

PUBLIC MEETING OF THE ARIZONA LOTTERY

Commission Minutes of June 19, 2020, Meeting
Telephonic Meeting

- PRESIDING** Chair Jeff Weintraub (Teleconference)
- COMMISSIONERS** Chad Wilson (Teleconference), Debra Roth (Teleconference), Julie Katsel (Teleconference), and Trent Crump (Teleconference)
- LOTTERY** Gregg Edgar, Executive Director; Chris Rogers, Deputy Director of Products & Marketing; Sherri Zendri Deputy, Director of Legal Services, Russ Harben, Deputy Director of Operations
- Kimberly Siddall, Luanne Mansanares, Ivy Gilio, Shelby Alessi, Mary Cimaglio, Susan Kalember, Holly Gordon, Karla Henriksen, Serena Arlotta, and Lynda Sellers
- GUESTS** Attorney General Representative: Pamela (Linnins) Peiser
Scientific Games Representatives: Julio Dieppa, and Rachele Shackelford
Pollard Banknote Limited Representatives: Wes Brown and Brad Thompson
Owens Harkey Representatives: Chelsea Smeland, Ken Phox and Noelle Hobaica
- PUBLIC** (user name) Phoenix Sun - no response when asked to identify themselves

Call to Order

1. **Call for Quorum:** Pursuant to the Public Notice dated May 14, 2020, the Public Meeting of the Arizona State Lottery Commission was called to order at 10:03 a.m. by Chair Jeff Weintraub.

A quorum was present, with Chair Weintraub, Vice Chair Wilson, Commissioner Roth, Commissioner Katsel, and Commissioner Crump appearing via teleconference.
2. **Notice:** Notice was posted by Kimberly Siddall on June 15, 2020, at 12:05 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 May 22, 2020, Public Meeting. Commissioner Katsel verbally moved; Commissioner Crump verbally seconded. The vote was unanimous with Chair Weintraub verbally voting yea, Commissioner Roth verbally voting yea, Commissioner Katsel verbally voting yea, and Commissioner Crump verbally voting yea.

Agency Reports

1. **Director's Presentation:** Director Edgar presented information on Arizona's first Mega Million's® Jackpot winner. The drawing was June 9, 2020 and the prize was \$410 million

dollars. The couple claimed the prize the week of June 19, 2020, chose to stay anonymous, and claimed the cash prize option. The couple will receive \$319 million with \$76 million deducted for federal tax and \$15.3 million deducted for state tax. The Arizona Lottery is in the process of disbursing the \$15.3 million. Making the funds available to the state before the end of (FY20).

The director provided an update on COVID-19 as it pertains to Arizona Lottery. We remain in Phase I and the Lottery offices in Tucson and Phoenix remain open with modified operations. The offices process customers by appointment and continue to utilize the pass through walk-up window for walk up customers. The airport location remains closed until the lottery attains better guidance and traffic increases. In addition, the Arizona Lottery worked with the City of Phoenix to extend the lease at the airport. The Kingman office located in the Walmart is fully functioning, is open to the public, and no appointments are required. Arizona Lottery has taken over the vending machines that are located in that Walmart and has decreased the out of stocks for this location from double digits to approximately 2%. The Kingman office continues to have a positive impact. As far as the remaining employees, a majority of them remains telecommuting. Territory Managers have resumed operation in limited periods working four hours in the field and four hours on the phone. In addition, Territory Managers are limiting overnight stays when they visit retailers that are located out of their jurisdiction. Investigators have continued to do investigations, but have not started compliance checks at this time. The Arizona Lottery will remain in Phase I pending the Governor's guidance and continue to follow the Centers for Disease Control guidelines. Employees will continue to wear masks in the field and in the offices.

Director Edgar informed the Commission that they will be reviewing the amended Dia de los Muertos® due to IGT trade marking it. The team has changed the name from "Dia de los Muertos®" to Celebrando Dia de los Muertos. Director Edgar asked if there was any question regarding the name change on the ticket.

Chair Weintraub stated that this was unacceptable and problematic of IGT especially since the Lottery has used this ticket in the past. He inquired if this is the same artist that designed this ticket in the past.

Director Edgar informed the Commission, that a different artist was utilized for a different look and feel. Arizona Lottery Artist-in-resident Emily Costello was in support of the change and the artist. Lalo Cota is well-known local artist who is also doing similar artwork for the Arizona Diamondbacks.

Director Edgar ended the presentation by informing the Commission the Arizona Lottery hit the \$1,050,998,302 in sales as of close of business on June 18, 2020 and the closing projected sales for FY20. The presentation is attached for the official minutes.

2. **Financial Report:** Mr. Russ Harben presented a financial overview of actual sales, projected sales from all product lines for the past 12 months and sales from the Mega Million's® jackpot. Mr. Harben started presenting budget information for FY20 and FY21.

Director Edgar informed the Commission that COVID-19 financially affected numbers. It is hard to predict the numbers due to the different variables.

Mr. Harben continued his budget presentation with the predicted ending numbers for FY20 and the predicted numbers for FY21. He concluded his presentation with the budgeting information for FY21. Mr. Harben asked if there were any other questions.

