



**Special Meeting
of the Legislative and Games Committee of the
Connecticut Lottery Corporation**

Held on
Friday, February 10, 2017 at 2:00 p.m.
at the
Connecticut Lottery Corporation
777 Brook Street
Rocky Hill, Connecticut 06067

Committee Members: Margaret Morton, Chairperson of the Legislative and Games Committee; Robert Morgan; Natasha Pierre; and Diane Winston (each attending by teleconference).

Other Board Members: Frank Farricker, Chairperson of the Board.

Staff Members: Chelsea Turner; Diane Patterson; Matthew Stone; Andrew Walter; Annmarie Daigle; and Rebecca Lambert.

Call to Order: Ms. Morton called the meeting to order at 2:06 p.m.

I. 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 January 31. All sales figures are unaudited estimates.

- Ms. Patterson informed the Committee of the impact that weather can have on Lottery sales. Because of a major snowstorm that occurred on February 9, sales for draw games for that day were down approximately \$800,000, while sales for scratch games for that day were down approximately \$600,000. Total sales for the day were approximately \$1.4 million.
- Regarding All Games, sales through January 31 were \$696.4 million, and \$726.5 million through February 9.
- Regarding Connecticut Games, sales through January 31 were \$621 million, and \$648 million through February 9.

- Regarding Multi-State Games, we are past the comparable point from 2016 when the industry experienced the record \$1.6 billion Powerball jackpot. Sales through January 31 for multi-state games were \$75 million, and \$78.3 million through February 9.
- Total sales through January 31 were \$696 million, and \$726.5 million through February 9. General Fund transfers are currently at \$188.3 million, which is 4.7% behind budget.
- Instant Game sales are averaging \$1.9 million per day. There have been recent launches of a number of games, including the "Spicy Hot" series that features a \$3 game, a \$5 game and a \$10 game, as well as licensed products such as "I Love Lucy" and "Jacks or Better", and casino themed games "Casino Nights" and "Double Blackjack". Mr. Morgan posed a question about why instant games sales are down this year. Ms. Patterson explained that the launch cycles of instant games is a contributing factor. Instant game sales trends are positive year over year; FY14 saw \$380 million in sales YTD, FY15 saw \$389 million in sales YTD, FY16 saw \$427 million in sales YTD, which appears to be an anomaly, and FY17 sales are at \$411 million YTD.
- Play3 and Play4 Day and Night Combined have produced some interesting number combinations for players. On November 17, Play3 Day drew the number 000, and Play3 Night drew 888, resulting in over \$1 million in prizes paid to our customers. On January 11, Play3 Night drew 777 and Play4 Night drew 4774, resulting in \$1.8 million in prizes paid to our customers.
- Play3 Day sales were \$4.3 million for the month of January.
- Play4 Day sales were \$4 million for the month of January.
- Play3 Night sales were \$5.8 million for the month of January.
- Play4 Night sales were \$5.9 million for the month of January. The biggest payout in recent months for Play4 Night players came on January 23, when 1212 was drawn and paid \$3.2 million in prizes. Mr. Farricker noted that it was the first time that number sequence had been drawn in Lottery history. Birth years were popular numbers drawn as well, with 1949 paying \$894,000 in prizes, 1977 paying \$504,000 in prizes, and 1964 paying \$607,000 in prizes.
- Lotto sales were \$1.5 million for the month of January. The jackpot is currently \$2.6 million, and the game is averaging \$51,000 a day in sales.
- Cash5 sales were \$2.5 million for the month of January, with five top prizes won in the last five days, which is equivalent to a 58% payout.
- Lucky Links with 2XPOWER sales were \$600,000 for the month of January.
- Keno sales were \$6 million for the month of January. The top-selling wager for the game is currently the \$1 5-spot game, which has a top prize of \$450. Ms. Patterson let the Committee know about several promotions that the Lottery has held around the Keno game, including one on December 30 called "Lucky New Year", which gave players a free Lucky for Life ticket when they purchased a \$10 Keno ticket, and one held in November called "Happy Hour Keno Special", where players received a free Lotto ticket when they purchased a \$10 Keno ticket. On February 14th, the Lottery will run a draw game promotion called "Lotto Love", which will award a \$2 coupon to Lotto players on an "Nth" ticket basis. There will also be a promotion in March called "Super \$75,000 Giveaway", in which each purchase of any draw game

