



September 18, 2020
COMMISSION
REPORT

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NOTICE OF TELEPHONIC 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 telephonic ONLY meeting on **September 18, 2020, at 10:00 a.m.** The public is welcomed to join the meeting via telephone or internet through **Google Hangouts Meet**. The following are instructions on joining the meeting via the Google Hangouts Meet:

Join the meeting online by entering the following link into your URL

meet.google.com/adq-muaf-znz

OR

Join the meeting US Toll Free by phone at 401-217-5697 when prompted enter Access Code **345 183 552 followed by the pound key (#)**

If you are having problems with connecting, please contact 480-921-4493.

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. The Commission may also vote on any item listed on the agenda. All members of the Commission will be participating by means of telephonic communication.

Call to Order

1. Call for Quorum
2. Call for Notice
3. Approval of Minutes for August 21, 2020, Public Meeting

Agency Reports

1. Director's Presentation
2. Financial Report Presentation
3. Marketing Presentation
4. New Games Introduction – No Presentation

New Business

1. Discussion and possible action on new instant scratch game profiles: *Fast Cash* #1311 and *Lady Luck* #1312.

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 October 23, 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 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 10th day of September, 2020

Gregory R. Edgar
Executive Director

Persons with a disability may request a reasonable accommodation 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 August 21, 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, and Raynie Hosto, Deputy Director of Sales
- Kimberly Siddall, Luanne Mansanares, Ivy Gilio, Shelby Alessi, Mary Cimaglio, Susan Kalember, Holly Gordon, Karla Henriksen, Serena Arlotta, Cassandra Bierworth, Robin Peters, Joe Leitheim, Melissa Pike, Ivy Gilio, Pam Dinunzio, Lisa Schartz, Dominga Valencia, Art Uthaisri, Kathy Syms, Conner Hollen, Devin Slayton, Gabrielle Dennis, Roland Tang, Robert Woodson, Conner Hollen, Devin Slayton, and Todd Terrell.
- GUESTS** Attorney General Representative: Pamela (Linnins) Peiser
Scientific Games Representatives: Topper Wilson, Julio Dieppa, and Rachelle Shackelford
Pollard Banknote Limited Representatives: Wes Brown and Brad Thompson
Owens Harkey Representatives: Chelsea Smeland, Ken Phox, Angie Vollmers, and Noelle Hobaica
- PUBLIC** Danielle Pool and Jennifer Wankling

Call to Order

1. **Call for Quorum:** Pursuant to the Public Notice dated August 13, 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 August 13, 2020, at 4:13 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 June 19, 2020, Public Meeting. Commissioner Roth verbally moved; Commissioner Wilson verbally seconded. The vote was unanimous with Chair Weintraub verbally voting aye, Vice Chair Wilson verbally voting aye, Commissioner Roth verbally voting

aye, Commissioner Katsel verbally voting aye, and Commissioner Crump verbally voting aye.

Agency Reports

1. **Retailer of the Year:** Roland Tang presented an overview of the Retailer of the Year, Desert Springs Travel Center, 4031 Fleet Street Littlefield, Arizona.
2. **State Service Recognition Awards:** Robin Peters, Pam Dinunzio, Ivy Gilio, Susan Kalember, Shelby Alessi, Joe Leitheim, and Robert Woodson were recognized for years of service while Dominga Valencia was recognized for her retirement.
3. **Director's Presentation:** Director Edgar presented information on the beneficiary of the month, Story Tellers and Local First Arizona. Director Edgar also provided an update on COVID-19 as it pertains to Arizona Lottery. The presentation is attached for the official minutes.
4. **Financial Report:** Mr. Russ Harben presented a financial overview of actual sales, and projected sales from all product lines for the past 12 months. The presentation is attached for the official minutes.
5. **Marketing Presentation:** Mr. Chris Rogers gave an update on Quickcard and a brief overview of the Arizona Lottery's Messaging Development Process .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. The presentation is attached for the official minutes.

Vice Chair Chad Wilson thanked Chris Rogers for the detailed presentation.

Commissioner Crump stated that he heard a COVID-19 advertisement regarding masks and at the end of the advertisement, there was verbiage stating sponsored by the Arizona Lottery.

6. **New Games Introduction** – No Presentation
7. **4th Quarter Product & Sales Review** – No Presentation

New Business

1. Chair Weintraub opened the floor for nominations for Commission Vice Chair. Commissioner Crump nominated Chad Wilson for Vice Chair. There were no other nominations, Chair Weintraub second the nomination. There was no discussion and Chair Weintraub entertained a motion to elect Chad Wilson on as Vice-Chair. Commissioner Crump verbally moved, Chair Weintraub verbally second. Chair Weintraub verbally voted aye, Vice Chair Chad Wilson verbally voted aye, Commissioner Roth verbally voted aye, Commissioner Katsel verbally voted aye, and Commissioner Crump verbally voted aye. The motion carried.

2. Chair Weintraub opened the floor for nominations for Commission Chair. Commissioner Roth nominated Jeff Weintraub for Chair. There were no other nominations, and Chair Weintraub entertained a motion to elect Jeff Weintraub as Chair. Commissioner Roth verbally moved, Commissioner Crump verbally second. Chair Weintraub voted aye, Vice Chair Wilson verbally voted aye, Commissioner Roth verbally voted aye Commissioner Katsel verbally voted aye, and Commissioner Crump verbally voted aye. The motion carried
3. Chair Weintraub asked if any members of the public wanted to address the Commission regarding on new instant scratch game profiles: *Mystery Key Crossword* #1296, *Twisted* #1297, *Win Big* #1299, *Ultimate Millions* #1300, *Triple Bonus Crossword* #1301, *\$40 Million Mega Bucks* #1302, *Double Your Money* #1303, *\$50 Loaded* #1304, *\$100 Loaded* #1305, *\$500 Loaded* #1306, *\$1,000 Loaded* #1307, *Money Maker* #1308, and *Bingo Blockbuster* #1310.

Ms. Luanne Mansanares informed the Commission of a correction; should be “New instant scratch game profiles” and not “Amended”.

Chair Weintraub made the correction to “new instant scratch game profiles” for the record. 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: #1296, #1297, #1299, #1300, #1301, #1302, #1303, #1304, #1305, #1306, #1307, #1308, and #1310. Commissioner Katsel verbally moved, Commissioner Roth verbally seconded. Chair Weintraub verbally voted aye, Vice Chair Wilson verbally voted aye, Commissioner Roth verbally voted aye, Commissioner Katsel verbally voted aye, and Commissioner Crump verbally voted aye. The vote was unanimous with all members voting aye and the motion carried.

4. Chair Weintraub asked if any members of the public wanted to address the Commission regarding second chance promotion profile: *Holiday Bonus 2nd Chance Promotion* #105. 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: *Holiday Bonus 2nd Chance Promotion* #105. Commissioner Roth verbally moved; Vice Chair Wilson verbally seconded. Chair Weintraub verbally voted aye, Vice Chair Wilson verbally voted aye, Commissioner Roth verbally voted aye, Commissioner Katsel verbally voted aye, and Commissioner Crump verbally voted aye. The vote was unanimous with all members voting aye and the motion carried.

