

Lottery Commission Meeting  
February 22, 2018  
Lottery Headquarters  
Olympia, WA

## **MINUTES**

### **COMMISSION MEMBERS PRESENT**

Chair Valoria Loveland, Commissioners, Peter Bogdanoff, Laura Cantrell and Fred Finn

### **LOTTERY STAFF PRESENT**

Director Marcus Glasper, Deputy Director Jim Warick; Director of Sales and Marketing Ron Smerer; Director of Legal Services Jana Jones; Director of Security Dan Devoe; Information Services Director Crystal Fischer; Marketing Assistant Director Randy Warick; Sales Assistant Director Lance Anderson; Instant Product Manager Gaylene Gray; Research and Development Manager Stephen Wade; Business Development Manager Kurt Geisreiter; Human Resources Director Debbie Robinson; Internal Audit Manager Ilene Frisch; Marketing Operations Manager Kathi Patnode; Corporate Accounts Managers Jenny Whiteside & Bobby Frye; Merchandising Specialist Stacy Sund; Lean Consultant Shar Hawley; Procurement Specialist Jenna Johnson, Graphics staff Ken Knutson & Linda Sok, and Executive Assistant Debbie Meyer

### **OTHERS PRESENT**

Mary Tennyson & Andrew Logerwell of the Attorney General's Office; Bobby Hatam and Becky Bogard of IGT; Ryan Lyonnais and Mikel Hanson of Cole & Weber; Ann Marie Ricard and Stephanie Kirk of Curator; Drew Scolaro, Michael McCullough & Kathy Gano of Sci Games; Rebecca Kaldor, Glenda Breiler & Ernie Stebbins of WIGA; Aubrey Seffernick of Miller Nash

### **CALL TO ORDER**

9:50 a.m. Chair Loveland called the meeting to order.

### **INTRODUCTION**

Chair Loveland asked for self-introductions from all attendees.

## **APPROVAL OF MEETING MINUTES**

*Chair Loveland entertained a motion to adopt the minutes of the October 26, 2017 Commission Meeting. Commissioner Finn had one minor change. Under Future Agenda Items, "Commissioners" needs to be added after... learn about the Lottery Commissioners' statutory responsibilities. With that change noted, Commissioner Finn **so moved** and Commissioner Cantrell **seconded**.*

*A vote was called for to approve the minutes, as corrected, of the October 26, 2017 Commission Meeting. Ayes were unanimous. **Motion carried.***

## **CR 101**

Chair Loveland asked Jana to review the WAC changes needed.

Jana Jones shared with the commissioners that staff is requesting a vote to allow rule making for a revision of WAC 315-34-057, sub-section 1, sub-section 2(a)(i) and sub-section 3.

There is also a revision to WAC 315-38-090 sub-section 3(a) and sub-section 4 as well as a revision to WAC 315-02-130 which is defining an employee of the Lottery. The earlier WAC's she referred to are regarding prize payments. We are also requesting revision for WAC 315-06-040 – Probability of winning a prize and with that WAC we will make some additions to the WAC around requirements regarding disclosure of odds.

*Chair Loveland entertained a motion to approve the filing of a CR-101 & CR-102 for changes made to the following WACs*

*WAC 315-34-057 – Lotto prize claim and payment methods*

*WAC 315-38-090 – Jackpot prize payments*

*WAC 315-02-130 – Employee of the Commission defined*

*WAC 315-06-040 – Disclosure of probability of purchasing a winning ticket*

*Commissioner Bogdanoff **so moved** and Commissioner Finn **seconded**.*

*A vote was called for to approve the filing of the CR-101 & CR-102. Ayes were unanimous. **Motion carried.***

## **DIRECTOR'S UPDATE**

Marcus shared that it has been a very enjoyable 90 days. Staff have been extremely helpful and patient with his onboarding. There are some amazing folks here, so it's been a great experience to date.

He shared that he has had the opportunity to visit a couple of the field offices and met the staff. He hasn't made it to the eastside yet but he is planning to do that soon.

He was able to participate in the agency's 35<sup>th</sup> year anniversary celebration. It's amazing how young the agency is compared to some of other places he has worked. He has also witnessed his first live draw and it was pretty uneventful, but the team was very patient in walking him through the process and demonstrating both the "what" and the "why".

