

COLORADO LOTTERY COMMISSION  
Minutes of Meeting  
April 12, 2006

**Present(Denver Lottery Office)**

Micheal Acree, Chair  
Joan Ringel, Vice-Chair  
Dick Reeve, Commissioner  
Timothy Bachicha, Commissioner (via phone conference)  
M. Michael Cooke, Executive Director of Dept. of Revenue  
Peggy Gordon, Director  
Maurice Knaizer, Deputy Attorney General  
Pocky Maranzino of Karsh & Hagan  
John Harris of Karsh & Hagan  
Gayle Berry of Oberthur Gaming Technology  
Tony Lombard of Scientific Games Inc.  
Members of the Lottery staff

**Present(Pueblo Lottery Office)**

Betty Martinez, Commissioner  
Tom Kitts, Deputy Director  
Members of the Lottery staff

The Meeting (via videoconference) was called to order by Chair Acree at 9:15 a.m. on April 12, 2006 at the Denver Lottery Office.

Chair Acree made note that Executive Session would be held to discuss legal issues.

Chair Acree inquired if there were any comments, additions, or corrections to the Minutes of the Public Hearing and Meeting on March 8, 2006. There were none. Commissioner Reeve made a motion to approve the Minutes of the Public Hearing and Meeting on March 8, 2006. The motion was seconded by Vice-Chair Ringel and unanimously passed.

The next Agenda item Chair Acree called for was the Financial Statements (Unaudited) for the Seven (7) Months Ended January 31, 2006. At the request of Chair Acree, Deb Marroney, an accountant with the Lottery's Fiscal staff, reviewed the Financial Statements. Ms. Marroney stated sales for the month of January 31, 2006 were \$36.3 Million. Scratch sales were \$23.2 Million, Lotto sales were \$2.8 Million, Cash 5 sales were \$1.4, Powerball sales were \$6.5 Million and Powerplay sales were \$2.4 Million. Fiscal Year Sales through the month ended January 31, 2006 were \$268.2 Million compared to fiscal year sales through the same period ending January 31, 2005 at \$237.8 Million. She reported the total prize expense percentage through the month ended January 31, 2006 was 60.38% as compared to 60.12% for the same period ending January 31, 2005. Further comparisons to the same period of fiscal year 2005 showed: 1) distributions have increased by approximately \$11.4 Million; 2) sales have increased by approximately \$30.5 Million; 3) game costs have

increased by approximately \$21 Million; 4) operating expenses were approximately \$1 Million less; and 5) other revenue is increased by approximately \$831,000. The Lottery had a reduction in unclaimed prizes of approximately \$606,000 from last year. She reported Administrative Costs for the month ended January 31, 2006 were at 6.1 percent, compared to 7.4 percent for the same period ending January 31, 2005. She further stated as of January 31, 2006, the Lottery had achieved 110.93% of its year-to-date sales goal.

Chair Acree called for the first "Decision Item," Prize Structures, presented by Product Manager Todd Greco. Mr. Greco stated he had six prize structures to present for approval. He reviewed the prize structure for 10 Times Lucky, Game No. 353; Win Fall Cash, Game No. 354; Win Fall Fever, Game No. 355; Win Fall Riches, Game No. 356; \$250,000 Win Fall, Game No. 357 and \$2 Super 7-11-21, Game No. 359. He reviewed game features including prize levels, the prize percentage payout, the number of times a player may win on a ticket, the number of tickets to be ordered, and the projected launch date of the game. Chair Acree inquired if there were any comments from the Commission. There were none. Chair Acree inquired if there were any comments from the public. There were none. Vice-Chair Ringel made a motion to approve the prize structure for 10 Times Lucky, Game No. 353; Win Fall Cash, Game No. 354; Win Fall Fever, Game No. 355; Win Fall Riches, Game No. 356; \$250,000 Win Fall, Game No. 357 and \$2 Super 7-11-21, Game No. 359. The motion was seconded by Commissioner Bachicha and passed unanimously.

Chair Acree next called for the first "Information Item," Director's Report presented by Director Peggy Gordon. Director Gordon stated that she had attended a GOCO meeting with Commissioner Ringel and Commissioner Martinez. Director Gordon stated she will keep the Commission apprised of future meeting, proceeds events and speaking events.

Director Gordon then asked Deputy Director Tom Kitts to update the Commission on House Bill 1320, which would allow us to continue to offer promotional drawings with our retailers and on our website. The bill passed and is now in effect.

Deputy Director Tom Kitts next asked LuAnn Caligaris, Lottery Sales Department, to review the Consumer Email Report in their packet. Ms. Caligaris gave an overview of the number and types of consumer emails that are received by the Lottery.

Director Gordon asked Kathy Wallace, On-Line Product Manager, to review the research projects for this fiscal year. Ms. Wallace gave an overview of the three main research projects: Segmentation Study, Retailer Focus Groups and Tracking Study.

Chair Acree called for the next item, "Written Reports". He asked if there were any questions or comments from the Commission. Vice-Chair Ringel asked for clarification on the response given on the Commission Email Report reference proceeds distribution. Maurice Knaizer, Attorney General's Office reviewed why a vote of the people is required to change the proceeds distribution.

Chair Acree called for "Commission Issues". There were none.

Next Chair Acree called for "Public Comment". There were no comments.

Chair Acree stated that the Commission would now go into Executive Session. Maurice Knaizer, Attorney General's Office, stated that they would be discussing the Court of Appeals argument in the Bazemore vs. Colorado Lottery lawsuit, and because there would be discussion on some potential ramifications, the attorney/client privileges are being invoked. The statute citation for that is 24-6-402(3)(a)(II).

Chair Acree asked for a motion to go into Executive Session. Commissioner Reeve motioned to go into Executive Session. The motion was seconded by Vice-Chair Ringel and was unanimously approved.

Executive Session started at 10:05 a.m. and was attended by Chair Acree, Vice-Chair Ringel, Commissioner Reeve, Commissioner Bachicha, Commissioner Martinez, Maurice Knaizer, Attorney General's Office; M. Michael Cooke, Department of Revenue; Peggy Gordon, Lottery Director; Tom Kitts, Lottery Deputy Director; Patrick Maroney Lottery Security Director and Marie Burnett, Lottery.

Executive Session concluded at 10:37 a.m. Chair Acree asked for a motion to end Executive Session and resume the Public Meeting. Commissioner Reeve motioned to end Executive Session and resume the Public Meeting. Vice-Chair Ringel seconded the motion and was unanimously approved.

Chair Acree asked if there were any other items. Director Gordon stated that the Commission Meetings will be held in the Pueblo office for the next six months.

Chair Acree asked for a motion to adjourn the Public Meeting. Vice-Chair Ringel motioned to adjourn the Public Meeting at 10:38 a.m. The motion was seconded by Commission Martinez and passed unanimously.

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Marie Burnett  
Secretary