

**Massachusetts State Lottery Commission
02/23/2021 Meeting Minutes**

Massachusetts State Lottery Commission

150 Mount Vernon Street, Suite 300
Dorchester, Massachusetts 02125
Tel: (781) 849-5555
Fax: (781) 849-5546
TTY: (781) 849-5678

Official Meeting Minutes

DATE: Tuesday, February 23, 2021

TIME: 10:30 a.m.

All Attendees Participated Remotely through Cisco Webex Conferencing System

MEMBERS PRESENT: Deborah Goldberg, Treasurer and Receiver General
William J. McNamara, Comptroller
Meghan Liddy, Commissioner
Anthony Salvidio, Commissioner
Susan Terrey, General Counsel, Executive Office of Public Safety and Security, designee of Secretary Thomas A. Turco III

ALSO PRESENT: Michael Sweeney, Executive Director, Lottery
Edward Farley, Chief Marketing Officer, Lottery
David Falcone, Chief Operating Officer, Lottery
Didier Bertola, Chief Financial Officer, Lottery
Thomas Cream, Assistant Executive Director IT, Lottery
Judy Moore, Senior Executive Assistant, Lottery
Gregory Polin, General Counsel, Lottery
Christian Teja, Director of Communications, Lottery

Delwin Dickinson, Senior Consultant, Advizex

Sarah Kim, General Counsel, Treasury
Chandra Bork, Chief of Staff, Treasury
Cassandra Chung, Paralegal, Treasury
John Durgin, Associate General Counsel for Debt Management, Treasury
Lizandra Gomes, Deputy Chief of Staff, Treasury
Alethea Harney, Communications Director, Treasury
Emily Kowtoniuk, Deputy Legislative Director, Treasury
Steve Moore, Deputy Legislative Director, Treasury
Andrew Napolitano, Deputy Communications Director, Treasury
Mary E. Wilkins, Executive Assistant of Communications

Brad Mullen, Senate Ways and Means

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Walter Jenkins, Senior Project Manager, Division of Capital Asset
Management and Maintenance (DCAMM)
Brad Thompson, Director of Sales & Marketing, Pollard Banknote
Jennifer Wankling, Senior Manager, Pollard Banknote
Colin Young, State House News Service

I. Opening of Meeting

Treasurer Deborah Goldberg opened the Massachusetts State Lottery Commission (“Commission”) meeting at 10:30 a.m.

Treasurer Goldberg stated:

Pursuant to the Massachusetts Open Meeting Law, Massachusetts General Laws, Chapter 30A, section 20, all of the Commissioners will be participating remotely for this meeting because physical attendance is unreasonably difficult.

Normally, the Commissioners are able to participate remotely only when a quorum of the members are physically present at the meeting location, however, the Commission is relying on Governor Baker’s March 12th Executive Order that allows remote participation by all members of a public body and suspends the requirement that a quorum of the body and the chair be physically present at the specified meeting location.

Commissioners, we are all participating by a conference call. Commissioners, please let us know if you have any sort of technical difficulty. The Commissioners may participate in any and all votes scheduled to take place at today’s meeting. All votes must be taken by roll call.

Treasurer Goldberg then made the following statement:

Pursuant to the Commonwealth’s Open Meeting Law, Massachusetts General Laws, Chapter 30A, Section 20, as the Chair of the Massachusetts State Lottery Commission, I would like to advise that any person may make a video or audio recording of this open meeting. However, I am obligated to inform attendees of anyone recording at the beginning of the meeting, so I ask that those who are doing so identify themselves.”

Judy Moore, Senior Executive Assistant, Lottery, identified herself as making a recording to assist in the preparation of the meeting minutes. Colin Young, State House News Service, also stated that he would be making such a recording today.

II. Approval of the Minutes from January 26, 2021

Treasurer Goldberg asked the Commission to accept the minutes from its meeting held on January 26, 2021. Commissioner William McNamara made a motion to accept the minutes of the meeting and Commissioner Anthony Salvidio seconded the motion.

Treasurer Goldberg, recognizing there was no further discussion, moved the motion to a roll-call vote.

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General Counsel Susan Terrey chose to abstain from the vote as she was not in attendance for the January 26th meeting.

Commissioner William McNamara: yes; Anthony Salvidio: yes; Commissioner Meghan Liddy: yes; and Treasurer Goldberg: yes. The Motion carried. The minutes were approved at 10:34 a.m.

III. Executive Director's Report

Paul Mandeville

Executive Director Michael Sweeney began the meeting by acknowledging the recent passing and extensive contributions of Paul Mandeville, beloved colleague and long-time Assistant Executive Director of Technology for the Massachusetts State Lottery.

Executive Director Sweeney described Assistant Executive Director Mandeville as a mentor and the architect of the present and previous Lottery gaming system, which worked with great success for more than twenty years. He added that Assistant Executive Director Mandeville incorporated many unique features into the implementation of the current system, enabling the Commonwealth a more expansive range of bidders for equipment, and allowing the Massachusetts State Lottery to be one of the only lotteries in the country to run its own substantial IT system in collaboration with IGT. Executive Director Sweeney stated that Assistant Executive Director Mandeville was a giant in the field who received national recognition.