He shared that he and Jana have been meeting with key legislators to introduce himself and provide information about the Lottery. A few key folks they have met with to date include Rep. Sawyer, Rep. Blake, and Rep. Young, and it's been interesting to hear their perspective on the Lottery.

## **State and National Landscape**

Results Washington is going through a major effort to redefine themselves. They brought in a new director last year and she's taken the last several months to understand where we've been, what state agencies expect of Results Washington and how can we put a new focus and framework on Results Washington.

The most recent Results WA meeting focused on Equity, Diversity, and Inclusion. All the goal councils came together with the Governor to focus on strategies to advance the conversation around EDI. It was a great dialogue.

Marcus talked about the Mega Millions website. Shoutz is the current vendor that manages the Mega Millions website, and they have been performing poorly for some time now, particularly around administering their obligations and their responsibilities to the consortium.

The primary deficiencies are their inability to be responsive to timely website updates and their ability to meet their debt obligations including their payroll. In addition, the website revenue from advertising that is due to the MM states has not been paid since October. To that end, the MM consortium has stopped paying them since October to offset their revenue balance due to the consortium. Their contract ends at the end of 2018, and

the consortium is already looking to find a new vendor in order to be proactive and not end up without someone to host the site by the time the contract ends.

Marcus shared that there is a case before the Supreme Court to overturn the Professional and Amateur Sports Protection Act (PASPA) of 1992, which prohibits sports betting except in a few grandfathered states. The case was heard before the US Supreme Court in early December. New Jersey is the state that is suing and they are arguing that PASPA violates the Constitution and anti-commandeering laws found in the Tenth Amendment. We know that the Gambling Commission is following this lawsuit very closely.

We also understand that there are at least 15 states that have passed or are in the process of trying to pass some type of legislation to put regulations around allowing sports betting in their state. Washington is not one of those states. Some recent information suggests that the Supreme Court could make a decision as early as March.

If you don't know already, March is Problem Gambling Awareness Month. Some of the usual activity around that includes a Governor's proclamation and some general publicity.

## **Personnel**

Marcus acknowledged confirmations for two of the commissioners. Congratulations go out to both Chair Loveland and Commissioner Finn for being confirmed by the Senate. They both had their Senate hearings on January 17<sup>th</sup>. Chair Loveland got confirmed by the full Senate on January 31 and Commissioner Finn received his full confirmation on February 8.

Marcus announced the retirement of two key individuals who have been staples here at the Lottery and their departures will certainly create a void.

Dr. Stephen Wade joined Washington's Lottery in December 2004, as our Research and Development Manager, and he is retiring on March 1, 2018 with just under 20 years of state service. In his time with Washington's Lottery, Stephen's entrepreneurial spirit has helped the agency in multiple areas – particularly improved forecasting and better understanding of player preferences and purchasing habits. Stephen is a highly respected analytical expert in the lottery industry.

He came to Washington's Lottery from the Department of Retirement Systems, where he served as a Research Analyst and IT Specialist. Prior to joining state service, Stephen was self-employed as a consultant/contractor in the manufacture of diagnostic devices and an independent representative for pharmaceutical/botanical manufacturers.

Through his passion for research and analytics, we often find Dr. Wade's work featured in articles in the NASPL publication "Lottery Insights". Marcus thanked Dr. Wade for all he's done to make the Lottery a better place and shared that we wish him well in his future endeavors.

Jana Jones joined Washington's Lottery in August 2006 as the Legal Services Manager, and she will be retiring at the end of February, 2018 after 42 years in state service. She is one of the last remaining PERS 1 employees. During her time with the Lottery, Jana has devoted herself to helping the agency develop a deeper understanding of the role of state employees and our legal authorities and obligations as we seek to grow sales and develop strong government-to-government relations with many of Washington's Tribes.

Jana came to the Lottery from the Department of Licensing, where she served for more than 11 years in a variety of roles ranging from Hearings Examiner, Assistant Administrator, Real Estate Administrator, Deputy Director of Policy and Projects, and Acting Assistant Director in the Business & Professions Division. Prior to Licensing, Jana worked with the Employment Security Department for approximately 19 years. She has committed her career to public service.