Chair Weintraub stated he appreciated the information and phenomenal efforts for the items that were in our control. The scratchers® sales are knocking it out of the park.

Director Edgar stated our team has been working very hard to keep up with the demand.

3. **Marketing Presentation:** Mr. Chris Rogers gave a brief overview of the FY20 success during COVID-19. His presentation included information on players club, second chance prizes, record engagement levels, increased media value, promoting the Lottery's purpose as a state agency and concentration on the "Gives Back" initiative via paid and earned media. Informing the Commission that the Lottery helps many nonprofit programs and shared its media space. He concluded his presentation on FY21 marketing planning in the pandemic era. This information included key objectives and campaign launches for FY21.

Commissioner Crump stated he appreciated the beneficiary awareness and inquired about the shared media credit, asking if the Arizona Lottery receives recognition or advertised for the shared media.

Mr. Rogers informed the Commission, Arizona Lottery does attain credit or recognition only for the time or period in which the Lottery pays for the media.

Commissioner Crump stated the Arizona Lottery does a great job.

Director Edgar informed the Commission that the Arizona Lottery does receive recognition internally from Governor's office for our willingness to jump and help where needed.

Chair Weintraub inquired about Quickcard.

Director Edgar informed the Commission that Arizona Lottery Quickcard ticket is a ticket that will be available at Dollar General. It is an in lane purchase that allows customer to purchase a Mega Million's® or Powerball® ticket while checking out. It will eventually be available in most of our grocery store locations. The launch will be at Dollar General in July.

Chair Weintraub inquired about the Lottery's budget compared from last year to this year.

Director Edgar informed the Commission that as it stands today we are the same it is dollar for dollar the same. There is a possibility as things continue with the economy we may be asked to make some cuts.

Commissioner Wilson inquired with regards to optimizing the media on the player data, is the Lottery leveraging any resource like Live Ramp to help with anonymizing the data in order to project and create different segmentation.

Mr. Rogers confirmed if he was talking about paid media and informed the Commission that OH Marketing utilizes tools but his is unaware of the specific tools they use. Mr. Rogers stated that the Lottery is considering an audit regarding that matter. Mr. Rogers informed the Commission he can attain more information regarding the tools that are utilized.

Mr. Rogers informed the Commission that the Lottery is researching digital jackpot signs stating that some platforms are going to more valuable than others.

Director Edgar informed the Commission digital will give more flexibility. With the fixed boards, they were breaking quite frequently and the digital boards will give more flexibility. The presentation is attached for the official minutes.

Director Edgar informed the Commission that Commissioner Wilson had to leave the Commission meeting.

4. **Sales Presentation** – Ms. Cassandra Bierworth presented information on the new Arizona Lottery claims office located in Kingman, Arizona. Informing the Commission that Arizona is the first lottery organization to open a redemption office in a Walmart Supercenter. The presentation is attached for the official minutes.
5. **New Games Introduction** – No Presentation

New Business

1. Chair Weintraub asked if any members of the public wanted to address the Commission regarding on amended instant scratch game profile: *Celebrando Dia de los Muertos* #1289 and on new instant scratch game profiles: *One Million Now* #1275, *Holiday Cheer* #1282, *Gnome For the Holidays* #1283, *Christmas Crossword* #1284, *Santa's Gift Bag* #1285, *25 Days of Winning* #1286, *Red Line Bingo* #1287, *Rock Paper Scissors® Slingo® Trio* #1288, *\$215 Million Cash Explosion®* #1290, *Triple Red 7's* #1291, *Blackjack Attack* #1292, *Scratch & Match* #1293, *Crossword Corner Cash* #1294, *Red Hot 7s* #1295, and *\$100,000 Crossword* #1298. 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 amended instant scratch profile: #1289 and on new instant scratch game profiles: #1275, #1282, #1283, #1284, #1285, #1286, #1287, #1288, #1290, #1291, #1292, #1293, #1294, #1295, and #1298. Commissioner Crump verbally moved, Commissioner Roth verbally seconded. Chair Weintraub verbally voted yay, Commissioner Roth verbally voted yay, Commissioner Katsel verbally voted yay and Commissioner Crump verbally voted yay. The vote was unanimous with all members voting aye and the motion carried.

2. Chair Weintraub asked if any members of the public wanted to address the Commission regarding second chance promotion profile: *NASCAR® Championship Second Chance Promotion* #104. 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: *NASCAR® Championship Second Chance Promotion #104*. Commissioner Katsel verbally moved; Commissioner Roth verbally seconded. Chair Weintraub verbally voted yay, Commissioner Roth verbally voted yay, Commissioner Katsel verbally voted yay and Commissioner Crump verbally voted yay. The vote was unanimous with all members voting yay and the motion 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. There will be no Commission meeting in July.
2. The next Commission meeting will be held August 21, 2020, at 10:00 a.m.

Adjournment

Chair Weintraub entertained a motion to adjourn. Commissioner Roth verbally moved; Commissioner Crump verbally seconded. Chair Weintraub verbally voted yay, Commissioner Roth verbally voted yay, Commissioner Katsel verbally voted yay and Commissioner Crump verbally yay. The vote was unanimous with all members voting yay and the motion 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.