

# Massachusetts State Lottery Commission

60 Columbian Street

Braintree, Massachusetts 02184-1738

Tel: 781-849-5555

Fax: 781-849-5547

TTY: 781-849-5678

*STEVEN GROSSMAN*

Treasurer and Receiver General

*PAUL STERNBURG*

Executive Director

**DATE:** July 30, 2013

**TIME:** 10:00 a.m.

**PLACE:** Office of the Treasurer and Receiver General  
12<sup>th</sup> Floor  
One Ashburton Place  
Boston, MA

**MEMBERS PRESENT:** Steven Grossman, Treasurer and Receiver General, Chair  
Jamey Tesler, General Counsel, Treasury, Designee of Steven Grossman, Treasurer and Receiver General, Chair  
Jenny Hedderman, General Counsel, Comptroller's Office, Designee of Commissioner Martin Benison  
Tim McMahon, Commissioner  
Doug Levine, Deputy General Counsel, Designee of Andrea Cabral, Commissioner

**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  
David Sweeney, Chief Financial Officer, Lottery  
Cathy Judd-Stein, Assistant Executive Director of Policy and Special Counsel, Lottery  
Al Gordon, Deputy Treasurer for Policy, Treasury  
Robert Frasca

## **1.0 Opening of the Meeting**

Counselor Tesler opened the meeting at 10:01 a.m. on behalf of Treasurer Grossman who is attending a press conference with Lottery Executive Director Paul Sternburg and will join the meeting at its conclusion.

## **2.0 Acceptance of the Minutes of the Meeting of June 25, 2013**

Counselor Tesler asked the Commission to accept the minutes of June 25, 2013. Counselor Hedderman made a motion to accept the minutes of the meeting and Counselor Levine seconded the motion. The minutes were unanimously approved 4-0 at 10:04 a.m.

Counselor Tesler asked that the Executive Director Report be moved to the end of the meeting when Director Sternburg will be in attendance and move to the matters requiring an approval vote from the Commissioners.

## **5.0 Votes presented to the Commission**

- 5.1 For the reasons set forth in the attached memorandum dated July 15, 2013, the Executive Director is hereby authorized to enter into a contract amendment to the contract for securing consultant services for a new gaming system increasing the maximum obligation with the following vendor:

**Camelot Global Services (North America), Inc.**  
980 9<sup>th</sup> Street ~ 16<sup>th</sup> floor  
Sacramento, CA 95814

This award is made pursuant to a competitive bid process (RFR LOT #1204), in which this company submitted a proposal that received the highest score.

The maximum obligation under the contract with Camelot Global shall increase one hundred-thousand dollars (\$100,000.00) increasing the amount not to exceed six hundred-eighty thousand dollars (\$680,000.00), for the contract period of three (3) years expiring on or before June 30, 2015.

Counselor Egan explained that this is for the new system, including multi-media functions, which we currently do not have. There are some things that we are accomplishing in-house. There was a formal RFI process already conducted. Representatives of the Lottery visited 3 vendors in Vermont, Georgia and Texas for ideas; however, we will still require more support from Camelot as we move this process forward. They have done a very good job thus far.

Discussion occurred regarding the system and hardware RFR that Camelot is working on with the Lottery. Counselor Tesler and Counselor Hedderman suggested that certain wording be included in the procurement with regards to the time within which responding vendors would hold pricing. Mr. Sweeney said that the suggestions were appreciated and will be taken under consideration.

Counselor Tesler asked for a motion to authorize the Executive Director to enter into an amendment to the contract for securing consultant services for a new gaming system increasing the maximum obligation under the contract with Camelot Global by one hundred-thousand dollars (\$100,000.00) increasing the amount not to exceed six hundred-eighty thousand dollars (\$680,000.00), for the contract period of three (3) years expiring on or before June 30, 2015.

Motion was made by Commissioner McMahon and seconded by Counselor Hedderman at 10:11 a.m. Motion approved 4-0.

- 5.2 The Executive Director is hereby authorized to enter into a contract and make payment to vendors providing standard services to the Lottery's regional offices and headquarters and for fuel charges for Lottery issued vehicles including but not limited to electrical service, wireless circuit support and connectivity charges for PAT's to the Braintree Headquarters.

These purchases are all made off statewide contract with the exception of electrical service.

The Executive Director will make an annual report of these changes to the Commission.

Counselor Egan explained that due to the change of policy in informing the Commissioners of expenses in excess of \$150,000, he is bringing this matter to the Commissioners attention for approval.

Gas - state issued vehicles	\$410,000
Verizon - PAT's connections	\$150,000
Wireless circuit support	\$175,000

Counselor Tesler asked the Commissioners for a motion to approve the payment to vendors supplying standard services to the Lottery. Motion was made by Counselor Hedderman and Counselor Levine at 10:14 a.m. Motion approved 4-0.