5. Chair Weintraub asked if any members of the public wanted to address the Commission regarding instant tab game profiles: *Bet Your Bucks* #1048 and *What’s on Tap* #1049. 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 instant tab game

profiles: #1048 and #1049. Commissioner Crump verbally moved; Commissioner Katsel verbally seconded. Chair Weintraub verbally voted aye, Vice Chair Wilson verbally voted aye, Commissioner Roth verbally voted aye, Commissioner Katsel verbally voted aye, and Commissioner Crump verbally voted aye. The vote was unanimous with all members voting aye 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

The next Commission meeting will be held September 18, 2020, at 10:00 a.m.

Adjournment

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

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Agency Reports
Report to Arizona Lottery Commission
September 18, 2020

Director's Presentation

Financial Report Presentation

Marketing Presentation

New Games Introduction – No Presentation

The following games were introduced since the last commission meeting: *The Cash Wheel* #1248, *Match 2 Win* #1257, *Power 8s* #1260, *Lady Luck* #1278, *Crossword* #1281, and *Red Line Bingo* #1287.

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 7/25/20
8/29/20	\$10	1216	Sizzling Crossword	4,575,120	99.45%
9/1/20	\$5	1266	Route 66 Road to \$1,000,000	1,893,360	95.80%

ATTACHMENT A

Dashboard Report September 2020

SERVING ARIZONA FOR 39 YEARS

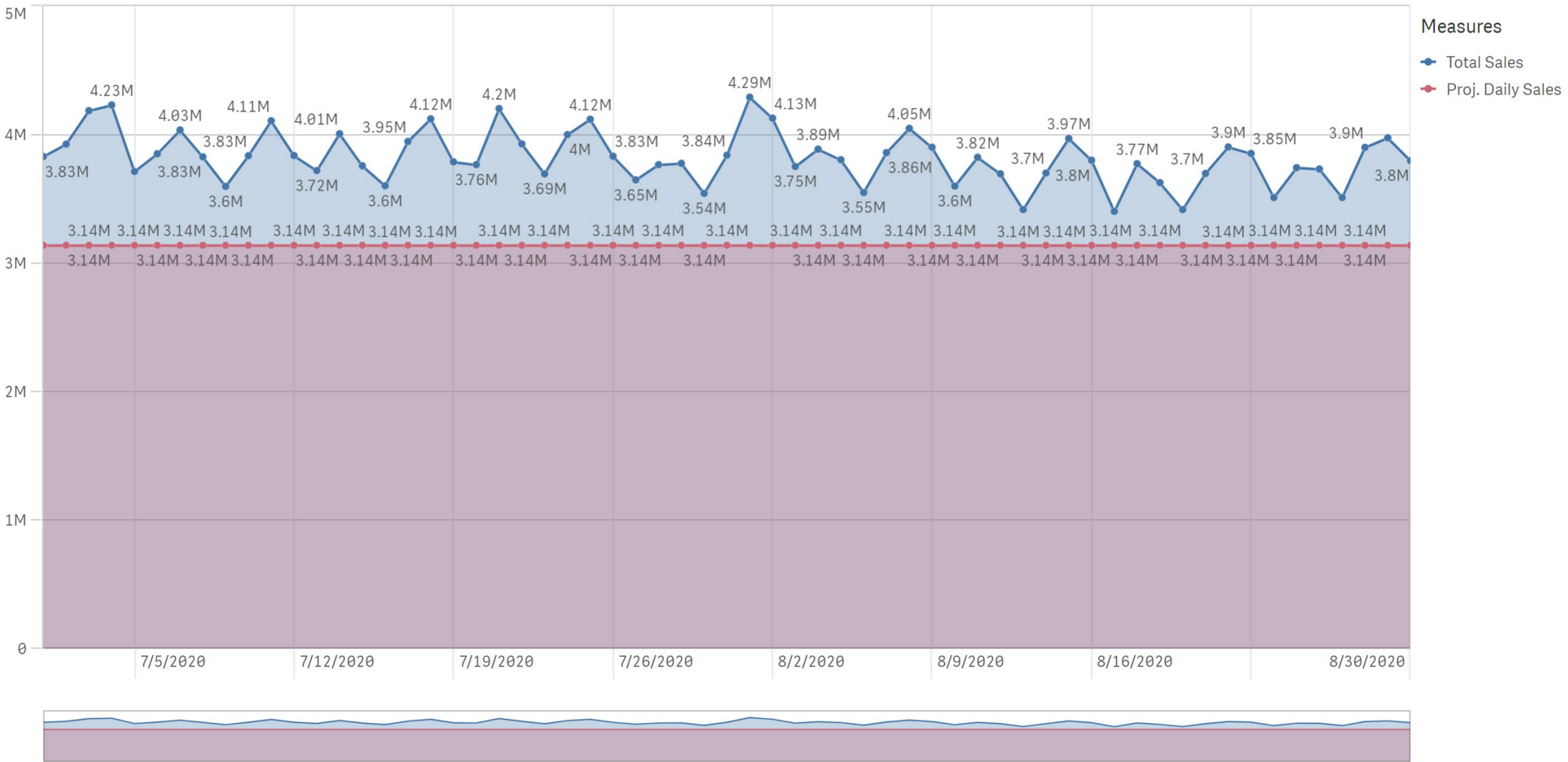


16.7%	Total Sales (FYTD) \$233,030,123	49.7%
vs. Proj (FYTD)		vs. PYTD

7.3%	Draw Sales \$39,704,805 ^{17.0%} <small>%Total Sales</small>	15.4%	18.9%	Instant Sales \$193,325,318 ^{83.0%} <small>%Total Sales</small>	59.4%
vs. Proj (FYTD)		vs. PYTD	vs. Proj (FYTD)		vs. PYTD
5.8%	Multi-State \$19,783,783 ^{49.8%} <small>%Draw Sales</small>	2.2%	18.9%	Scratchers Sales \$192,130,766 ^{99.4%} <small>%Instant Sales</small>	60.4%
vs. Proj (FYTD)		vs. PYTD	vs. Proj (FYTD)		vs. PYTD
7.4%	In-State \$13,181,699 ^{33.2%} <small>%Draw Sales</small>	10.7%	88.1%	Charitable Pulltab Sales \$1,015,272 ^{0.5%} <small>%Instant Sales</small>	0.9%
vs. Proj (FYTD)		vs. PYTD	vs. Proj (FYTD)		vs. PYTD
11.8%	Fast Play \$6,739,323 ^{17.0%} <small>%Draw Sales</small>	113.5%	-84.1%	Age Rest. Pulltab Sales \$72,360 ^{0.0%} <small>%Instant Sales</small>	-80.5%
vs. Proj (FYTD)		vs. PYTD	vs. Proj (FYTD)		vs. PYTD
Draw Sales : From 7/1/2015 - To 8/30/2020	Scratcher Sales : From 7/1/2015 - To 8/30/2020			Other Pulltab Sales \$106,920 ^{0.1%} <small>%Instant Sales</small>	33.8%
Fast Play Sales : From 2/11/2018 - To 8/30/2020	Pulltab Sales : From 7/1/2015 - To 8/28/2020				
			vs. Proj (FYTD)		vs. PYTD

