

Lottery Commission Meeting
August 24, 2017
Icicle Village Resort
Leavenworth, WA

MINUTES

COMMISSION MEMBERS PRESENT

Chair Valoria Loveland, Commissioners Judy Guenther, Laura Cantrell and Fred Finn

LOTTERY STAFF PRESENT

Deputy Director Jim Warick, Director of Sales and Marketing Ron Smerer, Marketing Assistant Director Randy Warick, Director of Legal Services Jana Jones, Director of IT Crystal Fischer, Lean Manager Shar Hawley, Business Development Manager Kurt Geisreiter, Director of Security Dan Devoe, Security Investigator Ed McClanahan, Research Manager Stephen Wade, and Executive Assistant Debbie Meyer

OTHERS PRESENT

Bobby Hatam and Richard Weaver of IGT and Drew Scalero of Sci Games

CALL TO ORDER

8:30 a.m. Chair Loveland called the meeting to order.

INTRODUCTIONS

Chair Loveland asked for self-introductions from all attendees.

APPROVAL OF MEETING MINUTES

Chair Loveland entertained a motion to adopt the minutes of the June 22, 2017 Commission Meeting. Commissioner Finn pointed out a minor change that needed to be made in the

*Director's Report. There should be an "and" between Mega Millions and Powerball rather Guenther **seconded**.*

*A vote was called for to approve the minutes of the June 22, 2017 Commission Meeting. Ayes were unanimous. **Motion carried**.*

APPROVAL OF THE 2017-19 LOTTERY BUDGET

Chair Loveland asked Jim for a brief overview of the budget.

Jim shared that we are asking approval for both expenses and contributions of our budget for the next biennium. It is about \$1B in revenue and \$323,000 in contributions. It is slightly revised from June's meeting and that is primarily due to the numbers we received from the Revenue Forecast Council.

Stephen mentioned that the Revenue Forecast Council is a staff for professional economists and their interest is in getting a really accurate of what we will be able to contribute. They don't seem to be any happier if we contribute more or less, they just want to be accurate in what they forecast.

*Chair Loveland entertained a motion to approve the 2017-18 biennial budget for expenses and contributions. Commissioner Guenther **so moved** and Commissioner Cantrell **seconded**.*

*A vote was called for to approve the 2017-19 biennial budget for expenses an contributions. Ayes were unanimous. **Motion carried**.*

DEPUTY DIRECTOR'S UPDATE

Deputy Director Jim Warick shared the news of the day that Powerball did get hit last night. The jackpot ended up being \$758M and there was one winner from Massachusetts and she bought her ticket from a convenience store. There were 40 2nd tier winners in the US and Washington's Lottery had seven \$50,000 winners. Sales yesterday were \$4.3M just in Powerball and from Sunday to Wednesday we sold \$7.7M in Powerball tickets. Sales for the week will be very close to \$20M and an average week for us is about \$12 - \$13M. So you can see what the size of the jackpot did for us. As a state, we represent about 1.5% of sales in the US.

Jim updated the commission on the building remodel. Things are going very well and we expect to have things mostly completed by the end of August. There is a small project of carpet replacement in the executive area that will get accomplished in September. All of the moving of walls, painting and carpeting will be completed shortly.

The commissioners will be able to see the newly remodeled building at our October meeting because we will be able to hold our meetings back in the drawing studio now that the remodel has been completed.

Jim talked briefly about a meeting that he and Kurt had with the CEO of the Muckleshoot Tribe. They are one of the top three tribes in the state of Washington. We were discussing putting our machines in their casino as well as possible Lottery promotions.

LEGISLATIVE & LEGAL SERVICES

Legal Counsel Jana Jones shared that there are no pending lawsuits and our public record requests have gone down.

Jana reported that AAG Eric Sonju has been appointed to be the division chief for Agriculture and the Attorney General's Office. His last day as our AAG was August 22nd and at this point in time didn't know which AAG would be assigned to the Commission. As soon as she knows that information she will share it with the Commissioners.

SALES & MARKETING

Sales & Marketing Director Ron Smerer shared the sales numbers with the commissioners.

Ron gave an update on the airport and mall locations. David Loveland and Dean Renner are handling these locations. The 13 week sales average for SeaTac airport are \$30,989 and this account is right up at the top of our retailer list. Last year's sales were almost \$1.5M which is an increase of over 15%. \$384,000 were sales out of the kiosk. We have some good employees at the kiosk and they are doing a great job.

The Tacoma Mall 13 week average is \$7,421 which is an increase of 54.1% over last year. The Coleman Dock 13 week average is \$4406 with a 76.1% increase over last year. The Spokane airport average is \$3,000 a week and this is down a little bit compared to last year because of some communication issues we had with the airport. It looks like we worked through some issues and things are looking better there now. We just started

with the Bellingham Airport and right now we have a 13 week average of \$1,574. This is a new location that we are trying out and hopefully it will be worthwhile to have a machine there.

