

PUBLIC MEETING OF THE ARIZONA LOTTERY
Commission Minutes of November 19, 2021, Meeting

PRESIDING Chair Jeff Weintraub (Teleconference)

COMMISSIONERS Vice Chair Chad Wilson (Teleconference) Debra Roth (Teleconference), Julie Katsel (Teleconference), and Trent Crump (Teleconference)

LOTTERY Executive Director Gregory Edgar (Teleconference), Russ Harben, Deputy Director of Operations and Todd Terrell, Deputy Director of Security and Regulatory Division (In-person), Greg Chmielewski, Deputy Director for Performance and Strategic Initiatives (Teleconference), Chris Rogers, Deputy Director of Products and Marketing (Teleconference) and Raynie Hosto, Deputy Director of Customer Service and Sales (Teleconference)

Luanne Mansanares, and Jacob Rusywick (In Person)
Shelby Alessi, Debra Andrego, Serena Arlotta, Mary Cimaglio, Anjali Dan, Ivy Gilio, John Gilliland, Susan Kalember, Cheyenne McMurtry, Melissa Allyson Saltford, Lynda Sellers, Devin Slayton, Orion Steen, Kathleen Syms, and Art Uthaisri. (Teleconference)

GUESTS Attorney General Representative: Pamela (Linnins) Peiser (Teleconference)
Scientific Games Representatives: Topper Wilson, (Teleconference)
Pollard Banknote Limited Representatives: Wes Brown (Teleconference)
Owens Harkey Representatives: Jessica Guffey, Noelle Hobaica, Ariana Moreno, and Angie Vollmers (Teleconference)

PUBLIC Bran Hemmerle and Andrew Gill (Teleconference)

Call to Order

1. **Call for Quorum:** Pursuant to the Public Notice dated October 13, 2021, the Public Meeting of the Arizona State Lottery Commission was called to order at 10:01 a.m. by Chair Jeff Weintraub.

A quorum was present, with Chair Weintraub, Vice Chair Wilson, Commissioner Roth, Commissioner Crump and Commissioner Katsel appearing via teleconference.

2. **Notice:** Notice was posted by Lisa Schartz on November 12, 2021, at 3:50 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 22, 2021, Public Meeting. Commissioner Katsel verbally moved; Commissioner Roth 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. The vote was unanimous and the motion carried.

Agency Reports

1. **Fiscal Year 2021 Financial Audit Presentation:** Mr. Brian Hemmerly from Henry + Horne presented information on the on the Independent Auditors' Report for Fiscal Year 2021.

Chair Weintraub inquired about the current assets verses the current liability in regards to the prize fund. Mr. Hemmerly informed the Commission It is restricted by statue to be used for future games or prizes to be paid out to future prizewinners and because of that, it is listed as a liability. There is not a reason for concern.

Chair Weintraub asked Mr. Hemmerly the amount of the total liability. Mr. Hemmerly, informed the Commission, he did not have the exact number and asked Mr. Russ Harben if he had the exact amount. Mr. Russ Harben informed the Commission he did not have the exact number but it was approximately \$70 million of the total prize liability. This includes tickets that have not expired and unclaimed prizes.

Chair Weintraub asked Mr. Hemmerly "If the Arizona Lottery's current assets are less than the current liabilities and as Chair and CPA on the Commission, should I be concerned that the Arizona Lottery does not have enough current assets to meet our current obligations?" Mr. Hemmerly informed the Commission that the \$70 million of the liability is still less than the total liquid assets and the vast majority is cash. In addition he does not believe there would be a liquidity issue on this but he would follow up on this question and provide the Commission with the information that was inquired.

2. Chari Weintraub is not concerned with the Lottery's financial status but is concerned that the financial report is misleading in a negative way. Because the Lottery is financially stronger than this report demonstrates and if there's no other way to classify the current assets he understands. The presentation is attached for the official minutes.
3. **Director's Presentation:** Director Edgar gave his presentation from Desert Martini bar in Lake Havasu, AZ. This lottery retailer sold the winning \$108 million Mega Millions ticket on October 22, 2021. The Arizona Lottery presented Desert Martini with a \$50,000 check. Director Edgar continued his presentation by informing the Commission that the Arizona Lottery nominated Mike Corporon as the grand marshal of the Arizona Lottery 100 NASCAR race. He finished his presentation with administrative update regarding the Keno RFI, and Quickdraw. The presentation is attached for the official minutes.
4. **Financial Report:** Mr. Russ Harben presented the financial information with overall sales, new projections and financial status with a comparison of last years sales. 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 new instant scratch game profiles: *THE GAME OF LIFE*™ #1355, *Lucky Number* #1359, *Red Hot 7s* #1361, and *Bingo Twist* #1362. There were no responses from the public.
4. 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 new instant scratch game profiles: #1355, #1359, #1361 and #1362. Vice Chair Wilson verbally moved, Commissioner Katsel 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. The vote was unanimous 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. There were no responses from the public.

Announcements

The next Commission meeting will be held December 17, 2021, at 10:00 a.m.

Adjournment

Chair Weintraub entertained a motion to adjourn. Commissioner Crump verbally moved, Commissioner Katsel 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. The vote was unanimous 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.