Marcus shared that she really has been a significant help to him as he has transitioned into his role. The Lottery thanks Jana for all she's done for both the Lottery and the citizens of Washington State and wish her nothing but the best as she starts her second chapter. There will be a celebration for both of them this afternoon at 1:30.

### **Agency Operations**

We are having two major Lean Events – one was on our Procurement processes and another is scheduled on the agencies Policies and Procedures. We are making deliberate efforts to improve our internal processes.

The agency recently submitted a proposal to the MUSL Security & Integrity Committee to institute an alternative to our current lockdown procedures as required by MUSL rules regarding Powerball imbalances. Thanks to our Security Team, specifically Derek Poppe, working in partnership with our Information Services staff, the proposal was approved by MUSL. MUSL has very robust security requirements and the former Lockdown process was implemented when Washington started selling Powerball. Basically, if there was an imbalance of sales from our Internal Control Server (ICS) and those of IGT, the agency would be required to lock down all Lottery and IGT sites until the issue was resolved, which also meant the Powerball drawing couldn't be held until resolved or security

personnel was on site. This would hold up all other states from holding a drawing. Needless to say, our folks took this very seriously so that we were never THAT state that caused everyone else to wait.

This meant that a member of our Security Team had to be on standby each Wednesday and Saturday night to drive to headquarters in the unlikely event of a lockdown. We also have a contract with a vendor in Austin, Texas who would serve as our Security representative at the IGT data center. The Lockdown Alternative allows us to bypass the current requirements. Now, files from ICS and files from IGT are sent to a secure server that Lottery Security controls. These files include all the transactions for the current draw period. So now if we have an imbalance, we no longer need to lockdown all sites because we already have the untampered transaction data. We simply call MUSL and tell them we have the files secured and they can proceed with the drawing.

This is not only saving staff time from having to be available for each drawing, but also will save on contracting with an out of state security representative.

We took some steps within the Lottery to enhance our knowledge around Ethics. We did institute mandatory training for all employees as well as some in-class training for managers and key personnel. We took another step with our policy and designated all our employees as Section 4 employees. That allowed the elimination of confusion about who could accept gifts and who couldn't and when.

Chair Loveland asked what section 4 meant. Marcus shared that section 4 is related to regulatory employees. It puts additional restrictions on any employee who has regulatory oversight or control over a vendor or contractor. We are considered a regulatory agency, but not every employee has been designated as a regulatory employee. Typically you find it in agencies like Licensing, Labor & Industries or Revenue where they regulate businesses.

Marcus shared that the agency reviewed our Employee Satisfaction Survey results recently. Overall the results were good. We can see where our overall average scores improved. In particular, we received some very positive responses in a few key areas where the agency has placed emphasis on since the last survey and it appears that the good results are related to those efforts:

- I know how my work contributes to the goals of the agency
- I know what is expected of me at work
- My supervisor treats me with dignity and respect

All of these received between 87-92% positive responses.

However, there is still more that we can do. We actually have a team of folks who are working to analyze the current data and will be recommending some measures and strategies to focus on key areas for 2018.

The agency is also in the planning stages for moving to the state's data center in 2019. We currently house our own data center here at headquarters. A few years ago the legislature adopted in statute that all state agencies with their own separate data center must move to the state's data center by a stated due date. We must develop a plan to migrate and move our servers in that direction by June 30, 2019. We have developed and submitted our migration plan and have begun work to make that happen. This will offer some additional benefits for the agency, particularly in the disaster recovery area. We will be able to leverage the statewide disaster recovery solutions through the state data network.

Chair Loveland asked what the disaster recovery solutions were.

Marcus shared that the state has a disaster recover sites on the eastside in Quincy, WA and if you are part of the state data network, you will have back-up capabilities on the eastside. If you are not part of the state's data center now are struggling because the state legislature has not necessarily prioritized back-up for those state agencies.

Chair Loveland would like to have a discussion around moving to the State Data Center. She realizes this is a mandatory move unless we can convince some people otherwise. If there is a failure in the state data system and a raging fire goes through, there is no recovery for anyone.

Chair Loveland has some questions about how we might address or show our concerns and make sure they meet our requirements.

Marcus stated that he would be happy to get more data and more details around what that might look like.

