

**Special Legislative and Games Committee
Meeting Minutes**

Held on
Wednesday, April 13, 2016
2:00 p.m.
at the
Connecticut Lottery Corporation
777 Brook Street
Rocky Hill, Connecticut 06067

Committee Members Present: Margaret Morton, Chair of the Legislative and Games Committee; Diane Winston; and Robert Morgan (via teleconference).

Staff Members Present: Anne M. Noble, President & CEO; Michael Hunter; Diane Patterson; Chelsea Turner; Rebecca Lambert; and Cynthia Hadden.

Call to Order: Ms. Morton called the meeting to order at 2:03 p.m.

I. Approval of Minutes:

On a motion made by Ms. Winston and seconded by Mr. Morgan, the minutes from the January 22, 2016 Special Legislative and Games Committee Meeting were unanimously approved.

II. Sales Performance and Game Update:

Using sales charts, Ms. Diane Patterson, Vice President of Sales and Marketing provided the following report for the period ended March 31. All sales figures are unaudited estimates.

- Regarding All Games, sales were \$102.8 million for March.
- Sales for CT Games were \$31 million or 4.1% ahead of budget.
- The current Powerball jackpot is approximately \$184 million, and the current MegaMillions jackpot is approximately \$80 million. Powerball sales were \$30 million ahead of budget through March 31, 2016.
- Total Sales are at \$921.1 million, or \$57.2 million ahead of budget.
- Instant Games are doing very well, with sales of \$66.2 million in March. This can be attributed to the variety of games offered, including a new series of Lucky 7s games. The 3 Lucky 7s games were responsible for 11% of the Instant Games sales for the week ended April 9. Another new game, \$200,000 Jackpot, was responsible for 5% of the Instant Games sales for week ended April 9, with \$883,000 in sales.
- Play3 and Play4 Day and Night Combined sales increased slightly over the previous month, with \$22.1 million in sales.

- Lotto's sales increased to \$2 million in March, fueled by a large jackpot of \$5.2 million. This jackpot was won in the April 8 drawing. With the reset of the jackpot to \$1 million, we expect sales for the game to adjust for April.
- Cash5 is in line with expectations, with \$2.7 million in sales for March.
- Lucky Links with 2XPOWER had sales of \$900,000 in the combined day and night games in March.
- Powerball and MegaMillions combined sales were \$7.0 million for March, which is comparable to sales in the draws that lead to the historic \$1.5 billion Powerball jackpot.
- Powerball sales were \$5 million in March, which is \$33 million ahead for the year.
- MegaMillions is experiencing a lack of jackpots.
- Lucky for Life sales were \$1.9 million in March. Sales are increasing incrementally as the game progresses. The drawing for the game on April 11 had the highest sales since Lucky for Life became a regional game.
- Ms. Noble provided the Committee with an update on the status of KENO:
 - The plan is to launch KENO with 5 retailers on April 18, an additional 4 retailers on April 19, and an additional approximate 100 retailers on April 20. On April 22, we will assess where we are at and make a decision on going live with KENO at additional retailers on April 25.
 - There is a software package being sent to the Department of Consumer Protection for review.
 - There is a television commercial and point-of-sale materials which will be shared at the Board of Directors' Meeting on April 21.
 - Customer service for retailers and players is the top priority for the launch of KENO.
 - Mr. Morgan asked how many retail locations will receive KENO monitors. There will be approximately 300 KENO monitor locations at launch, which is half of the three year goal that was set for monitor installations. All lottery retailers will be able to offer KENO.
- Ms. Patterson discussed the training that retailers have received on how to sell KENO, both at their retail locations and at an event that was held in March. Ms. Winston asked if the retailers selling the game first will be close to the CLC's office. Mr. Hunter and Ms. Patterson explained that one of the locations is the CLC's headquarters, there are several high-tier claim centers and a few long-time retailers. Ms. Morton asked what kind of training that retailers received on KENO. Ms. Patterson and Mr. Hunter explained that each retailer goes through a training program when they first become a lottery retailer that includes KENO training. In addition, existing retailers were given training from the field staff on how to sell the game. There is a how-to-play video on the CLC's YouTube channel, as well as training graphics on monitors in locations that have them.