ticket on March 13 will receive a “trailer” ticket, which will be an entry into a drawing for \$75,000. The CLC’s goal is to giveaway one million “trailer” tickets during this promotion. Mr. Farricker let the Committee know that the reason for the “Super \$75,000 Giveaway” is to allow the money from the 5 Card Cash add-in feature “All In” to be made available to players, as the game was suspended before the progressive jackpot was won.

- Multi-State Game sales were \$7.6 million for the month of January.
- Powerball currently has an estimated jackpot of \$285 million. While sales are average for the time of year, player participation in the “Power Play” add-on feature hasn’t dropped, holding steady at 14%.
- Mega Millions currently has a \$30 million jackpot, with sales of \$2.6 million for the month of January.
- Lucky for Life sales were \$1.7 million for the month of January. There are currently two lotteries that are in the process of joining the game.

This concluded the Sales Performance and Game Update.

II. Approval of Minutes:

On a motion made by Mr. Morgan and seconded by Ms. Pierre, the minutes from the September 15, 2016 Special Legislative and Games Committee Meeting were unanimously approved.

III. Executive Session:

On a motion made by Mr. Morgan and seconded by Ms. Winston, the Committee moved into Executive Session at 2:23 p.m. Ms. Morton invited Mr. Farricker, Ms. Turner, Ms. Patterson, Mr. Stone and Mr. Walter to stay for the Executive Session related to New Lottery Initiatives, iGaming, Foxwoods Anniversary Game and FOIA Matter.

The Committee reconvened into regular session at approximately 2:52 p.m. Ms. Morton noted that no actions or votes were taken during Executive Session.

IV. New Business:

Capitol Update

Ms. Turner, Chief of Strategy & Government & Operational Affairs, provided the following Capitol update to the Committee:

The CLC currently has a place holder bill in the Public Safety Committee regarding iLottery. There are currently four states selling lottery products online in varying capacities: Michigan, Illinois, Georgia and Kentucky. Other states, including Massachusetts, are considering moving in this direction. In order for lotteries to stay relevant, and to be able to continue to maximize revenue returns for the good causes of their states, it is important that we continue to modernize and adapt to the new, consumer driven online and cashless world. This bill is a potential revenue generator in the out years. Currently, bill language is being finalized, research is being conducted on

other states' success and we are preparing for the public hearing, and working with various stakeholders.

There was also some discussion and concerns raised by committee members about third party companies trying to circumvent the fact that the CLC does not currently sell online.

Additionally, the CLC has a long-standing and robust commitment to responsible gambling (RG). One way to enhance our commitment would be to establish a voluntary self-exclusion program (VEP). This would allow individuals to self-exempt from being able to claim winning tickets. RG experts believe that this can be an important step in a problem gambler's recovery process. In order to ensure the success of a VEP, anonymity must be ensured, so we need an exemption from FOIA. We have met with the FOI Commission about this and they indicated that our request seemed reasonable. We may incorporate this into our iLottery proposal.

Further, our statutes require surety bonds for our President and CEO and individual board members. The CLC has not obtained surety bonds because they are antiquated financial instruments that are not commercially practicable or feasible to obtain. Instead, the CLC and the other quasias that are affected rely on different types of risk management instruments. Last year, the Health Exchange was successful in making a legislative fix that just applied to them. We are also considering asking for a technical fix so that our statutes match our business practice.

Lastly, the CLC is monitoring various other bills.

V. Adjournment:

On a motion made by Mr. Morgan and seconded by Ms. Winston, the meeting adjourned at 2:56 p.m.

Respectfully Submitted:

Chelsea Turner
Corporate Secretary
Connecticut Lottery Corporation