Commissioner Cantrell had two questions on the employee satisfaction survey. Her first question - what was the response rate on the survey and secondly what are the areas for future work. Marcus stated that we would bring more information back on the employee survey at our next meeting.

Chair Loveland thanked Marcus for the detailed report and welcomed him to the Lottery.

Chair Loveland mentioned that she met one of her former colleagues from the Senate who is now on the Gambling Commission board and they would like to get together with the

Lottery Commission. They want to become more involved in problem gambling and Chair Loveland thought a joint meeting might be good.

Marcus thought that was a good thing and one thing he neglected to mention was that there was a work session this past Monday related to problem gambling in the House Commerce and Gaming Committee that he attended. One of the primary things they are focusing on is trying to better understand what the problem is around problem gambling in Washington State. The last major study around that occurred somewhere around 2003. It has been difficult for providers of problem gambling services to quantify if there is a problem and to what extent it exists in our state. A request has been made for additional funding to support a new study.

Lottery has set up monthly meetings with the Director of the Gambling Commission. Marcus believes it would be fruitful to have a joint conversation with a couple members of their commission to get an understanding of what things that they are looking at, what they are wanting to do and what type of support they are looking for from the Lottery.

Chair Loveland agreed with Marcus. The legislature decides how the money is going to be spent and she would like to know the value the Lottery would get from further involvement. Marcus shared that the beneficiary money that we distribute for problem gambling is transferred in to the problem gambling account and how it is utilized is outside of our control. We can get information on where the money goes and share that at our next meeting.

### **DEPUTY DIRECTOR'S UPDATE**

Deputy Director Jim Warick shared that Powerball is considering a game change that was supposed to happen in April and now has been put off to September. There have been some revisions to what they are proposing. The proposal is for an add-on to the base game called "winner take all". Basically what will happen is that when you buy your Powerball ticket, you will be able to buy for an additional dollar "the winner take all" ticket. It will be a separate draw each week on Thursday. What will happen with that dollar is that 50 cents will go towards the prize package and based on whatever the sales are for a given week, the amount that a player is playing for will change. If one week there is \$200,000 in sales, the prize will be \$100,000. The way this is being designed is that at each Thursday draw they will give away all the money. So if you have a winner that matches all the numbers and they are the only one, they would get the entire amount. If there isn't a winner at that level then it goes down to the next level until someone wins.

Jim mentioned that the big NASPL is coming up at the end of September and will be held in Cleveland, Ohio. In the past we have offered up to one commissioner the chance to attend and so he wanted to make sure that the commissioners knew about this opportunity. If you are interested in attending please let Debbie Meyer or him know.

Jim shared that we have recently initiated a travel audit for our internal processes and we are waiting for the final report. The goal of this is to beef up our policies and make sure that we are keeping up with all the changes.

Lottery recently received a notice from the State Auditor's Office that they will be auditing the Lottery. An entrance interview will be scheduled in mid-March and we anticipate the audit will happen in the April-June timeframe.

Jim shared that Lottery put together a cross-functional team to put together a Continuity of Operations Plan (COOP) plan for our agency. We were a little behind in getting this done, but we now have a plan in place and we are in compliance with the law. The team made a presentation to management team, who asked a few more things of them and then the plan was approved by management team.

Jim gave an update on tribal affairs. We were recently notified that the Ilani Casino will become a licensed lottery retailer. It's taken awhile but Kurt persevered in getting this accomplished. Hopefully we will get a machine placed in that casino in March. Our business is strong in having machines in the tribal casinos. We are doing about year to date \$600,000 and with the convenience stores that's another \$4.8M. We have also heard that the Colville tribe is close to a tribal resolution that will allow us to potentially sell at one of their convenience stores. It is his understanding they have six convenience stores on tribal lands but they will license one and then go from there. We have also had some continued discussions with the Yakama Nation. We have had two positive meetings with them and hope that there might be an opportunity to work with them in the future. We also continue to have positive conversations with the Spokane tribe. We do not have a tribal resolutions with either of these tribes currently.

Jim updated the commissioners on what is happening on the gambling front. One of the latest things is loot boxes. Inside of these player v. player games, they have these boxes in the games that you can pay money for to give you either maps or special weapons.