This concluded the Sales Performance and Game Update.

III. Executive Session:

On a motion made by Ms. Winston and seconded by Mr. Morgan, the Committee moved into Executive Session at 2:24 p.m. Ms. Morton invited Ms. Noble, Ms. Turner, Ms. Patterson, and Mr. Hunter to stay for the Executive Session related to New Game Initiatives.

The Committee reconvened into regular session at approximately 2:39 p.m. Ms. Morton noted that no actions or votes were taken during Executive Session.

IV. Old Business:

No Old Business was discussed.

V. New Business:

Ms. Turner provided the Committee with the following Capitol Update:

- Regarding Senate Bill 360, An Act Concerning Lottery Tickets, Ms. Turner stated that the bill died in the Public Safety and Security Committee. It would have eliminated expiration dates on lottery tickets beginning October 1, 2016 and created a temporary Lottery Tribunal within the Claims Commissioner's purview. The CLC opposed this bill.
- Regarding Senate Bill 358, An Act Concerning the Purchase of Lottery Tickets, Ms. Turner stated that the bill died in the Public Safety and Security Committee. It would have allowed a third-party vendor to provide "lottery management services" and enter into agreements with any lottery retailer it chose, without the Lottery's approval, to purchase lottery tickets on behalf of players, and to use the internet to manage and distribute lottery winnings to players. The CLC opposed this bill.
- Regarding Senate Bill 118, An Act Concerning the Collection of Delinquent Taxes and Child Support from Lottery Winners, Ms. Turner stated that this bill died in the Public Safety and Security Committee. It would have lowered the threshold on delinquency collections to \$600 and above. The CLC was neutral on this bill.
- Regarding House Bill 5625, An Act Concerning the Sale, Via Internet Auction, of License Plates Issued by the Department of Motor Vehicles, Ms. Turner stated that this bill passed the Transportation Committee and then the Finance Committee. This bill would have established an internet-based license plate program at the Department of Motor Vehicles as a way to generate revenue from desirable license plates. It would have allowed the DMV to conduct a weekly "lottery" for participating plate holders and sell advertising on its website. The CLC objected to the use of the word "lottery" in section 1(b) and requested that it be changed to "contest" or "sweepstakes" and explained that consultation for a contest or sweepstakes is not within our purview. The Finance Committee was amenable to these changes and it is anticipated that they will be made in the JFS.

- Regarding Senate Bill 192, An Act Concerning Daily Fantasy Sports, Ms. Turner stated that this bill passed out of the General Law Committee unanimously and was merged into the Finance Tax Package, HB 5046: An Act Concerning Revenue Items to Implement the Governor's Budget. We requested that the definition of "daily fantasy sports contest" be narrowly tailored to explicitly state that a "fantasy sports contest" does not include games authorized by the CLC. The CLC will continue to monitor this bill.
- Regarding Senate Bill 439, An Act Concerning the State Contracting Standards Board and Requirements for Privatization Contracts, Ms. Turner stated that this bill passed the Government Administration and Elections Committee on an 8-6 vote and is on the Senate calendar. This bill would require that any procurement for \$50,000 or more that could be "provided, in whole or in part, by state employees," be brought to the State Contracting Standards Board for approval. Further, if the procurement is more than one million dollars, the CLC must provide a cost-benefit assessment. The CLC opposed this bill.
- Ms. Turner stated that there are many other bills that the CLC is monitoring on a wide range of issues.

This concluded the Capitol Update.

VI. Adjournment:

On a motion made by Ms. Winston and seconded by Mr. Morgan, the meeting adjourned at 3:07 p.m.

Respectfully Submitted:

Chelsea Turner
Corporate Secretary
Connecticut Lottery Corporation