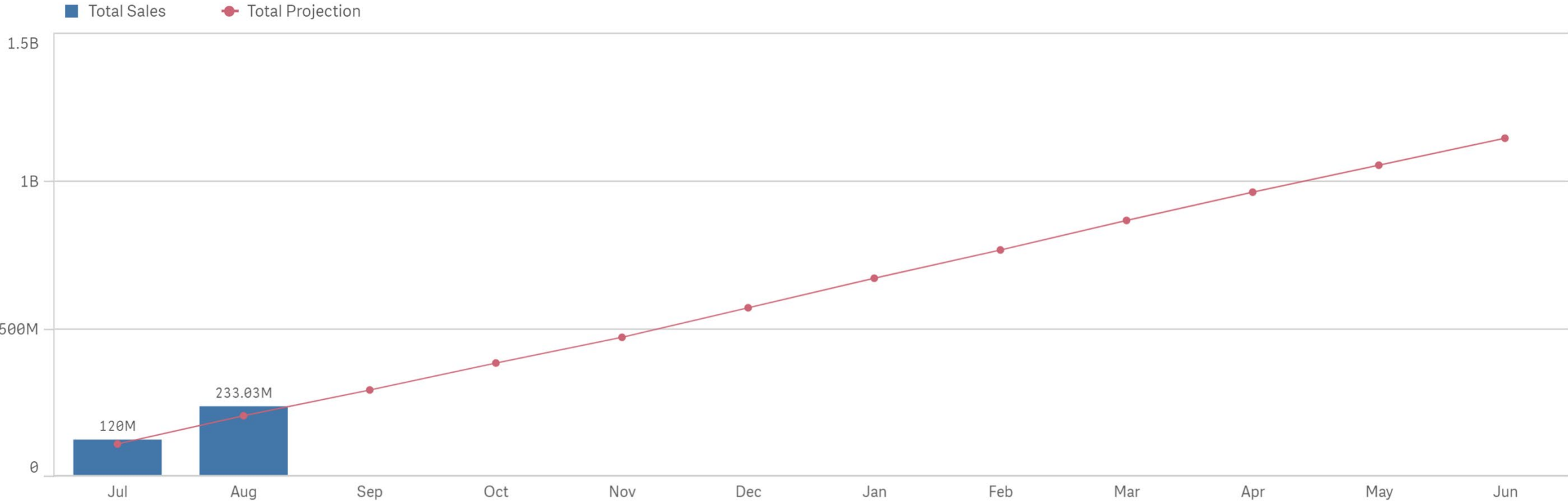


Daily Sales vs Goal



YTD Sales vs. Projection

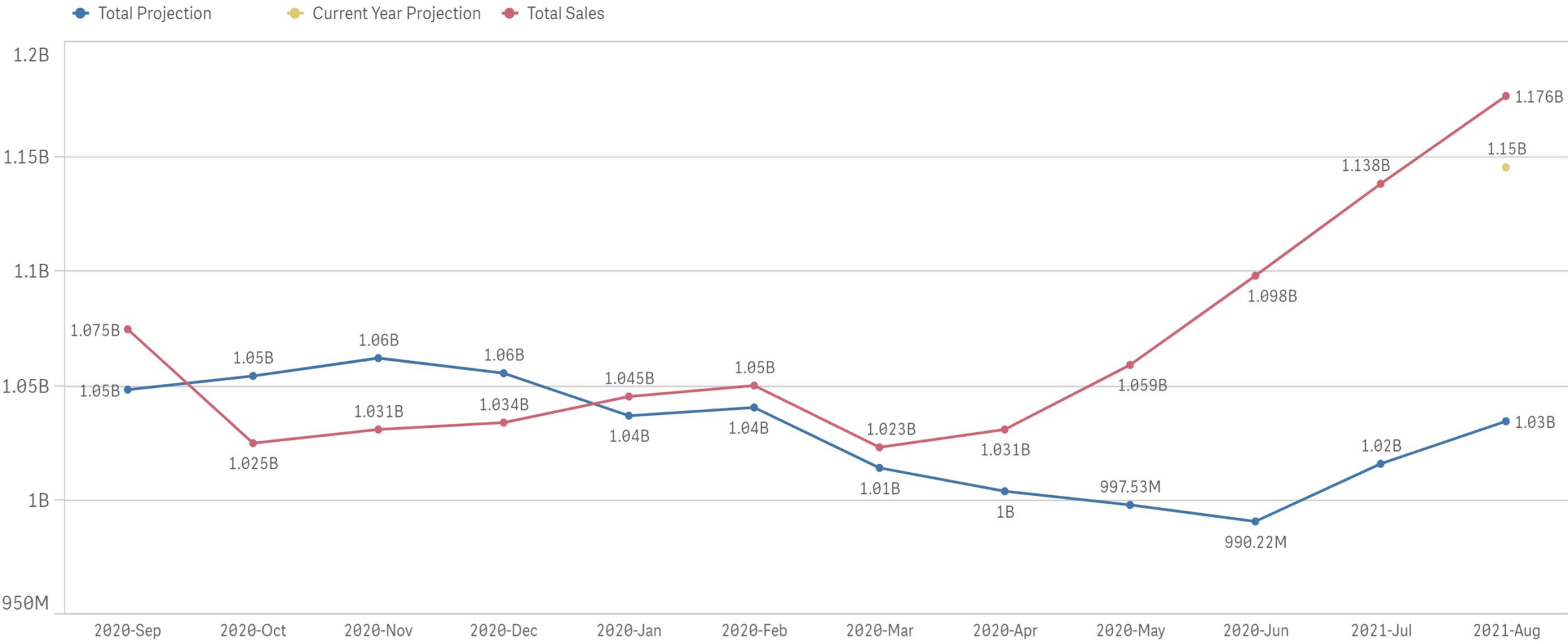
FY 2021 Total Sales vs. Projection



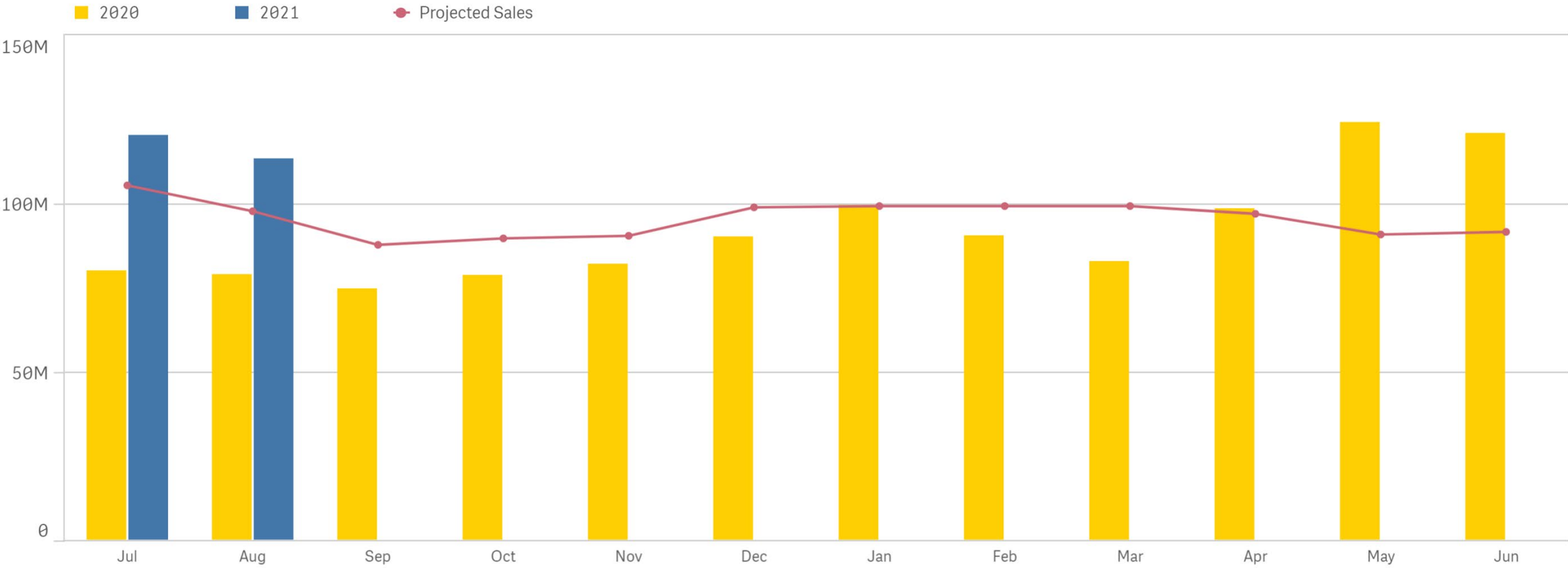


