Massachusetts State Lottery Commission
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DATE: **July 29, 2014**

TIME: **10:00 AM**

MEMBERS PRESENT: **Steven Grossman, Treasurer and Receiver General**
Beth Boland, Commissioner
Tim McMahon, Commissioner
Martin J. Benison, Commissioner
Andrea Cabral, Commissioner

ALSO PRESENT: **Beth Bresnahan, Executive Director, Lottery**
William Egan, General Counsel, Lottery
Al Gordon, Deputy Assistant Treasurer, Director of Policy
Jon Carlisle, Director of Communication, Treasury
James McDonald, First Deputy Treasurer
Jim Canavan, Director of Human Resources, Lottery
Christian Teja, Communications and Marketing, Lottery
Kami-Lii Ward, Executive Assistant, Lottery
Robert Frasca, Private Citizen

I. Opening of meeting

Treasurer Grossman opened the meeting at 10:08 a.m.

II. Approval of Minutes from June 24, 2014

Treasurer Grossman asked the Commission to accept the minutes of the meeting from June 24, 2014. Commissioner Boland made a motion to accept the minutes of the meeting and Commissioner Cabral 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**

Treasurer Grossman congratulated Executive Director Bresnahan and colleagues at the Lottery on a record sales year and discussed the press release.

Executive Director Bresnahan acknowledged the support of Treasurer Grossman, the Commission and the employees of the Lottery in helping to achieve continued success.

Executive Director Bresnahan provided an update on the Lottery indicating FY14 sales topped FY13's record at $4.861 billion and was accomplished with greater efficiency and lower administrative costs. Executive Director Bresnahan provided a sales update for June, indicating that the June sales were up $31 million over last year. While sales were higher, the prize payout also increased to an estimated 72.3% --exactly what was budgeted for the fiscal year.

Executive Director Bresnahan indicated that the sales increase in June was driven by a $30 million bump in the Instant Ticket portfolio. The two areas of decline in the portfolio were MegaBucks Doubler and Jackpot Poker.

Executive Director Bresnahan shared information on four new Instant Tickets to be released on August 5, 2014: $5 - $500 Frenzy, the $2 – Wild 10s and – Electric 5s, and the $1 – Hot 9s, and also previewed the Point of Sale advertising materials that all retailers would be receiving.

Executive Director Bresnahan also previewed the $5 2014 New England Patriots Instant Ticket scheduled for release on August 26, 2014. The $5 ticket offers a top instant prize of $250,000. This ticket marks the fourth Instant Ticket offering with the Patriots.

Executive Director Bresnahan explained with the branded Instant Tickets , like the Patriots' game and through sponsorships like the Celtics' "Heroes Among Us" program, the Lottery receives premiere marketing support such as in-stadium signage, promotional opportunities and air-time on team-owned broadcasting properties.

Commissioner Cabral inquired about the sales increase and whether more people are buying tickets or if existing customers are purchasing more tickets. Executive Director Bresnahan stated that it is a combination of both scenarios. Since releasing the $30 ticket in April, the Lottery has seen some cannibalization in its $5, $10 and $20 Instant Ticket price categories, which shows that existing customers are moving to higher price point games, but the player base is also expanding as evidenced by total growth in the portfolio and indicators like the recent significant increase to the Lottery's VIP club membership – the vehicle through which players enter second chance drawings.

Commissioner McMahon asked if there are any plans to expand sales in its extended play ticket offerings. Executive Director Bresnahan explained that the extended play Instant Tickets serve a niche audience and that the existing offerings, which include Cashword/crossword style games at various price points and a $2 bingo ticket that was released last year, sufficiently serve the customer base.

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

IV. Matters Requiring Massachusetts State Lottery Commission Approval

There were no votes on the agenda for this meeting.

Treasurer Grossman asked for a motion to convene executive session to allow the Commission to discuss the collective bargaining a discussion in an open meeting may have a detrimental effect on the Commission's strategic position. This exception to the open meeting law is found in Massachusetts General Laws c. 30A, §21(a)(3). There will be no votes taken in executive session. The Commission will reconvene in open session prior to adjourning and no further discussion will take place. Motion was made by Commissioner Cabral and seconded by Commissioner Benison. A roll call was taken for the motion:

Steven Grossman, Treasurer and Receiver General, Yes
Beth Boland, Commissioner, Yes
Tim McMahon, Commissioner, Yes
Martin J. Benison, Commissioner, Yes
Andrea Cabral, Commissioner, Yes

Motion approved 5-0 and Executive Session commenced at 11:20 a.m. The Commission returned from Executive Session at 11:36 a.m.

Treasurer Grossman asked for a motion to adjourn. Motion was made by Commissioner Boland and seconded by Commissioner Benison. Motion approved 5-0 and the meeting adjourned at 11:37 a.m.

DOCUMENT LIST (Distributed to or referred to at meeting)

1. Booklet entitled: "Massachusetts State Lottery Commission July 2014 Commission Meeting"
2. Booklet entitled: "Massachusetts State Lottery Commission Executive Director's Report Presented on: July 29, 2014"