

PUBLIC MEETING OF THE ARIZONA LOTTERY

Commission Minutes of March 20, 2020, meeting

PRESIDING Chair Jeff Weintraub (WebEx/Teleconference)

COMMISSIONERS Vice-Chair Chad Wilson (WebEx/Teleconference), Commissioners Debra Roth and Commissioner Julie Katsel (WebEx/Teleconference),

LOTTERY Gregg Edgar, Executive Director; Chris Rogers, Deputy Director of Products & Marketing; Sherri Zendri Deputy, Director of Legal Services, and Russ Harben, Deputy Director of Operations

Kimberly Siddall, Luanne Mansanares, Ivy Gilio, Shelby Alessi, Mary Cimaglio, and Robert Woodsen.

GUESTS Attorney General Representative: Pamela (Linnins) Peiser
Scientific Games Representatives: Topper Wilson, Julio Dieppa, and Rachelle Shackelford
IGT Representative: Serena Arlotta
Pollard Banknote Limited: Rob Young
Owens Harkey Representatives: Noelle Hobaica and Angie Vollmers

PUBLIC

Call to Order

1. Call for Quorum: Pursuant to the Public Notice dated March 13, 2020, 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 Chair Weintraub, Vice-Chair Wilson, Commissioners Roth and Commissioner Katsel appeared via (WebEx/Teleconference)

Notice: Notice was posted by Luanne Mansanares on March 16, 2020, at 2:00 p.m., at the Arizona State Lottery, located at 4740 E. University Dr., Phoenix, Arizona.

2. Approval of minutes: Chair Weintraub entertained a motion to approve the minutes of the March 20, 2020, Public Meeting. Commissioner Katsel moved; Commissioner Roth 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 COVID19. Stating the Governor issued an executive order, which activated the National Guard to assist with grocery stores and local food banks. The executive order also included a mandate that placed all elective surgeries on hold to increase available hospital beds capacity. All bars and night clubs will close while restaurants will remain open for dine out only. Eight counties affected with the virus include Maricopa, Pinal, Pima, Navajo,

Coconino, Graham, Santa Cruz and Yavapai. Director Edgar informed the Commission of an Arizona website azdhs.gov that provides an up to date information regarding COVID19 for the State of Arizona. Director Edgar continued to inform the Commission that the Department of Transportation and the Arizona Department of Environmental Equality are extending drivers license renewals and waiving emissions testing for citizens who are 65 years or older. Director Edgar gave a recap of how COVID 19 has affected the Arizona Lottery. Stating that roughly 75% of the staff is telecommuting, the three customer service locations remain open with regular hours at this time maintaining social distancing and all the draw operations are maintaining integrity. The Director finished his presentation with the brief recap of the March 1, 2020 conversion with Pollard Banknote Limited and Scientific Games. The presentation is attached for the official minutes.

2. **Financial Report:** Mr. Russ Harben presented a financial overview of sales from all product lines for the past 12 months. His presentation included an up-to-date overview of the financial impact of COVID19, stating that it will impact instant, pull tabs, charitable and age restricted games due to the social interaction of these games. Mr. Harben stated that conversion affected the settlement process of instant tickets. Settlements were deferred which affected the daily sales average.

Director Edgar informed the Commission that part of the COVID19 response the Arizona Lottery will be sending letters to retailers extending the settlement date from 45 days to 60 days or 85% validation. This will allow financial relief for the retailers. The Arizona Lottery will reevaluate in 50 days for a possible extension. The Arizona Lottery is trying to be fiscally responsible and understanding.

Mr. Harben continued with his presentation with a year-over-year and month-over-month recap. Mr. Harben stated that the increased sales of the Arizona Pick was due to increasing the prizes from unclaimed prizes from December.

Director Edgar informed the Commission that unclaimed prizes will be utilized by marketing. A plan is being developed to create a promotion with gift cards that will establish fun for the players and will give back while being sensitive to the current conditions.

Mr. Harben continued his presentation with the budget status including instant ticket printing. Advising that the instant ticket line item in the budget is based on sales. Informing that the budget is being closely monitored.

Director Edgar informed the Commission that the products and marketing division is adjusting their strategy. This adjustment will affect the budget in a positive manner. The marketing strategy will focus on connecting with the community.

Chair Weintraub inquired if scratcher games sales decline how does that effect future plans to print? How long does a game stay in the market?

Director Edgar informed the Commission there is a team that closely monitors the games on a regular basis. If sales decline, it would affect the life of the game.

Chair Weintraub inquired about the games being voted on today, if approved, will the tickets be printed or does the lottery decide when to print the games.

Director Edgar informed the Commission once a game is approved the lottery dictates when they go to market. However, the lottery needs approval so the tickets can be processed and ready to print when needed.

Ms. Ivy Gilio informed the Commission that Arizona Lottery plans far in advance. The games being voted on today are schedule to launch in September. However, the lottery can adjust the schedule of the launch as needed. If the ticket is not needed it will not be launched.

Chair Weintraub inquired if scratcher tickets have a shelf life.

Ms. Gilio informed the Commission that a ticket's shelf life in the Arizona environment is approximately two years.

No other questions were asked and Mr. Harben concluded his presentation. The presentation is attached for the official minutes.

3. **New Game Introduction:** No presentation.

New Business

1. Chair Weintraub asked if any members of the public wanted to address the Commission regarding new instant scratch game profiles: *\$100,000 Loteria* #1269, *Block-O* #1276, and *Lady Luck* #1278. 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 #1269, #1276, and #1278. Commissioner Katsel moved; Commissioner Roth seconded. The vote was unanimous with all members voting aye and the motion was carried.

2. Chair Weintraub asked if any members of the public wanted to address the Commission regarding second chance promotion profiles: *Road to \$1 Million* #101 and *Arizona Diamondbacks* #102. 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 second chance promotion profiles: *Road to \$1 Million* #101 and *Arizona Diamondbacks* #102. Vice-Chair Wilson moved; Commissioner Roth 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 April 17, 2020, at 10:00 a.m.

Adjournment

Chair Weintraub entertained a motion to adjourn. Commissioner Katsel 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