Rolling 12 Month Total Sales

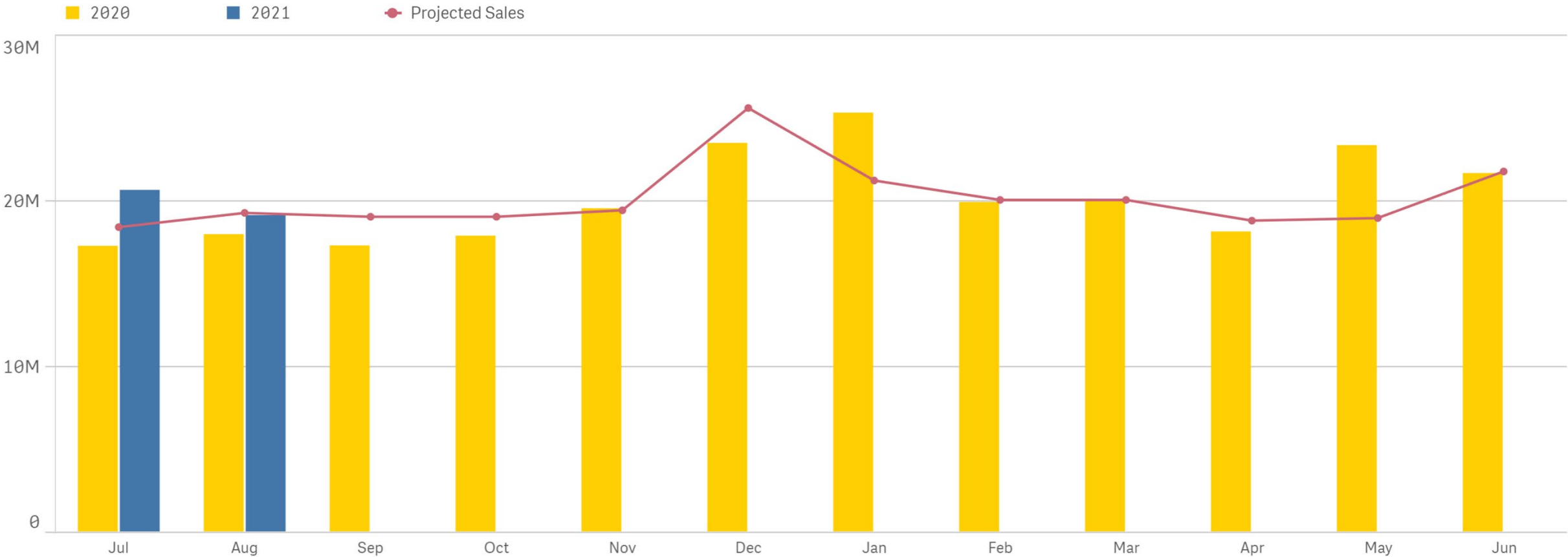
Rolling 12 Month Sales



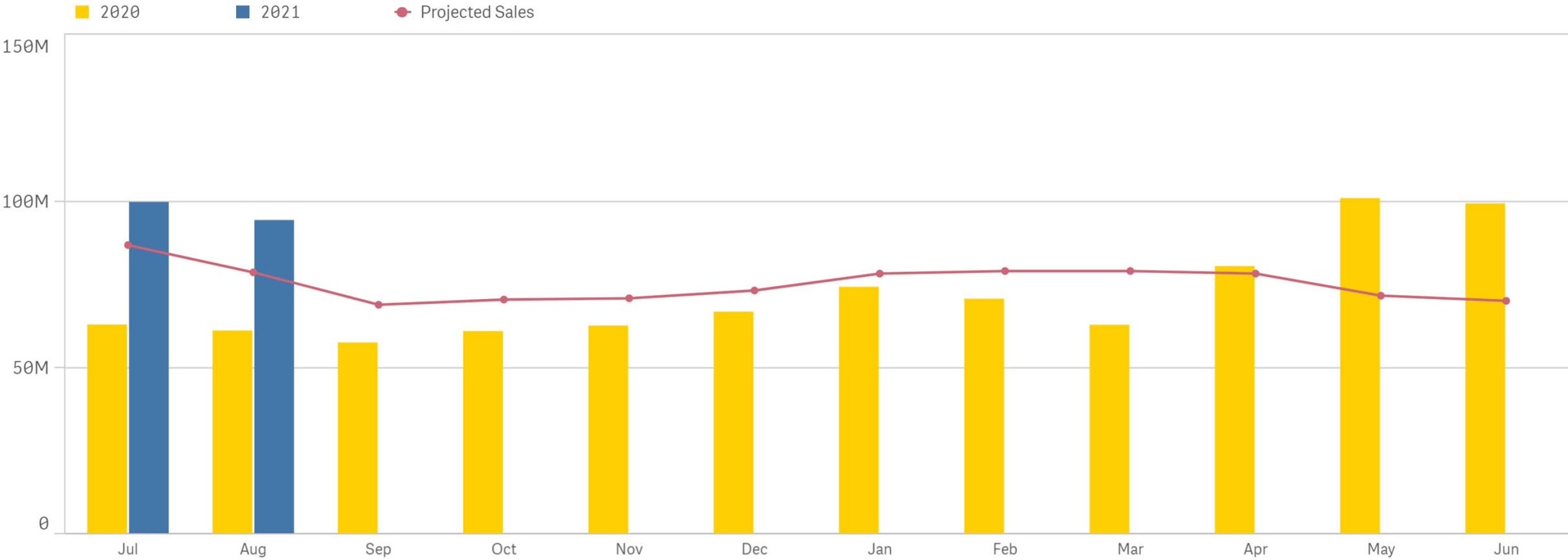
Total Sales FY 2020 vs. 2021 vs. Projection



