

Massachusetts State Lottery Commission

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DATE: April 29, 2014

TIME: 10:00 a.m.

MEMBERS PRESENT: Steven Grossman, Treasurer and Receiver General,
Beth Boland, Commissioner
Tim McMahon, Commissioner
Martin Benison, Commissioner
Doug Levine, General Counsel and
designee for Andrea Cabral, Commissioner

ALSO PRESENT: Beth Bresnahan, Executive Director, Lottery
William Egan, General Counsel, Lottery
David Sweeney, Chief Financial Officer, Lottery
Cathy Judd-Stein, General Counsel, Treasury
Al Gordon, Assistant Treasurer, Director of Policy
Jon Carlisle, Director of Communication, Treasury
James McDonald, First Deputy Treasurer
Christian Teja, Communications and Marketing,
Lottery
Matt DiFrancisco, Director of Operations, Lottery
Kami-Lii Ward, Executive Assistant, Lottery

State House Service: Colleen Quinn

I. Opening of Meeting:

Treasurer Grossman opened the meeting at 10:05 a.m.

II. Approval of Minutes from March 25, 2014

Treasurer Grossman asked the Commission to accept the minutes of the meeting from March 25, 2014. Commissioner Benison made a motion to accept the minutes of the meeting and Commissioner Boland seconded the motion. The minutes were approved 5-0 at 10:09 a.m.

III. Executive Director's Report
a. Sales update
b. Marketing update

First, Director Bresnahan introduced Kami-Lii Ward as her new Executive Assistant. Director Bresnahan then announced that David Sweeney would be leaving the Lottery to take the position of Chief Financial Officer for the City of Boston. She expressed to sadness to see him leave but, thanked him for his contributions to the Lottery and thought he would do great things for the City of Boston. Treasurer Grossman echoed Executive Director Bresnahan's comments and asked the Commission for a motion to express the Commission's profound appreciation for the leadership David Sweeney provided the Lottery during his tenure, recognizing the professionalism he added to the Lottery as a colleague and member of senior leadership at the Lottery. Treasurer Grossman spoke in detail about Mr. Sweeney's contributions to the Lottery. The motion was made by Commissioner Benison and seconded by Commissioner McMahan. The motion passed 5-0. Executive Director Beth Bresnahan then delivered the Executive Director's Report (please reference the handout to provide the detailed sales data discussed).

Executive Director Bresnahan gave an update on Lottery sales noting that overall sales for March 2014 were down \$4 million as compared to March 2013. She provided a brief overview of the reason for the decrease.

She discussed the decrease in the prize payout for the month compared to the previous year (see handout for details). Executive Director Bresnahan discussed the overall prize payout for the year being lower than the budgeted amount and from the previous year. Accordingly, she informed the Commission that the Lottery's net profit is \$47 million ahead of last year despite lagging sales.

Executive Director Bresnahan then discussed the recent release of the new World Class Millions ticket. She passed out marketing materials for the ticket. She also played the radio advertising message for the Commission. She reviewed the initial sales for the game. Executive Director Bresnahan also discussed the effect of sales of this ticket on future instant ticket releases and the price point mix.

Executive Director Bresnahan concluded her presentation by discussing the remainder of the Lottery's portfolio of games and detailing net profits and gross sales fiscal year to date. All this information is included in the Executive Director's Report provided to the Commissioners.

Executive Director Bresnahan also mentioned the Lucky for Life work all the New England lotteries have engaged in. The goal of the group is to make possible changes to the game that will allow for more winners.

IV. Matters Requiring Massachusetts State Lottery Commission Approval

VOTE (1) Authorize the Executive Director to enter into a five-year lease extension for the lease of the Springfield Regional Office with:

**New England Farm Council
Springfield, MA**

The maximum obligation assumed hereunder shall not exceed four hundred forty-four thousand, two hundred seven dollars (\$444,207.00).

Counselor Egan introduced the vote by explaining that the proposed lease extension was from DCAM who performed an extensive cost analysis of the best option for the Lottery in this region. He further explained that when DCAM wishes to extend a lease a certain number of years, it needs approval from the Asset Management Board for approval. The cost benefit analysis attached to the vote is part of the back-up material DCAM submitted to the Board. The Asset Management Board approved the extension. Mr. DiFrancesco went over the cost benefit analysis which provides for a square foot rent that is \$2.06 less than the comparable market average and details approximately \$241,000.00 in additional savings to the Lottery to extend the lease at this location.

Treasurer Grossman asked for a motion to lease extension under the terms stated in the memo. Motion was made by Commissioner Boland and second by Counselor Levine. Motion approved 5-0.

After the vote and unrelated to the vote, Commissioner Boland, Counselor Egan and Counselor Judd-Stein spoke about their meeting with Executive Office of Administration and Finance regarding possible changes to the Supplier Diversity Program.

Treasurer Grossman asked for a motion to adjourn. Motion was made by Commissioner McMahon and second by Commissioner Benison. Motion approved 5-0 and meeting adjourned at 10:55 a.m.

DOCUMENTS LIST (Distributed to or referred to at meeting)

1. Booklet entitled: "Massachusetts State Lottery Commission April 2014 Commission meeting"
2. Booklet entitled: "Massachusetts State Lottery Commission Monthly Sales & Marketing Report Presented on: April 29, 2014"