At the most recent Gambling Commission meeting they voted to support, SB 6266, which is going to take a look at whether loot boxes would fall under gambling.

## **LEGISLATIVE & LEGAL UPDATE**

Legislative Services and Legal Director Jana Jones gave a very brief legal report. There are no pending lawsuits against the Lottery, and since the last meeting in October, 2017 we have received 19 public records requests. Each request was responded to in a timely manner. She reviewed ten event and scratch ticket contracts.

Jana mentioned that we are reviewing our advertising and PR contract to determine if there might be an opportunity in those contracts for a once a year campaign or radio spot regarding problem gambling. We haven't really had an opportunity to delve in to the contract too deeply and we haven't spoken to our vendor but we are considering that there might be an opportunity there. Apparently at one time back around 2003, the Lottery advertising vendor did offer an annual ad campaign around problem gambling and we are considering maybe some possibility of that.

There is an ongoing lawsuit in Pennsylvania around a winner who won a Mega Millions jackpot prize and does not want their name revealed. The Pennsylvania Lottery law requires that if someone claims a prize they have to be willing to reveal their name, so there is an ongoing lawsuit and Lotteries across the country are watching this pretty closely. In Washington State we require that in order to claim a prize a person has to authorize the use of their name for publicity purposes. That requirement is in WAC and the commission has the authority to adopt these WACs and it may be something that could be revisited at some point depending on your position on this issue. We had a large winner last week who expressed serious concerns about having their name released and she had to explain that regardless how one claims, we would still have to release the name of the entity or their natural name because the public records law allows for the discovery of the actual name(s). This is an interesting lawsuit, so we'll see how it plays out. A lot of lotteries like to be able to release the name of winners because it is considered a public game and it certainly helps with informing players that there are indeed winners.

There were no bills this session that specifically impacted the lottery, although we have been talking about SB 6266 and that bill requires the Gambling Commission to conduct a study on the use of loot boxes and similar types of mechanisms in online games or applications and to consider and gather information related to problems and concerns described in the bill and other matters.

On February 1<sup>st</sup> the bill passed to the Rules Committee for a second reading. The Lottery has been approached by the Gambling Commission regarding funding of the study and we are in the process of working with them. A phone meeting has been set for next Monday afternoon to discuss what our options are. Jana shared that a budget proviso was

entered last night on the study but she didn't know what the figures were in the proviso. There is a very active interest in moving forward with this problem gambling study. It will be interesting to see what the results of this study will be. Jana believes that the study has to be completed by December 1<sup>st</sup> of this year.

SB 6331 is a bill concerning gambling addiction and it passed out of the House and Senate. It is concerning gambling addiction and self-exclusion. Currently Lottery is exempt from this bill but there have been comments made at hearings that Lottery might be incorporated in the bill.

Chair Loveland stated that the Lottery does need to have discussion with the Gambling Commission to find out exactly what direction that they are seeking. How will this all fit together without a lot of legislation and a lot of public discussion around gambling. Chair Loveland is willing to support legislation as a partner going forward but she wants to know what the idea really is. We need to understand what the Governor wants. Problem Gambling has always been one of those things that has been hard to identify. How will the people doing the study get a person to volunteer that they have a gambling problem. Chair Loveland has some concerns and she is speaking for herself not for the entire commission.

## **SALES & MARKETING**

### **Sales Update**

Sales & Marketing Director Ron Smerer shared the sales numbers with the commissioners. Ron believes that if we continue the way we are going that in the next four months we could be over and above and hit a sales record for the state of Washington. Ron shared that he had four people in the room that don't get recognized very often and he wanted to recognize them at the commission meeting. They work in the marketing department – Patti, Ken, Linda & Stacy. They are key components to the marketing department. They do a great job.

Ron gave an update on our kiosks. We have a great supervisor running the kiosks because they continue to grow. The SeaTac Airport averages around \$35,000 - \$40,000 in sales each week, which puts them right up there with our top retailers. Our kiosk at Southcenter continues to grow. We just actually put in a second GT 1200 machine recently. They had a high week of \$28,000 and they are averaging between \$16,000 - \$20,000 a week in sales. Again, one of our top retailers in the state and that is not being open full time. Tacoma continues to grow. They are doing about \$7,000 - \$8,000 a week in sales. Unfortunately Colman Dock is closing down for renovations but they had been

doing \$4,000 – \$5,000 a week in sales. We are looking at different terminals to possibly replace that but right now haven't found anything with the foot traffic like Colman Dock.