Marketing Update

Marketing Assistant Director Randy Warick shared that we had both Powerball and Mega rolling for a while and they reached over the \$300M mark. With something like this comes great media and we had 34 pieces of jackpot-related broadcast coverage that resulted in 742,000 impressions with a value of almost \$60,000.

We all love winner stories, Hit 5 has been a really great game for us and over the past couple of months we have had several winners who have been willing to share their stories. Many of the winners shared that their wins allowed them to cross items off their bucket lists – purchase a hot tub, go on a cruise to the Bahamas, purchase a dream Land Rover vehicle.

We had a winning \$9.4M Lotto jackpot on July 1st and no one stepped up to claim the prize quickly so we pushed this out to the media and they told people to check their tickets. This picked up over 4 million impressions because people wanted to know who won. The winners claimed their prize on August 4 through a trust.

This year we kicked off the Seahawks season with Seahawks Fever. One of the things that we are really excited about is the print that is under the latex is a new 3D image print and this makes the images crystal clear on the ticket.

We will e-mail you the Seahawks spots since we can't show them to you. We do not have a broadcast spot this year with the Seahawks. What we did this year was show the origami beneficiary spot. We have submitted this spot at NASPL and hopefully we will win an award for this spot.

Kathi Patnode did a great job this year putting together a VIP experience. The VIP experience is the fandemonium package which includes: two sideline seats that are located on the field; attend a private team practice; pre-game press box tour; pre-game sideline passes; attend the post-game press conference; two night hotel stay; limousine to the game; brunch; Seahawks autographed replica helmet; \$200 Pro Shop gift card; \$200 American Express gift card and one pack of \$5 Seahawks Scratch tickets. This is an amazing package. There are three drawings and a fandemonium package will be given away at each drawing. At the last second chance drawing we will be giving away 2018 season tickets which was very, very popular last year.

When we posted on Facebook about the Seahawks this year, there has been some negativity but our winners from last year started posting and shared how great their experiences were and then the postings turned in to more positive comments.

With summer being the season of getting outdoors and traveling, we crafted social media posts around those passions and drove engagement through inspiration which our players liked and they joined in on the conversation with us in our social channels.

We started using short "GIFs" in our posts, primarily on ticket posts and jackpot alerts, and they are being well received and garner the highest reactions from our players.

Randy shared that on the Cole & Weber side, Nadine Tull has moved on to new adventures and her replacement started yesterday – her name is Kristie Christensen and he will be meeting with her for first time on Friday.

COMMISSION BUSINESS

Chair Loveland asked if there was any commission business to bring before the commission and there was none.

OTHER BUSINESS

Chair Loveland asked if there was any other business that needed to come before the Commission.

Jana Jones stated that she had a couple of things. She forgot to convey a conversation she had with Eric and he wanted the commissioners to know how much he enjoyed working as the counsel to the commission and he shared that the Lottery by far was his favorite client.

The other thing she intended to mention is she recently attended the NASPL legal sub-committee meeting that was in Nashville and as many people have commented before, the sub-committee meetings at NASPL are so rich in substance. All of the different breakout groups, the people that attend come away having learned something that they can take back to their respective lotteries and she believes that is really true of each of us who attend these sub-committee meetings. The lawyer breakout session this time was extraordinary. There were over 30 lawyers and they attended every meeting and stayed afterwards to stand around and discuss with one another the issues that were discussed

during the sessions. Unfortunately she cannot share with you because they were closed sessions.

There were comments from the vendor counsel who were there that she found very interesting about how they see the future in the industry and it seemed to be a bit different than their business people saw it. Her hope is as we go forward in participating with NASPL that Lottery staff will be able to continue to attend. We have been sending larger numbers recently but she does think that especially at the sub-committee level that it is very beneficial. She gave one example – one of the lawyers gave a presentation about signing the back of the tickets. His recommendation was that you not advise people to sign the back of the tickets because by doing so we are providing legal advice in a contractual manner to another party and that had never occurred to her. So there was an interesting discussion that happened during that session.

PUBLIC COMMENT

Chair Loveland asked if there was any public comment and there was none.

FUTURE AGENDA ITEMS

Chair Loveland asked about future agenda items for the next meeting.

Chair Loveland thought it would be good if we hear from the Lottery vendors and their new ideas/concepts for the Lottery industry.

ADJOURNMENT

9:27 a.m. *Chair Loveland adjourned the meeting.*

August 24, 2017 Lottery Commission Meeting Minutes approved this _____ day of

_____, 2017.

Respectfully submitted,

Valoria Loveland, Commission Chair

Debbie Meyer, Executive Secretary