

# CONNECTICUT LOTTERY CORPORATION

## Board of Directors Minutes of Special Meeting

Held on  
March 31, 2011  
at 1:30 p.m.

at the  
Connecticut Lottery Corporation  
777 Brook Street  
Rocky Hill, Connecticut 06067

Board Members Present: Gale Mattison, Acting Chairman of the Board; Robert Morgan, designee of ex-officio member, Denise Nappier, State Treasurer; Steve Bafundo; Kenneth Saccente; Carolyn Long; Natasha Pierre; Robert Dakers, designee of ex-officio member, Benjamin Barnes, Secretary, Office of Policy and Management; and Pat Racz (who joined the meeting by phone).

Absent: Martin Stauffer; Margaret Morton; Wendy Kingsbury; and Patrick Birney.

Staff Members: Anne M. Noble, President & CEO; Barbara Porto; John Ramadei; Chelsea Turner; Sandra Cady; Karen Mehigen (former Director of Human Resources, CLC); and Helen Duffy.

Visitors: Joseph Tontini and Kevin Maguire, Division of Special Revenue; Amy Jursz, Scientific Games; Kendra Eckhart, Cashman + Katz Integrated Communications; and Adam Osmond, as a member of the public.

Call to Order: Acting Chairman Mattison called the meeting to order at 1:35 p.m.

### I. Approval of Minutes:

On motion made by Mr. Morgan, seconded by Mr. Saccente, and unanimously approved, it was:

“Resolved, That the minutes of the February 10, 2011 Special Board Meeting are approved.”

### II. President’s Report:

President Noble remarked that the state of the Connecticut Lottery is quite good and, in fact, much better than the last time the Board met. General Fund transfers have improved and sales are well ahead of budget.

Ms. Noble described three upcoming initiatives designed to increase sales. The first initiative is the launch of Connecticut Super Draw Game #2 beginning on April 5<sup>th</sup> and continuing until the drawing on July 4<sup>th</sup>. The second initiative is the Re-Play feature which promises to benefit retailers and players alike by making ticket purchases easier and more convenient. Finally, Ms. Noble reviewed the current instant ticket program. Among other creative initiatives, the production of new commercials and Mother’s and Father’s Day promotions are underway.

The budget planning process is well underway at the Lottery, and a preliminary plan will be released to the Board's Finance Committee either later today or tomorrow.

The Lottery continues to monitor legislative bills that affect the Lottery, such as House Bill 6280, which would allow the Lottery to engage in interactive on-line games for promotional purposes only. Although the Lottery initially met with some stumbling blocks from the Attorney General's Office and the Problem Gambling community, it is hoped that the bill may pass; if not this year, then next year.

In late February, the Lottery was apprised of a proposal to consolidate the Division of Special Revenue and the Department of Consumer Protection. Following the announcement, Ms. Noble met with William Rubenstein, newly appointed Commissioner of the Department of Consumer Protection and invited him to visit the Lottery on April 5<sup>th</sup>. Additionally, Ms. Noble spoke with Kenneth Flatto, the newly appointed Executive Director of the Division of Special Revenue. Executive Director Flatto will join Commissioner Rubenstein on his visit to the Lottery on April 5<sup>th</sup>.

As part of our renewed commitment to strengthening the State's supplier diversity program, Ms. Noble testified at the legislature in support of a new disparity study and has begun working with Dr. Fred McKinney, President of the Greater New England Minority Supplier Development Council ("GNEMSDC"). Ms. Noble reported that the Lottery has been working hard to revamp its current program. One of the Lottery's objectives for 2012 is to become a model in the lottery industry for supplier diversity. As part of this commitment, the Lottery has named the new Director of Operations, Dianna Kulmacz, to spearhead these changes and expansion. Following the February meeting, Dr. McKinney invited Ms. Noble to act as Honorary Chairperson at the GNEMSDC's Annual Awards Gala on April 28<sup>th</sup> at the Aqua Turf in Southington. Ms Noble asked that members of the Board consider attending the event on the 28<sup>th</sup>.

The Public Gaming Research Institute hosted its Annual Conference in New York from March 21<sup>st</sup> to 24<sup>th</sup>. Ms. Noble participated as a panelist on multi-jurisdictional collaboration. MUSL also held a meeting of their Development Committee at the Conference. The group discussed Powerball sales. Recommendations concerning Powerball will be reviewed at the NASPL Spring Directors' Meeting to be hosted in June by the Texas Lottery Commission.