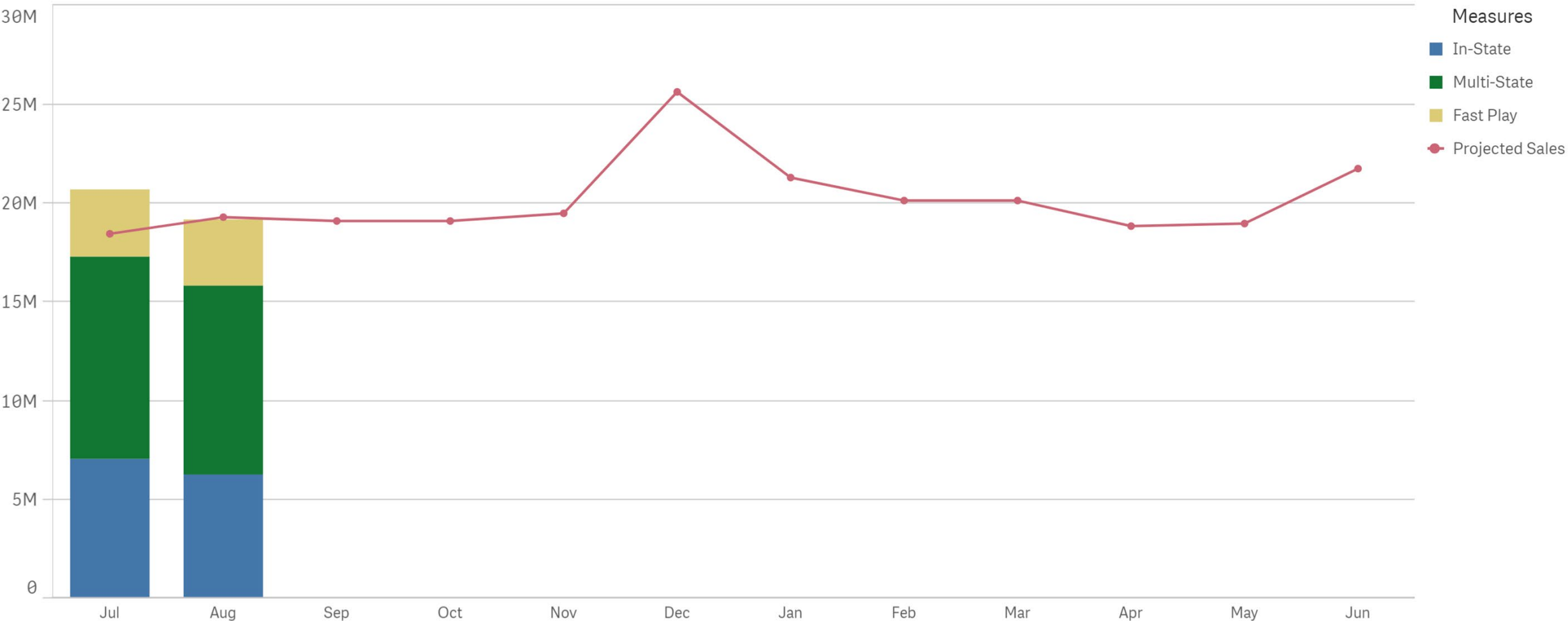
Draw Sales FY 2020 vs. 2021 vs. Projection



Instant Sales FY 2020 vs. 2021 vs. Projection



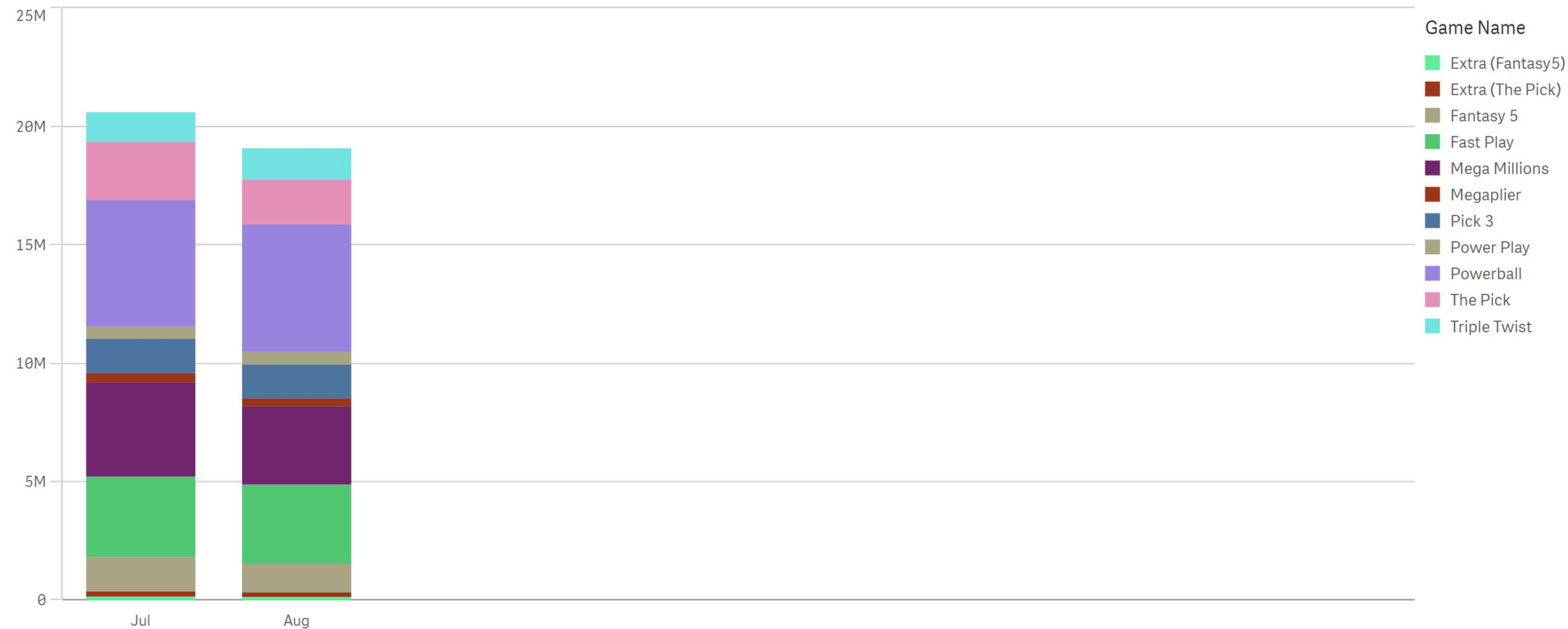
FY 2021 Draw Sales by Multi-State & In-State