Assistant Executive Director Mandeville was a supporter of STEM education, particularly at the high school level, and it was conveyed by his family that if anyone wished an appropriate way to honor him, it would be to make a donation in his name to the Marshfield Educations Foundation. The foundation supports grants for the STEM curriculum at Marshfield Public Schools.

Executive Director Sweeney concluded that the Lottery is standing on the shoulders of Assistant Executive Director Mandeville through innovation and the enormous amount of revenue that has been produced for the Commonwealth over the last twenty years. He added that when the Lottery organized the move of the entire data center, Assistant Executive Director Mandeville was the leader in those efforts.

Treasurer Goldberg acknowledged that she was unable to accurately describe the feelings of loss when she heard of the passing of Assistant Executive Director Mandeville. Her thoughts and memories were that of him smiling from the end of the table, as she teased him about ever leaving telling him that he was the only one who could run the Lottery IT department. She added that to have this happen as Assistant Executive Director Mandeville was planning to retire was horrific. She described Assistant Director Mandeville as one-of-a-kind with a career leading back to Treasurer and Receiver General Robert Crane. He was someone who was not looking for any glory and extremely aware that the Lottery's mission was all about helping local communities. The Massachusetts State Lottery owes Assistant Executive Director Mandeville a debt of gratitude and may his memory always be a blessing to all.

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Massachusetts State Lottery Performance 7 Month Comparison

Executive Director Sweeney provided a visual snapshot comparing the period of operation for sales between the pre-pandemic period of July 2019 through January 2020 and the same time a year later during the pandemic.

Executive Director Sweeney conveyed that the entire Lottery team has performed very well during this time period in partnership with the Lottery's retail agents and Lottery customers. While there continues to be a very significant decrease in Keno sales, overall, through January, there has been a 4.5 percent increase in total sales and an estimated 10.1 percent increase in net profit.

Executive Director Sweeney said that as March and the remainder of the fiscal year approaches, it will be interesting to see the numbers. He reminded the Commission that March 2020 was a period of significant shutdowns both for the Lottery and the Commonwealth and those are the numbers that the Lottery will be going up against.

Lottery Sales Update-January

Executive Director Sweeney reported on a favorable sales update that overall unadjusted sales for January of 2021 were up \$94.7 million from January 2020. There was a significant boost from the large jackpots with Powerball and Mega Millions. The estimated net profit for January 2021 was \$123.4 million as compared to \$94.4 million in January 2020, resulting in an estimated \$29.0 million increase in net profit. The estimated prize payout for January 2021 was 73.98 percent, as compared to 75.83 percent in January 2020.

Executive Director Sweeney then reported on the estimated FY21 year to date net profit and prize payout figures, which both include accruals for prizes won that have not yet been paid. Due in part to a combined \$46.5 million increase in Mega Millions and Powerball sales in the first seven months of FY21, as compared to the first seven months of FY20, and as a result of larger jackpots: the estimated year to date net profit for the first seven months of FY21 is \$672.7 million as compared to \$611.0 million for the first seven months of FY20. After adding in a 2 day average net profit figure of \$6.3 million due to a shift in the calendar that resulted in 2 fewer days being included in the net profit figure for the first seven months of FY21, the adjusted year over year change for the first seven months of FY21 versus the first seven months of FY20 is an estimated \$68.0 million increase in net profit. The estimated year to date prize payout for the first seven months of FY21 is currently at 72.79 percent as compared to 73.86 percent for the first seven months of FY20. Executive Director Sweeney stated that over the next week, the Lottery will be reassessing the projected profit for this fiscal year and if warranted, adjustments to that figure will be made.

Executive Director Sweeney provided a breakdown on the January 2021 sales. He reported that 8 of 9 products experienced sales increases in January of 2021 as compared to January of 2020. Instant Ticket sales were up \$41.5 million, Mega Millions sales were up \$36.1 million (high jackpot of \$1 billion as compared to \$155 million in January 2020), Powerball sales were up \$17.0 million (high jackpot of \$731.1 million as compared to \$396.9 million in January 2020), The Numbers Game sales were up \$4.8 million, Mass Cash sales were up \$714,378, Lucky for Life sales were up \$264,849, Megabucks Doubler sales were up \$157,908 (high jackpot of \$7.99 million as compared to \$9.05 million in January 2020), All or Nothing sales were up \$1,219, and Keno sales were down 5.9 million.

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Five Year Comparison Chart

Executive Director Sweeney provided a visual representation of a five-year comparison chart showing the highest payout as a percentage of the Lottery's sales from the last five years. He announced that the prize payout was at 72.6 percent and within the historical range from the last four to five year period. He believes that as spring approaches, there is a chance that this number may move up a little higher.

Gross Sales Results – January Sales

Executive Director Sweeney discussed the Gross Sales Results of January FY21 versus the January FY20 Unadjusted Non-Fiscal Year, as well as the year-to-date results for FY21 versus FY20.