Lance shared that in the spirit of recognition, he is going to keep that theme going. As we have done in the past we have brought staff in to speak about what they specifically do at the Lottery. Lance introduced the two corporate accounts managers. Jenny Whiteside has worked at the Lottery for 11 years and Bobby Frye is new with just nine months here at the Lottery. These two are assigned to about one-third (about 1,072) accounts that operate as chains. When you operate as a chain there is a lot of standardization that the chain requires that you work with them on. One way to describe the two of them is they have to work within the organization within the spirit of that chain to satisfy the needs of the chain, but yet maximize the benefits to the Lottery and both Jenny and Bobby do this.

Bobby gave a brief update on what he has going on with his corporate accounts. Bobby shared FY17 sales for his accounts.

Over the summer he launched a project to roll out 100 28-bin machines to Safeway. It was a two-phase roll out. The first phase was upgrading from one 24-bin machine in high performing stores to two 28-bin machines and that resulted in a 7% sustained increase in scratch consumption to date. The second phase just upgraded existing 24-bin machines to 28-bin machines.

Bobby shared that part of his job is to be out visiting his accounts and looking for opportunities. Some of this is player habits, such as what do they look at and where do they spend the most time, pretty much just people watch. The result of that research is that we now have printer toppers in Fred Meyer at self-check. We didn't have any presence there before and so now we are able to get right in front of the customer. The sign is double sided so it has more longevity and less cost, it can just be flipped over and the next side used.

We also have the Big Ticket display at Fred Meyer customer service centers. We have been selling the Big Ticket at the customer service center since the initial roll out of the big ticket and he didn't realize how big of a win this was until it was mentioned to him that it has been years since we were able to sell any type of lottery product at the customer service centers. Fred Meyer Big Tickets sales to date are over \$550,000.

Bobby's first promotion with the Lottery was the Great Gift Card Giveaway. It was a gift card promotion with three drawings with players winning anywhere from \$100 to \$300 in American Express gift cards. There was a total of 255 chances to win and the qualifying purchase was \$10 or \$20 Powerball tickets. The promotion was run in over 400 stores. It resulted in a net profit of \$228,000 and over 24,000 entries. His favorite part of the

promotion was getting player feedback such as "Thank you, this will definitely help out this holiday season."

His future focus is that he is currently working with smaller corporate accounts to increase sales so as not to put all of our eggs in one basket. As part of that initiative he has an upcoming QFC exclusive promotion in late spring/early summer. He is also focused on tying paper in-store advertising in to our vending machines or technology.

Jenny shared that she deals with the convenience stores mainly and these stores can be a little bit challenging because there are corporately owned, corporately operated stores and they also have franchisees.

Jenny talked about the Jackson stores and this is a smaller chain for the Lottery. They have 48 locations from Vancouver to Marysville and no stores on the eastside of the state. They have been doing a huge remodeling plan campaign that started in 2015. They remodeled 12 locations in 2017 and they have several more remodels planned for 2018. They also have a huge focus on Lottery and most retailers will have one in-counter dispenser in a store. As Jackson's is remodeling a store they are giving us space for 3-4 lighted in-counter dispensers for scratch tickets. In 2008, Jackson's had 57 locations and were a \$3M account and now they are an \$8M account.

7-Eleven is our largest chain for the number of locations and our second largest chain as far as dollar volume. There are 255 locations – they have both corporate owned and franchise locations. The average weekly store sales run about \$4,700. For the Big Ticket in the month of December, 7-Eleven had a 16% increase in their scratch sales and Jenny believes it was due to the Big Ticket. They settled 1,655 packs which amounted to over \$550,000 in sales just during the holiday timeframe.

### **Marketing Update**

Marketing Assistant Director Randy Warick shared that this has been a great quarter – November, December & January we had many "firsts" in technology advancements for Washington's Lottery. We had a second chance online entry; we ran a promotion with the Seahawks. We had a historic event with both jackpots reaching over \$400M for the first time. We also hit a record performance on our digital assets.