- 5.3** Pursuant to the provisions of Massachusetts General Laws, Chapter 30A, Section 3; and Chapter 10, Section 24, the Commission finds it in the public interest to adopt the attached regulations for the game Lucky for Life and include the same in the official Rules and Regulations of the Massachusetts State Lottery Commission.

Counselor Egan explained that the Lottery is amending the Lucky for Life game on September 17, 2013 by adding a 2<sup>nd</sup> tier lifetime prize. Commissioner McMahon asked what would happen if another one of the states had issues. Counselor Egan explained that the game would revert back to the original game or that state could choose to withdraw from the group.

Counselor Tesler asked for a motion to authorize the Executive Director to adopt Rules and Regulations of the amended Lucky for Life game. Motion was made by Commissioner McMahon and seconded by Counselor Hedderman at 10:18 a.m. Motion approved 4-0.

Counselor Tesler asked for a motion to break until Treasurer Grossman and Director Sternburg return to the meeting. Motion was made by Counselor Levine and seconded by Counselor Hedderman at 10:18 a.m. Motion approved 4-0.

Treasurer Grossman asked for a motion to reconvene in session as he and Director Sternburg had returned to the Commission meeting. Motion was made by Counselor Levine and seconded by Counselor Hedderman. Motion approved 4-0 at 10:32 a.m.

### **3.0 EXECUTIVE DIRECTOR REPORT**

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

Director Sternburg gave an update on Lottery sales noting that overall sales for July 1, 2012 through June 30, 2013 were \$4.831 billion, topping the FY12 sales record of \$4.723 billion. Net profit to the Commonwealth for FY13 was projected at \$927 million, but based on preliminary figures, it is anticipated the Lottery's net profit for FY13 will be \$952 million; \$25 million higher than predicted.

The sales increase in June was in part due to a \$7 million bump in the Instant Ticket portfolio as well as \$2 million in sales from the new monitor game, Jackpot Poker. There were an additional 300 agents looking to add Jackpot Poker to their assortment of games. Powerball sales however, were down \$1 million due to smaller jackpot offerings. Director Sternburg explained that until the jackpot reaches \$600 - \$700 million people don't have the

interest to play. There is going to be a matrix change in Powerball that will hopefully improve sales.

Director Sternburg continued with a review of sales for each of the Lottery games and revenue results comparing June 2012 to June 2013 and also year-to-date FY13 vs. FY12.

#### 4.0 LOTTERY REFORM SCORECARD

**Governance:** The Lottery was awarded the Corporate Social Responsibility Award by The National Council on Problem Gambling. The NCPG noted the Lottery's work with the Council, including the training of over 100 sales representatives who visit our agents on how to recognize problem gambling and the resources that are available. Massachusetts is the first Lottery to provide this training. Cathy Judd-Stein explained that huge credit must be given to Director Sternburg who has nurtured this important partnership.

The Lottery is working with the Office of Campaign and Political Finance to provide refresher trainings to all employees over the next several months. OCPF last conducted training during the summer of 2011.

On June 30, 2013, the Lottery submitted its Performance Management and Innovation report, addressing goals and achievements, along with performance metrics, to the House and Senate Committees on Ways and Means, the House and Senate Committees on Post Audit and Oversight, and the Joint Committee on State Administration and Regulatory Oversight pursuant to Section 26A of G.L. c. 10.

**Operations:** The Lottery is presently reviewing and updating its licensing policies and procedures, addressing the licensing process for new Agents, the updating of licenses and Agents undergoing a change in ownership.

**Human Resources:** Jim Canavan, Director of Human Resources distributed a handout on Employee Performance Evaluation Statistics and reported on the evaluation cycle to the Commission.

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 taken.

The motion was made by Counselor Levine and seconded by Commissioner McMahon at 10:57 a.m. A roll call vote was taken; Commissioner McMahon: yes; Counselor Hedderman: yes; Counselor Levine: yes; and Treasurer Grossman: yes.  
Motion approved 4-0.

The Commission reconvened at 11:04 a.m. with a motion to adjourn being made by Counselor Levine and seconded by Counselor Hedderman. A roll call vote was taken: Commissioner McMahon: yes; Counselor Hedderman: yes; Counselor Levine: yes; and Treasurer Grossman: yes. Motion approved 4-0.

**DOCUMENTS LIST (Distributed to or referred to at meeting)**

1. Booklet entitled: "Massachusetts State Lottery Commission July 2013 Commission Meeting".
2. Booklet entitled: "Massachusetts State Lottery Commission Executive Director's Report Delivered by Paul R. Sternburg on July 30, 2013".
3. Booklet entitled: "Massachusetts State Lottery Commission Performance Evaluation Cycle ~ 2013".