Draw Sales by Game

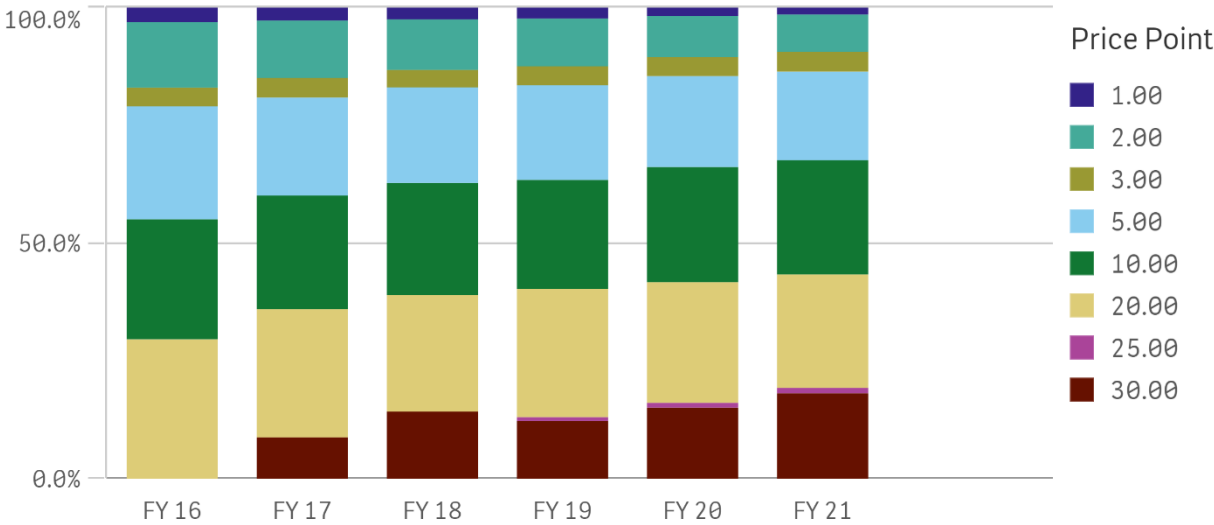
FY 2021 Draw Sales by Game



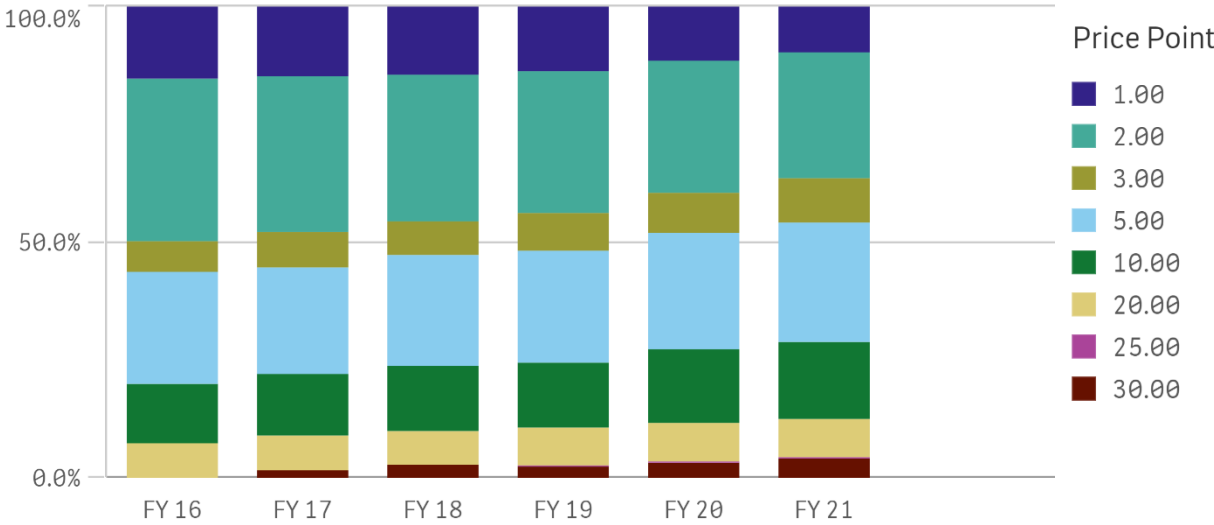


Scratcher Sales by Price Point

Based on Dollars Sold



Based on Tickets Sold

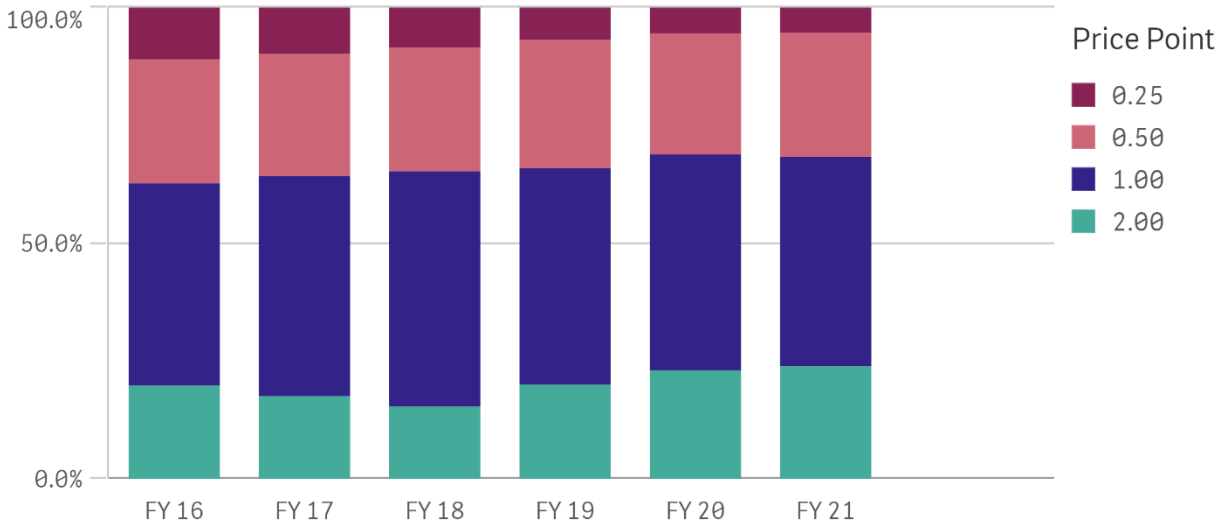


Price Point	FY 17	FY 18	FY 19	FY 20	FY 21	Price Point	FY 17	FY 18	FY 19	FY 20	FY 21
1.00	\$17,230,930	\$17,675,313	\$17,327,856	\$15,243,692	\$2,758,101	1.00	17,230,930	17,675,313	17,327,856	15,243,692	2,758,101
2.00	\$77,080,640	\$76,286,420	\$76,045,580	\$74,204,632	\$15,240,900	2.00	38,540,320	38,143,210	38,022,790	37,102,316	7,620,450
3.00	\$26,348,367	\$26,204,778	\$30,416,967	\$33,795,897	\$8,044,785	3.00	8,782,789	8,734,926	10,138,989	11,265,299	2,681,595
5.00	\$131,823,090	\$144,423,905	\$150,294,810	\$163,624,105	\$36,121,955	5.00	26,364,618	28,884,781	30,058,962	32,724,821	7,224,391
10.00	\$152,231,750	\$168,662,410	\$173,763,390	\$207,204,520	\$46,606,230	10.00	15,223,175	16,866,241	17,376,339	20,720,452	4,660,623
20.00	\$172,393,320	\$176,364,760	\$204,007,420	\$217,273,740	\$46,209,000	20.00	8,619,666	8,818,238	10,200,371	10,863,687	2,310,450
25.00	\$0	\$0	\$6,504,400	\$8,628,650	\$2,255,325	25.00	0	0	260,176	345,146	90,213
30.00	\$55,673,280	\$101,269,350	\$91,917,900	\$128,434,380	\$34,894,470	30.00	1,855,776	3,375,645	3,063,930	4,281,146	1,163,149

