	581,430	-444,987	215.04%
	6500 - Travel - In-State	271,800	61,035	145,689	64,876	78.11%
	6600 - Travel - Out-Of-State	16,800	8,696	-	8,104	51.76%
	7000 - Other Operating Expenditures	1,658,200	442,030	691,200	524,970	68.34%
	8100 - Capital Outlay	-	-	-	-	100.00%
	8400 - Capital Equipment	-	-	14,108	-14,108	100.00%
	8500 - Non-Capital Equipment	75,000	30,548	47,727	-3,275	104.37%
	9100 - Transfers Out	230,000	95,661	-	134,339	41.59%
	- NOT ENTERED	-	-	-	-	100.00%
Total:		9,202,400	3,503,988	1,480,154	4,218,258	54.16%
2. Advertising:	7000 - Other Operating Expenditures	15,500,000	3,778,655	184,985	11,536,361	25.57%
	- NOT ENTERED	-	-	-	-	100.00%
Total:		15,500,000	3,778,655	184,985	11,536,361	25.57%
3. Instant Printing:	7000 - Other Operating Expenditures	24,060,100	4,596,330	8,263,313	11,200,456	53.45%
	8400 - Capital Equipment	7,000,000	6,995,000	7,000,000	-8,995,000	199.93%
	- NOT ENTERED	-	-	-	-	100.00%
Total:		31,060,100	11,591,330	15,263,313	4,205,456	86.46%
4. Sales Commissions:	7000 - Other Operating Expenditures	80,015,200	20,535,368	-	59,479,832	25.66%
	- NOT ENTERED	-	-	-	-	100.00%
Total:		80,015,200	20,535,368	-	59,479,832	25.66%
5. On-line Vendor Fees:	6200 - Professional And Outside Services	11,009,400	2,650,497	6,349,503	2,009,400	81.75%
	- NOT ENTERED	-	-	-	-	100.00%
	Total:	11,009,400	2,650,497	6,349,503	2,009,400	81.75%
Total:		146,787,100	42,059,838	23,277,955	81,449,307	



New Business Item #1
Instant Scratch Game Profile
Report to Arizona Lottery Commission
December 20, 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 this game profile. After Commission approval, staff will commence with plans for printing, distribution, and sales of this game.

NEW GAME PROFILE

Attached for the Lottery Commission's action is new instant scratch game profile: *Wild \$10 #1262*.

Wild \$10 #1262. This \$10 game has a top prize of \$100,000 and will be printed at a quantity of approximately 1.6 million tickets.

Attachments (Commissioners only)

New Business Item #2
Fast Play Game Profile
Report to Arizona Lottery Commission
December 20, 2019

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

NEW GAME PROFILE

Attached for the Lottery Commission's action is the following Fast Play game profile: *Extreme Green #119*.

Extreme Green #119. This \$20 Fast Play game has a top prize of \$250,000. A total of 30 numbers are generated and used to identify whether a particular ticket is a winner of one or more instant prizes. A player may win up to seven times on a single ticket.

Attachments (Commissioners only)

New Business Item #3
Powerball® and Mega Millions® Amended Game Profiles
Report to Arizona Lottery Commission
December 20, 2019

This report has been provided to the Lottery Commission regarding amended Arizona Lottery on-line game profiles. The Commission is requested to approve these attached game profile amendments.

GAME PROFILE AMENDMENTS

Attached for the Lottery Commission's action are the amended on-line game profiles for *Powerball* and *Mega Millions*.

Powerball Amendment #5. This on-line game will be offered as a \$4 and \$10 Powerball QUICKCARD, purchased from a standard checkout register (in-lane) from licensed Arizona Lottery retailers.

Mega Millions Amendment #3. This on-line game will be offered as a \$4 and \$10 Mega Millions QUICKCARD, purchased from a standard checkout register (in-lane) from licensed Arizona Lottery retailers.

Attachment (Commissioners only)

New Business Item #4
Fast Play Game Development Policy
Report to Arizona Lottery Commission
December 20, 2019

This report has been provided to the Lottery Commission regarding the Fast Play Game Policy. The Commission is requested to approve the attached policy.

Establish a practice to provide speed and flexibility in game design for the Fast Play style of instant games. Any game developed within approved standardized parameters will not require Commission approval for development, but rather a 30-day notification to the Commission prior to introduction to Lottery players.

Attachments (Commissioners only)