

**Massachusetts State Lottery Commission**  
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*STEVEN GROSSMAN*  
Treasurer and Receiver General

*PAUL STERNBURG*  
Executive Director

**DATE:** October 29, 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  
Beth Boland, Commissioner  
Tim McMahon, Commissioner  
Doug Levine, General Counsel and designee for Andrea Cabral,  
Commissioner  
Jenney Hedderman, General Counsel and designee for Martin  
Benison, 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  
Jamey Tesler, General Counsel, Treasury  
  
Mr. Robert Frasca

**1.0 Opening of the Meeting**

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

**2.0 Acceptance of the Minutes of the Meeting of September 18, 2013**

Treasurer Grossman asked the Commission to accept the minutes of the meeting from September 18, 2013. Commissioner McMahon made a motion to accept the minutes of the

meeting and Counselor Levine seconded the motion. The minutes were approved 5-0 at 10:10 a.m.

### **3.0 EXECUTIVE DIRECTOR REPORT**

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

Director Sternburg gave an update on Lottery sales noting that overall sales for September 2013 were \$7 million higher than September 2012. The prize payout percentage was 70.7% as compared to 73.9% in FY13. This 3.2% decrease in prize payout has caused our overall net profit for the first quarter of the year to be \$36.5 million higher than the first quarter of last year and \$12.5 million higher than last month.

Treasurer Grossman explained to the Commissioners that the 70.7% is unlikely to remain the same throughout the year. If the prize payout remains that low, the Lottery would then adjust its projected profit for the fiscal year. Treasurer Grossman stated that after only 3 months it is too soon to determine if an adjustment is appropriate. He stated that the Lottery is the source of local aid, and he is more comfortable waiting until December's figures are in.

Director Sternburg introduced the Holiday Instant Ticket Games to be released on October 29<sup>th</sup> which tested very well. The Holiday POS was printed in-house with the exception of the "license plate" which was produced by an outside printing company and the "wobbler" which is provided by the instant ticket vendor.

Director Sternburg continued with an update of sales for the September 2013 ticket release noting that the \$20 Platinum Millions is our best-selling ticket. He then did a review of each of the Lottery games and revenue results comparing September FY14 to September FY13 and also year-to-date FY14 vs. FY13.

### **4.0 LOTTERY REFORM SCORECARD**

**Governance:** The Executive Director executed the following new Compliance policies: MSLC Amber Alert Policy which Director Sternburg noted will show actual pictures when the new system is in effect; Monitoring and Testing Season Tickets winners file; and Monitoring and Testing Drawing Policy and procedures. He also executed a revision to the Agent Monitoring and Testing/Ticket Validation Policy.

**Procurement:** OSD has announced revisions to standard procurement policies, effective October 1, 2013, and the Lottery is revising standard procurement forms to reflect these updates.

Changes to the Supplier Diversity Program require that bidders develop new business relationships with woman-based and disabled veteran owned businesses. In addition, OSD mandates all bidders participate in the Commonwealth's prompt payment discount initiative.

**Operations:** The Lottery offered a Customer Service Audio Conference to relevant employees on October 12<sup>th</sup> entitled: "Becoming a Customer Service Superstar."

## 5.0 Votes presented to the Commission

- 5.1 For the reasons set forth in the attached memorandum to the Commissioners dated October 25, 2013, the Executive Director is authorized to enter in a three-year contract with the following company for all required services for a Lottery Retail Sales Management System:

**Lapis Software Associates, LLC**

Jean Lombard, President  
601 Jefferson Road  
Parispany, NJ 07054

This award is made pursuant to a competitive bid process (RFR LOT #1309), in which Lapis Software Associates, LLC submitted the only proposal that met all mandatory requirements.

The maximum obligation for the three-year contract is nine hundred forty-seven thousand dollars (\$947,000.00).

Counselor Egan explained that our current vendor, Hudson Valley Software, did not meet all required elements of the RFR so it was not awarded the contract. Director Sternburg stressed that this new system must be running by the end of January, 2014. Treasurer Grossman asked about the process to make sure the new vendor performs. Director Sternburg, Counselor Egan and Mr. Sweeney explained different parts of the procurement process that assist in assuring future performance. Treasurer Grossman stated that he wanted to be sure that all references for the new vendor are checked before the contract is executed.

Treasurer Grossman asked for a motion to authorize the Executive Director to enter into a three year contract subject to a satisfactory reference check. Motion was made by Counselor Hedderman and seconded by Commissioner Boland at 11:03 a.m. Motion approved 5-0.

- 5.2 That the Commission hereby ratifies and adopts the Decision of Michael Sweeney, Esq. (hearing officer sitting by designation) in the matter of the appeal of:

**Maria Lima v. Director, MSLC**

Counselor Egan explained that this instant ticket claim was focused on a ownership dispute between co-workers who were part of a group that bought Lottery tickets together. Counselor Egan stated he agreed with the findings of Michael Sweeney, Esq.

Counselor Egan stated that the Commission needed to vote to approve, amend or reject the hearing officer's decision in the matter. Motion was made by Counselor Levine and seconded by Commissioner McMahan. Motion approved 5-0.

- 5.3 For reasons set forth in the attached memorandum dated October 9, 2013, the Executive Director is authorized to enter into a contract extension for one year for ADA Consultant Services with the following firm:

**Kessler McGuinness & Associates, LLC**

1121 Washington Street, #6  
Newton, MA 02465

The award was made pursuant to a competitive bid process (RFR LOT #1013), in which Kessler McGuiness & Associates, LLC submitted the proposal that received one of the highest scores.

The maximum obligation assumed hereunder shall not exceed one-hundred thousand dollars (\$100,000.00).

Counselor Egan explained that the current contract expires in December of 2013. He explained the history of the vendor with the Lottery and its assistance in executing the ADA settlement that expires in December 2014.

Treasurer Grossman asked for a motion to authorize the Executive Director to enter into a contract extension for one year for ADA Consultant Services with Kessler McGuiness & Associates, LLC. Motion was made by Commissioner Boland and seconded by Commissioner McMahan at 11:11 a.m. Motion approved 5-0.

Treasurer Grossman requested 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. The exception is found in Massachusetts General Laws c. 30A, §21(a)(3).

The motion was made by Commissioner Boland and seconded by Counselor Hedderman at 11:12 a.m. A roll call vote was taken: Commissioner Boland: yes; Commissioner McMahan: yes; Counselor Levine: yes; Counselor Hedderman: yes and Treasurer Grossman: yes. Motion approved 5-0.

The Commission reconvened at 11:19 a.m. with a motion to adjourn being made by Commissioner Boland and seconded by Commissioner McMahan. Motion approved 5-0.

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

1. Booklet entitled: "Massachusetts State Lottery Commission October 2013 Commission meeting"
2. Booklet entitled: "Massachusetts State Lottery Commission Executive Director's Report Delivered by Paul R. Sternburg on October 29, 2013"