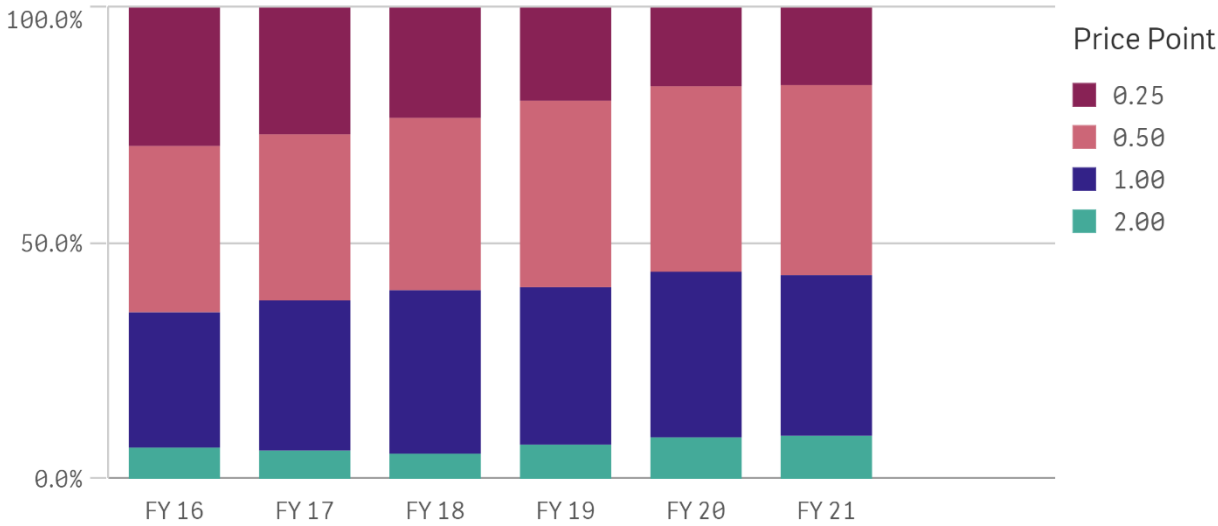


Pull Tab Sales by Price Point

Based on Dollars Sold

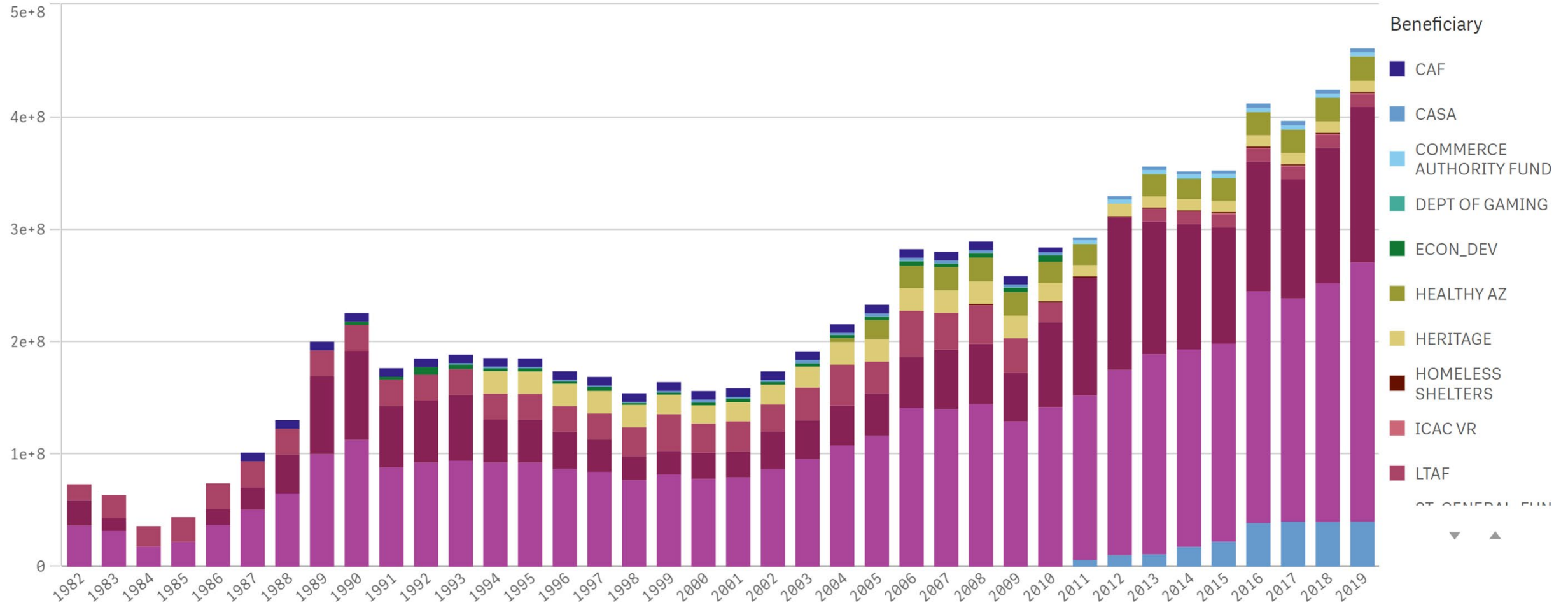


Based on Tickets Sold



Price Point	FY 17	FY 18	FY 19	FY 20	FY 21
0.25	\$762,762	\$732,186	\$673,764	\$438,438	\$63,882
0.50	\$2,004,420	\$2,291,940	\$2,699,880	\$2,069,850	\$314,370
1.00	\$3,621,360	\$4,350,480	\$4,556,220	\$3,691,860	\$530,700
2.00	\$1,363,440	\$1,338,600	\$1,983,840	\$1,851,960	\$285,600

Price Point	FY 17	FY 18	FY 19	FY 20	FY 21
0.25	3,051,048	2,928,744	2,695,056	1,753,752	255,528
0.50	4,008,840	4,583,880	5,399,760	4,139,700	628,740
1.00	3,621,360	4,350,480	4,556,220	3,691,860	530,700
2.00	681,720	669,300	991,920	925,980	142,800





