



Idaho Lottery Commission Meeting Minutes

Date, Time and Place

The 247th meeting of the Idaho Lottery Commission took place on Thursday, January 20, 2022, at Idaho Lottery Headquarters, Boise, Idaho and via Zoom.

Attendees:

Commissioners Present:

Chairman, Craig Corbett
Commissioner, Sue Kerrick
Commissioner, Peter J. Smith
Commissioner, Skip Smyser

Lottery Staff Present:

Director, Jeff Anderson
Chief Operating Officer, Becky Schroeder
Deputy Director of Sales, Larry Polowski
Deputy Director of Marketing, Sherie Moody-St. Clair
Director of Lottery Security, Tony Pittz
Public Information Specialist, David Workman

Others Present:

Ryan Belveal, Diamond Game
Steve Poole, Intralot
Krista Stepa-Ammeter, Pollard Banknote
Scott Henneman, Grover Gaming
Pat Sullivan, Sullivan Reberger
Phil Reberger, Sullivan Reberger
Kylie Turner, Sullivan Reberger

1. Meeting Called to Order

Chairman Corbett called the meeting to order at 10:00 AM

2. Approval of the Minutes

Commissioner Kerrick moved to approve the minutes from the November 17, 2021 meeting. Commissioner Smyser seconded the motion. The vote was unanimous for approval.

3. Director Update

Director Anderson discussed our vacant position on the Commission, updating the members that we do have a variety of names in with the Governor's office, but nothing has been put forward yet. We are working on it.

Diamond Game Innovation

Diamond Game has brought us an innovation to review and discuss. It's basically an iPad you can take to your table to enjoy TouchTabs. It would be similar to paper games that can be played at your table to enjoy with your friends. It is very well received in Minnesota charitable gaming establishments. It is our understanding the Lottery has the authority to advance this when we choose to. We will continue discussions with Diamond Game.

Digital Claim Payments

We have discussed this in the past. With the pandemic and less cash being used, a lot of retailers have challenges, particularly at certain times of the day to prizes anymore. Retailers are supposed to pay prizes up to \$599, but if they don't have money in their till, they can't pay it. Players have been directed to grocery stores who have cash on-hand but some have begun to push back and we are working on trying to get digital prize fulfillment for players on an app. We will hear more about digital claim payments when Sherie talks about the Mobile App RFB. Authority exists for us to do this. Many other states are already providing this and we need to have the right technology. We'd really like to advance this in 2022. This is where the modern economy is – and we need to meet the market.

MUSL/Legislative Update

Director Anderson reminded the Committee that we were unsuccessful in 2021 getting statutory changes necessary to continue to participate in the Powerball game. We need the ability for the Lottery to play multijurisdictional games with Australia and the United Kingdom, as is being envisioned by the MUSL and the Powerball Game Group. This legislation addresses all expressed concerns by the House State Affairs Committee.

There are many details to be worked out with our agreements when licensing games in any new countries. Sales are expected to commence in the first half of 2023. This is urgent. Our beneficiaries and stakeholders understand the importance of success and are active in helping us spread the word regarding how important this is to Idaho, the Idaho Lottery and Public Education.

Director Anderson clarified that the portion of the code that needs modification is § 67-7408. When those countries commence sales, we won't be able to offer Powerball in Idaho without the statutory change.

Budget Update

We do have our budget and Director Anderson has met with the co-chairs of JFAC, the Joint Finance Appropriations Committee, and a couple of other members, too. He believes we'll be fine. He did testify before the CEC (Change in Employee Compensation) Committee yesterday along with several other Directors in favor of the Governor's recommendation of a 5% increase. We have asked for more than that and it is in the Governor's recommendation for the Lottery. It will include some equity adjustments. Our concern here is that we have 45 employees and 20 of them that will be able to retire in the next five years. It's going to be hard to replace some of those positions at the rate we currently pay. The co-chairs were supportive.

Meeting Location Discussion

Our previous Chairman and the one before him enjoyed taking the Commission meeting to another location once per year. We have gone to Sandpoint, Pocatello, Fort Hall, Glenns Ferry among other places in previous years. The Shoshone-Bannock Tribe members were gracious hosts when we visited their casino in Fort Hall. The Chairman discussed the benefits of having all Commissioners visit the Idaho-Utah border retail locations. We will research opportunities and report back to the Commission at the next meeting in March to consider a meeting and visit in Malad, Idaho. We will tentatively plan on May 19, 2022 for that off-site meeting.

