

Massachusetts State Lottery Commission
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STEVEN GROSSMAN
Treasurer and Receiver General

PAUL STERNBURG
Executive Director

DATE: January 29, 2013

TIME: 10:00 a.m.

PLACE: Office of the Treasurer and Receiver General
12th Floor
One Ashburton Place
Boston, MA

MEMBERS PRESENT: Steven Grossman, Treasurer and Receiver General, Chair
Beth Boland, Commissioner
Tim McMahon, Commissioner
Andrea Cabral, Commissioner
Jenny Hedderman, General Counsel, Comptroller's Office,
Designee of Commissioner Martin Benison

ALSO PRESENT: Paul Sternburg, Executive Director, Lottery
William Egan, General Counsel, Lottery
Beth Bresnahan, Assistant Executive Director of Marketing and
Communications, Lottery
Jean Caron, Executive Assistant to the Director, Lottery
Cathy Judd-Stein, Assistant Executive Director of Policy
and Special Counsel, Lottery
David Sweeney, Chief Financial Officer, Lottery
Jim Canavan, Assistant Executive Director of Human Resources
Jamey Tesler, General Counsel, Treasury
Jon Carlisle, Director of Communications, Treasury
Al Gordon, Director of Policy, Treasury
Colleen Quinn, State House News Service

Robert Frasca

1.0 Opening of the Meeting

Treasurer Grossman opened the meeting at 10:14 a.m.

2.0 Acceptance of the Minutes of the Meeting of December 18, 2012

Treasurer Grossman asked the Commission to accept the minutes of December 18, 2012.

Commissioner Benison requested a change in the language and submitted this to Counselor Egan. Commissioner Boland then made a motion to accept the amended minutes of the meeting and Commissioner McMahon seconded the motion. Commissioner Cabral abstained from the vote as she was not in attendance for the December 18, 2012 meeting. The minutes were unanimously approved at 4-0-1.

3.0 EXECUTIVE DIRECTOR REPORT

Director Sternburg presented the Executive Director's report for January (Please reference the handout).

Director Sternburg provided an update on Lottery sales noting the sales were down \$4 million for the month of December as compared to the previous year.

Director Sternburg also presented a sales recap for the 10-week Holiday period comparing FY09 – FY13, noting a \$25.2 million increase in FY13 which is attributed to having a more robust advertising budget. Treasurer Grossman noted that these graphs will be helpful when he returns to the Joint Committee on Ways and Means to demonstrate the impact that advertising dollars have in generating more profit/dollars available for local aid. The FY13 holiday campaign advertising return was \$5,051,093 or \$4.52 for every dollar spent. Director Sternburg also showed a slide which demonstrated the impact that a small advertising investment in a radio and online campaign helped benefit sales for launch of the four ticket suite of "multiplier" themed Instant Tickets in early January.

Director Sternburg updated the Commissioners on the building lease renewals for New Bedford, Springfield and Braintree, relaying that the Lottery's Operations department is working very closely with DCAM to explore all possibilities moving forward to maximize savings for the Commonwealth.

Director Sternburg then introduced James Canavan, who was recently hired as the Lottery's Assistant Executive Director of Human Resources. Mr. Canavan presented his background and a brief synopsis of his experience. Director Sternburg told the Commissioners that he knew within five minutes of meeting Mr. Canavan that he was the top candidate for the job, and he is excited to have him aboard.

4.0 LOTTERY REFORM SCORECARD

Governance: As part of the Lottery's Performance Management and Innovation Initiative, the Lottery will be posting on its website the monthly Executive Director's Reports presented to the Commission, along with the Revenue Letters submitted to Legislative leadership and the Administration. The Lottery will be commencing statewide online ethics training over the next month. The Self-Serve Time and Attendance Program for improved time record keeping will begin on February 3, 2013.

Operations: The newly adopted Manual for Sales Agents was distributed to the 7,400+ retailers. Director Sternburg said the manual spelled out the basics and is easy to understand.

5.0 Votes presented to the Commission

- 5.1 For the reasons set forth in the vote of the Commission at its meeting on October 5, 2011, the Executive Director is authorized to pay the attached legal costs for the representation of former Treasurer Cahill and former Executive Director Cavanagh in the Bingo Innovative Software LLC v. Timothy P. Cahill et. al. civil action in Suffolk Superior Court to:

Demeo & Associates, LLC
One Lewis Wharf
Boston, MA

The attached legal costs total three thousand, nine hundred and twenty dollars and 00/100 (\$3,920.00).

Counselor Egan indicated Attorney Demeo has represented that this will be the final vote as the court granted the defendant's motion for summary judgment. Counselor Egan also stated that in his opinion, Demeo and Associates did a good job in facing a difficult plaintiff who provided for a very active discovery and motion practice in the case. He also informed the Commission that he is checking with the Comptroller's Office to see if the Lottery is eligible to recoup any losses.

Treasurer Grossman asked for a motion to authorize the Executive Director to submit to the settlement and judgments fund for payment of the legal costs for the representation of former Treasurer Cahill and former Executive Director Cavanagh in the Bingo Innovative Software LLC v. Timothy P. Cahill et. al. civil action in Suffolk Superior Court to Demeo & Associates, LLC.

Motion was made by Commissioner Boland and seconded by Commissioner Cabral. Jenny Hedderman, designee for Commissioner Benison abstained from the vote because it is the Office of the Comptroller that approves payment from the settlements and judgments fund. Motion approved 4-0-1.

Treasurer Grossman asked for a motion to convene in executive session to allow the Commission to discuss the litigation position of the Commission because an open meeting may have a detrimental effect on the future litigation position of the Commission. This exception to the open meeting law is found in Massachusetts General Laws c. 30A, §21(a)(3).

There will be no votes in executive session, and the Commission will reconvene in open session prior to adjourning, and no further discussion will take place.

The motion was made by Jenny Hedderman, designee for Commissioner Benison and seconded by Commissioner Boland at 10:53 a.m. A roll call vote was taken:
Commissioner Boland: yes; Commissioner McMahon: yes; Commissioner Cabral: yes;
Jenny Hedderman, designee for Commissioner Benison: yes and Treasurer Grossman: yes.
Motion approved 5-0.

The Commission reconvened at 11:30 a.m. with a motion to adjourn being made by Commissioner Boland and seconded by Commissioner McMahon. Motion approved 5-0.