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	\$98,740,727	\$533,346	\$47,520	\$99,384,233	\$62,608,747	58.7%
Aug	\$93,390,039	\$481,926	\$24,840	\$93,941,085	\$60,789,512	54.5%
Sep	\$0	\$0	\$0	\$0	\$57,244,036	-100.0%
Oct	\$0	\$0	\$0	\$0	\$60,650,293	-100.0%
Nov	\$0	\$0	\$0	\$0	\$62,303,447	-100.0%
Dec	\$0	\$0	\$0	\$0	\$66,464,435	-100.0%
Jan	\$0	\$0	\$0	\$0	\$73,941,323	-100.0%
Feb	\$0	\$0	\$0	\$0	\$70,350,474	-100.0%
Mar	\$0	\$0	\$0	\$0	\$62,530,552	-100.0%
Apr	\$0	\$0	\$0	\$0	\$80,128,081	-100.0%
May	\$0	\$0	\$0	\$0	\$100,519,264	-100.0%
Jun	\$0	\$0	\$0	\$0	\$98,931,560	-100.0%



FY21 Year-to-date Financial Status

Overall

Percent of Year Elapsed

17.81%

Percent Used

38.57%

Percent Spent by Appropriation

1. Operating:

36.86%

2. Advertising:

90.36%

3. Instant Printing:

70.37%

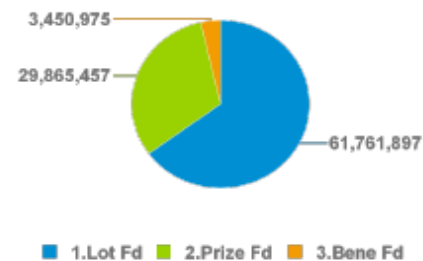
4. Sales Commissions:

9.77%

5. On-line Vendor Fees

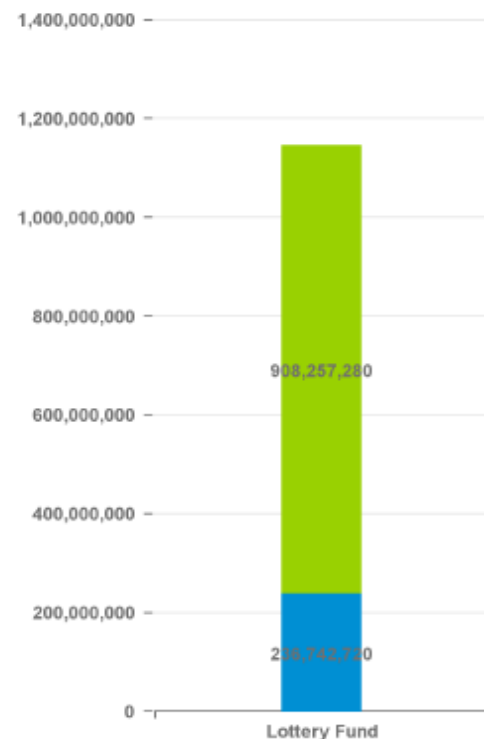
85.33%

Cash Balance by Fund



Budget by Appropriation Type and Object Class

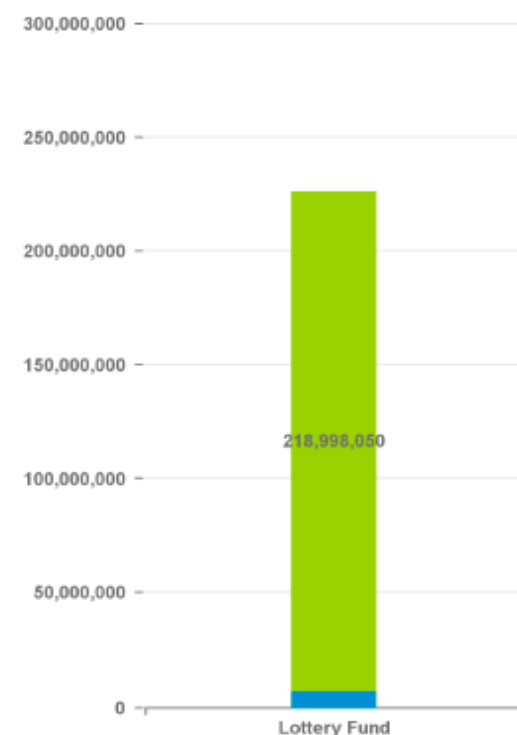
Sales Goal: \$1,145 Million



YTD Revenue Rem. Revenue Budget

Appropriation	Object Class	Budget	Expenditures	Encumbered	Remaining	% Used
1. Operating:	6000 - Personal Services	4,811,000	852,194	-	3,958,806	17.71%
	6100 - Employee Related Expenditures	2,053,600	318,970	-	1,734,630	15.53%
	6200 - Professional And Outside Services	636,800	140,869	413,974	81,957	87.13%
	6500 - Travel - In-State	271,600	11,237	169,848	90,515	66.67%
	6600 - Travel - Out-Of-State	16,800	-1,271	-	18,071	-7.57%
	7000 - Other Operating Expenditures	1,448,900	184,723	1,173,756	90,421	93.76%
	8100 - Capital Outlay	-	-	-	-	100.00%
	8400 - Capital Equipment	-	-	-	-	100.00%
	8500 - Non-Capital Equipment	60,000	3,839	38,945	17,216	71.31%
	9100 - Transfers Out	200,000	60,990	132,969	6,042	96.98%
	- NOT ENTERED	-	-	-	-	100.00%
2. Advertising:	Total:	9,498,700	1,571,551	1,929,492	5,997,657	36.86%
	7000 - Other Operating Expenditures	15,500,000	814,945	13,190,315	1,494,740	90.36%
	- NOT ENTERED	-	-	-	-	100.00%
3. Instant Printing:	Total:	15,500,000	814,945	13,190,315	1,494,740	90.36%
	7000 - Other Operating Expenditures	23,342,800	2,468,988	11,834,495	9,039,317	61.28%
	8400 - Capital Equipment	7,167,600	7,167,600	-	-	100.00%
	- NOT ENTERED	-	-	-	-	100.00%
4. Sales Commissions:	Total:	30,510,400	9,636,588	11,834,495	9,039,317	70.37%
	7000 - Other Operating Expenditures	80,603,700	7,871,830	-	72,731,870	9.77%
	- NOT ENTERED	-	-	-	-	100.00%
5. On-line Vendor Fees:	Total:	80,603,700	7,871,830	-	72,731,870	9.77%
	6200 - Professional And Outside Services	12,070,100	1,483,189	8,816,811	1,770,100	85.33%
	- NOT ENTERED	-	-	-	-	100.00%
	Total:	12,070,100	1,483,189	8,816,811	1,770,100	85.33%
		148,182,900	21,378,102	35,771,115	91,033,684	

Beneficiary Transfer Goal: \$225.9 Million



Transfers Rem. Transfers

New Business Item #1
Instant Scratch Game Profiles
Report to Arizona Lottery Commission
September 18, 2020

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: *Fast Cash #1311* and *Lady Luck #1312*.

Fast Cash #1311. This \$1 game has a top prize of \$1,000 and will be printed at a quantity of approximately 3.6 million tickets.

Lady Luck #1312. This \$5 game has a top prize of \$50,000 and will be printed at a quantity of approximately 2.8 million tickets.

Attachments (Commissioners only)