4. Administration

Chief Operating Officer, Becky Schroeder, brought for the Commission's review and approval, a First Amendment to the Primary Scratch Ticket printing contract held with Pollard Banknote. This amendment adds pricing for the printing of a \$50 price point ticket. This contract was signed nearly a year ago and at the time the price point wasn't considered or included in the RFP. Becky indicates she will likely be bringing the same type of request for an amendment to the Scientific Games contract, the Secondary Scratch Ticket printer, at the next meeting.

Commissioner Smith moved to accept the amendment and Commissioner Kerrick seconded. The vote was unanimous for approval.

5. Current Sales Report

The current sales report is entered into the minutes as an attachment.

5. Marketing Division Update

Deputy Director of Marketing, Sherie Moody-St. Clair presented the Lottery Mobile App Request for Bid. She reviewed changes that were made to the document since the draft that was provided to the Commissioners a week ago. Commissioner Smyser

asked if it would be more transparent for bidders if we were to detail out how each of the deliverables would be weighted in the final evaluation phase. It was agreed that Sherie would break this out before the RFB was published, and a new version would be provided to the Commission after the update. The Commission agreed to allow this RFB to be published with a follow up copy to be sent via email before it's published.

Chairman Corbett asked about security and the types of protection that are required for an app like this. Sherie responded that the app will be supported on our own web environment at AWS. This is a closed environment with many controls. We follow all requirements for current business requirements. The COO and Director of Security will be involved in ensuring the security and integrity of all digital cashing portions.

Commissioner Smyser inquired as to how the Lottery ensures we have enough technical expertise to evaluate these bids. Sherie discussed the process, which includes an evaluation team made up of both in house and out of house expertise.

Commissioner Smyser moved that the RFB be approved with the understanding that 6.4 will be broken out more specifically. The motion was seconded by Commissioner Kerrick, and approval was unanimous.

Sherie provided updates regarding current promotions associated with Valentine's Day and Lucky for Life coming in February and March.

Our \$1,000,000 Raffle winner has not called or come in for payment. We are doing special advertising in the area where the ticket was sold to try to encourage players to check their tickets.

6. Sales Division Update

Deputy Director of Sales, Larry Polowski indicated that in his opinion COVID closures have created new Scratch players and we are seeing the continuation of those players enjoying Scratch tickets. Deputy Director Polowski indicated that TouchTab sales have increased significantly due to the launch of a new, very popular, Frogger TouchTab.

7. Security Division Update

Director of Lottery Security, Tony Pittz, reviewed an initiative where the Idaho Lottery assisted Idaho State Police Alcohol Beverage Control, where a business in Pocatello had opened with only gray machines from Banilla Games. There was evidence collected showing people being paid out, served search warrants, and seized all of the machines. We are now in a back-and-forth situation with legal folks to determine next steps.

Tony updated the group on the MUSL Audit, which went very well. There are a handful of very minor suggestions that will likely be resolved before the Lottery's response letter goes back in 30 days.

The Random Number Generator used for Pick 3 and Pick 4 was certified by GLI ten years ago and is undergoing a historical draw review to ensure it is still performing as expected. An entire years' worth of drawn numbers will be analyzed to confirm ongoing randomness and that it is working as expected. He will report back to the Commission at the next meeting.

We continue to battle gray machines in the market. We are providing all cooperation we can to Idaho State Police Alcohol Beverage Control. They have the authority there, but we continue to contribute wherever we can.

8. Set Future Commission Meeting Date

Commissioner Kerrick moved to set the next meeting for March 17, 2022, at 10:00 AM in Boise, Idaho. Commissioner Smith seconded the motion. The vote was unanimous for approval.

9. Adjournment

Commissioner Smyser moved to adjourn, seconded by Commissioner Kerrick and the meeting was adjourned.

Certification:

I hereby certify that the foregoing minutes are a true and correct record of the actions and decisions made by the Lottery Commission.

Jeffrey R. Anderson, Executive Director
Lottery Commission Secretary

Date