The National Council on Problem Gambling will hold its Annual Conference in Boston at the end of June. Barbara Porto has played a key role in helping to attract industry leaders/personnel to the Conference. Ms. Noble, Ms. Porto and other senior Lottery staff members plan to attend the Conference. Ms. Noble reported that one of the Connecticut Lottery's proposals was accepted for presentation at the Conference.

Ms. Noble welcomed two new members to the Lottery's management team: Mr. Steve Fox, in his new role as Manager of Vendor Compliance, replaces Joel Bloom, who retired from the Lottery in 2010 and Ms. Dianna Kulmacz, in her new role as Director of Operations at the Lottery.

Sales and Marketing Report:

Using several sales charts, Ms. Noble presented an overview of sales trends as compared to the same period last year. Her summary follows:

Instant ticket sales were up compared to last year's actual by 3.6%, and 3.8% compared to budget. Daily numbers games are also ahead of budget by 8.2%. Other draw games are down by 3%

compared to budget. The Lucky-4-Life game is showing some signs of improvement. Classic Lotto is still under-performing as a result of the Mega Millions and Powerball merger. The Lottery continues to make progress on total sales in the multi-jurisdictional games, especially because of the recent Mega Millions jackpot run; however, Powerball is down 20.4% compared to budget, and Mega Millions is down 17.0% when compared to budget. As of March 19<sup>th</sup>, General Fund transfers were down 2.6%, but they have improved, and are currently down 1.7% compared to budget. Classic Lotto sales were down compared to budget, but are showing some signs of improvement. Overall, sales are ahead of last year and budget.

Mr. Saccente asked about General Fund transfers and sales. Ms. Noble responded that General Fund transfers were directly influenced by unusual prize payouts this winter and fall. Sales are strong.

Play3 Day and Play4 Day performed very well when compared to projections and last year's actual. Play3 Night and Play4 continue to do well as compared to last year. Classic Lotto saw a slight dip. However, Cash5 performed well when compared to budget.

The Lottery had a Classic Lotto winner this winter and also received positive publicity concerning the large Mega Millions jackpots.

Acting Chairman Mattison emphasized the importance of the Lottery's supplier diversity program and its relationship with the GNEMSDC. He asked that Board members do their utmost to attend the April 28<sup>th</sup> gala event.

This concluded the President's Report.

### III. Committee Reports:

#### Personnel:

Ms. Racz reported that the Personnel Committee met earlier today. Ongoing Lottery initiatives were discussed and will be reviewed further in today's Executive Session. Lottery policies and procedures were also discussed, and Ms. Racz reported that all processes were being followed and that good controls were in place throughout the organization.

#### Games & Marketing:

Acting Chairman Mattison reported that the Games and Marketing Committee met on March 30<sup>th</sup> to review sales performance and to discuss new games initiatives, and that new game initiatives would be reviewed further during today's Executive Session.

#### Legislative:

Mr. Bafundo reported that the Legislative & Public Affairs Committee met earlier today to review ongoing initiatives at the Lottery and to review HB 6280 – the proposed consolidation of the Division of Special Revenue with the Department of Consumer Protection.

### IV. Executive Session:

At 2:00 p.m., Acting Chairman Mattison called for a motion to enter into Executive Session to discuss: new game initiatives; draft amended Connecticut Super Draw game rules; and Personnel Search Committee report. He invited Ms. Noble, Ms. Turner, Ms. Porto and Ms. Donnelly to remain for the new game initiatives and draft amended CSD game rules segments. He invited Ms. Noble,

Ms. Turner, Ms. Cady and Ms. Mehigen to remain for the Executive Session addressing Personnel Search Committee matters.

On motion made by Mr. Saccente, seconded by Mr. Bafundo, the Board moved into Executive Session

The Board reconvened in regular session at 2:40 p.m. Acting Chairman Mattison stated that no votes nor actions had taken place during Executive Session.

On motion made by Mr. Morgan, seconded by Ms. Pierre, and unanimously approved, it was:

“Resolved, That after due consideration, and based upon the recommendation of the Games and Marketing Committee, the Connecticut Lottery Corporation’s Board of Directors here by approves the amended Connecticut Super Draw Game Rules.”

V. Old Business:  
None

VI. New Business:  
None.

VII. Next Scheduled Board Meeting Date:  
The next Board of Directors meeting will be held on May 26, 2011 (moved from its original date of May 19, 2011).

VIII. Adjournment:  
On motion made by Mr. Saccente, seconded by Mr. Bafundo, and unanimously approved, the meeting was adjourned at 2:45 p.m.

Respectfully submitted,

Barbara Porto  
Corporation Secretary

By: Helen Duffy  
Secretary to Anne M. Noble  
President & CEO/Connecticut Lottery Corporation