Randy talked about the online second chance entry we ran with the Seahawks scratch ticket. Players were able to enter their non-winning tickets online which helped boost our entry totals and resulted in a 27% increase over last year's total entries. We thought the artwork for this year's ticket was fabulous but also giving our players the opportunity to

enter online was great and it shows in the numbers. We will continue to use online moving forward for both draw and scratch promotions and we believe that we will continue to have great success with this.

The Big Ticket was a fabulous ticket for us and it was a first and always with a first you hope that you have great success and this ticket definitely gave us that success. He went a little bit further and said that a lot of success came from "Make it Reindeer" and the radio spot was played. Make it Reindeer showed up in many aspects. He was on social media, digital and there are about half a dozen spots where he talked about the holiday season in fun clips and we got great response on all our social media channels with it. This was the first time we did something like this and you never know when he might make a second appearance.

After talking with Commissioner Cantrell we marketed both the Seahawks & the Holiday with El Mundo, which we had not done before. They are the single largest Hispanic newspaper and we decided to take a chance and we have over 260,000 digital impressions with them and we reached 65,000 readers of their paper. We were pleased with that and we will look at doing something with them in the future. It was a nice opportunity to reach a different segment of our population.

Another first for us was that over the Holiday season, we had a campaign that ran that should have seen over 3.2 million travelers in about a 4-5 week time period. We took over the SeaTac concourses A, D & C and it was a very large campaign and something we have never done before. What we were looking to do was reach travelers once they were on the other side of security. Typically travelers have a lot of time and people wander around and look at things. We took an opportunity to have some interactive advertisement where they could have some fun with us. We want to connect them to what our new brand advertising is and what you have hopefully already seen broadcast.

On the A-Wall there was a 210 foot mural and it ran along one of the walking escalators and it is one of the biggest pieces of advertisement to date that has been done with Cole & Weber. It was just an imaginative piece; when you get on the people mover it just hits you with the sense of a magical ride until the end and then leaves you with the Department of Imagination at the end.

We also did a waterslide. Our kiosk is at the airport where we sell tickets and right in front of the kiosk this is on the floor so it looks like it is a breakaway and it is an engagement piece where people would sit on the slide and they would take a photo and they would share it out on their social media and they would hashtag Washington's Lottery and so we got a bunch of people sharing our product out there basically for free.

The next piece of artwork was put beside our Gemini Touch machine and it looks like a vault with a faux piece of vent tubing on top of the machine. Randy received a phone call saying we had an IGT technician at the airport because someone attached something to our vending machine and they were trying to take it off. It was a neat piece and something you wouldn't expect to see and it stood out in the market place.

We had another cutaway on the floor; it was a ski jump and again the idea is where people would stand at the top of the hill and take their photo and share it out on social media and they did. This one is a little different because it incorporates the wall as well as the floor in one piece. What was nice about this piece was that it was located in a seating area where people were waiting to board flights and Randy asked staff at one of the counters if they ever saw people interact with this and they told him it was non-stop. You will see early on in the video that will be shown, there was a gentleman that took a picture on this and he hash tagged it and shared it on all this media. We found out he is in a rock band and he has a huge following and his picture went viral and everybody just wanted to talk about it and that is exactly what we were hoping would happen.

Right in that same corridor there was another floor cutout where you can stand on a diving board and it looks like you are going to jump in to beautiful water and then in the areas where you are just sitting and waiting there are two by two floor clings. It just basically intrigues you to take a picture and share it on Facebook and tag your friends. It makes you look like you are on vacation doing something. You will see where you are supposed to put your feet and then take the picture and post it to Facebook.

Randy shared a video of what went on at the airport. What we did was something that the Port had never done before, so it was a new opportunity for them. Because of the success and they loved it so much they actually gave us an extension of a couple of weeks that we didn't have to pay for. It was really a fun experience. There were some takeaways that we learned if we were to look at doing this again

Massive jackpots was a theme for us. Both Mega Million and Powerball had jackpots over \$400M at the same time. We were having a great run and got some free coverage. We had more than 500 broadcast clips with a value of almost a million dollars and this is all free advertising.

With the massive jackpots, this drove people to our website and our app. We had over 1.1 million people visit our website in the first week of these jackpots. What is nice about that is that as the volume of activity at our website increases we have to manage that. We have to be careful so that our website doesn't crash. We were able to handle all the volume with no hiccups and that shows a lot of credit back to Cole & Weber. We had over 300,000 mobile app downloads. That app provides a player information and gives them

the ability to check their draw tickets only, currently. We are looking at trying to add scratch on that and in that 28 day period we had over one million tickets checked through the app. This also takes a little pressure off our retailers because now you don't have a consumer standing in front of them asking to check their tickets.

Randy then talked about our social media performance. We are now over 236,000 Facebook followers. What is really great about this is that over two years ago we made a very strategic decision to go after engagement. What that means is that we want an active consumer that will talk back to us and share and interact with us.

The Lottery has launched two different broadcast spots and also a digital campaign and social media that goes hand in hand with that. We launched "the elevator" and the other is called "new recruit". We have been doing the department of imagination for years now and we decided that it is finally time to start cracking that door oh so slightly – what happens inside the department of imagination. We taught our consumer how to dream, we taught them how to dream bigger, we taught them how to share the dream and now we are showing them what it's like inside the department of imagination.

Randy mentioned that many of us DVR shows and this is really interrupting advertising and so they are now starting to overlay advertising on the actual program and for the first time we are going to have an opportunity to do that and so you are going to see an eye liner on the bottom on the TV with the Lottery's brand spots.

These are probably two of the biggest broadcast spots just because it took so much custom graphic work. The new spots started in January. We have a full campaign that will take us through the fiscal year and cross over to the next fiscal year. This is just a crack of the door and what we will need to figure out what angles that we want to take off of that. We are very excited and we think the work came out great and we are getting positive responses.

So what's happening next – we are updating our jackpot creatives. We are working with Kathi and the Sounders on a promotion where the winner will be able to sign a one-day contract with the Sounders. We will have a new beneficiary spot coming out. We will also be working with the Sounders and our brand spots after the promotional opportunity and we are working with the Muckleshoot's on a slot tournament and finally we will be launching Ms. Pac-Man as a follow-up to the maze category of scratch tickets.

### **COMMISSION REPORT – INSTANT TICKET ARTWORK REVIEW**

Instant Product Manager Gaylene Gray asked the commissioners if they had any questions on the artwork.

Commissioner Cantrell thanked Gaylene for reworking the artwork on the Day of the Dead scratch ticket and she didn't have issues with any of the other artwork. Commissioner Bogdanoff reviewed the artwork too and he thought the artwork looked good to him.

### **COMMISSION BUSINESS**

Chair Loveland asked if there was any commission business to bring before the commission. We have another commissioner who is going to testify before a Senate Committee to be confirmed and she believes that Commissioner Cantrell is the only commissioner that hasn't been confirmed

Commissioner Cantrell shared that she isn't able to make the April meeting. Debbie Meyer will send out an e-mail message to the commissioners with some suggested dates for the next commission meeting.

### **OTHER BUSINESS**

Commissioner Bogdanoff thanked Stephen and Jana for their work. Their work that is brought before the commission is incredibly professional and he wanted to share that he really appreciates the work they have done. He congratulated them on two long careers in public service.

Chair Loveland shared that she is a numbers person so she loves listening to Stephen's presentations. She will miss his reports and his ability to communicate to the commissioners. She has read his articles in the trade magazines and his truly is admired and sought after across the United States. Jana has been a good fellow worker and has provided the Commission wise counsel and she wished her well. She told them both that retirement is 10 times better than what you can imagine.

Commissioners Cantrell and Finn also congratulated Stephen & Jana for their great work and wished them well in their retirements.

**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 and there were none.

**EXECUTIVE SESSION**

Chair Loveland shared that she had planned on calling an executive session today but she is not prepared so probably will have one after the next meeting.

**ADJOURNMENT**

**11:23 a.m.** *Chair Loveland adjourned the meeting.*

*February 22, 2018 Lottery Commission Meeting Minutes approved this \_\_\_\_\_ day of \_\_\_\_\_, 2018.*

Respectfully submitted,

\_\_\_\_\_  
Valoria Loveland, Commission Chair

\_\_\_\_\_  
Debbie Meyer, Executive Secretary