He reported on strong sales across the board as compared to January of 2020. Instant ticket sales experienced a large increase with over an 11 percent increase. There was an enormous jump in Mega Millions and Powerball sales as compared to last January. Keno performed better this month than it has out of most of the months of this fiscal year with sales down 5.5 percent. Across the board, the numbers are positive and were up overall 17.5 percent as compared to last January.

Reporting on the figures for FY21 sales through January, Executive Director Sweeney announced that overall, particularly given the circumstances, the Lottery is experiencing a strong performance year. Total sales are up approximately 4.5 percent. Executive Director Sweeney cautioned that there may be some pullback over the course of the spring, but in comparison to last year, March will be much different provided there isn't a significant change in the pandemic numbers or any restrictions that may be put into place over the next couple of months in the fiscal year. Instant tickets have been performing strongly and the percentages for Mega Millions and Powerball remain solid due to the large jackpots. Keno continues to struggle in comparison to last year and the years prior and this is attributed to the impact from the pandemic. The Lottery has been initiating additional usage of Keno To-Go and ALL or Nothing To-Go, which Michael Lorden, Assistant Executive Director of Sales at the Lottery, and his team have begun to implement. Executive Director Sweeney stated that he hoped that the numbers will be mitigated with the additional increase of agents who have the capacity to offer these games

Remote Ticket Scanner on Mobile App

Executive Director Sweeney updated the Commission on a significant phase one project that was announced in November. The Remote Ticket Scanning Mobile App has been well received in the two months since it was first launched. Since its release, more than 5,700 players have used the remote ticket scanning feature on the mobile app, checking more than 600,000 tickets to determine if they are winners and the amount won. Executive Director Sweeney described the app as revolutionary. He elaborated that this function can be performed at a customer's leisure, within a private setting of their choosing, as well as when they may feel uncomfortable handing over what they believe is a winning ticket to a stranger to have the ticket checked for them. As expected, there were some early adjustments, which is why the Lottery limited the release. The Lottery initially controlled the amount of downloads to avoid flooding the channel and then steadily increased the numbers, while testing and reviewing the system, to make it more usable for Lottery customers.

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Executive Director Sweeney provided a visual chart that showed the increase in users. Over 5,700 unique individuals have downloaded and utilized the app since the launch. In addition, the adjustments made beyond the initial Android app was a “know your customer” security feature. This feature is an accurate verification of the individual who had downloaded the app. This is done not only for security but to ensure that the user is an adult who is physically present in the Commonwealth. The app was initially launched with the highest restrictions possible, and as the provider and the internal team became more comfortable and could evaluate the impact on the customers, the restrictions were modulated back to more normal levels of security, allowing more users to successfully download and engage the product.

Executive Director Sweeney concluded that this is all being done with a cautious approach to ensure it is done with the highest levels of security for both the Commonwealth and for Lottery customers. He added that the Lottery remains on track for a late spring, early summer release of phase two, which will implement the cashing portion of the feature. This will have the potential to have a significant and measurable positive environmental impact on the Commonwealth as well as a significant convenience impact for the Lottery customers.

Hack(H)er413, University of Massachusetts at Amherst (February 13, 2021)

Executive Director Sweeney shared details of the Lottery’s involvement and sponsorship in Hack(H)er413, a UMass-Amherst event. This event is an all-women (cis and trans) and non-binary students’ hackathon held in Western Massachusetts and is entirely organized by the students. The event aims to increase diversity and inclusion in the tech industry. The Lottery received a fantastic response for its participation last year as well as this year from students. Last year, even in the middle of the pandemic, and all of the uncertain changes, the Lottery was able to offer an internship to one of the students, which was successfully completed over the summer.

The hackathon is a technology marathon where the participants form teams and collaborate to solve a unique programming or hardware project and then present back to a panel of tech judges with the ability to win prizes.

Executive Director Sweeney expressed his thanks to the Lottery team, including David Falcone, Chief Operating Officer; Christian Teja, Assistant Executive Director of Communications; Lisa Vallier, Manager, Data Controls and Development; James McGuire, Assistant Director of Human Resources; as well as Assistant Executive Director Edward Farley and his marketing team, who provided a prize as part of the projects that the Lottery was sponsoring.

Executive Director Sweeney highlighted that he, along with Lottery Manager Lisa Vallier, were among those who participated in the opening ceremonies, along with a number of other company representatives. Ms. Vallier presented on behalf of the Massachusetts State Lottery during the closing of the event and the Lottery was successful in garnering a number of resumes. Executive Director Sweeney described this event as great exposure for the Lottery and the Commonwealth in general.

Another Consequence of Covid : A World Without Cash *By Jessica Dickler, CNBC,*
January 29, 2021

Executive Director Sweeney reported on a current news item from CNBC that pertains to the worldwide movement away from the use of cash. He reported that Americans are steadily moving

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towards a simple tap-and-go, or some sort of payment device, as opposed to having to punch in numbers or slide a card into a machine. Three in ten Americans now say that in a typical week, they make no purchases with cash. This figure is up from about 25 percent in 2015.

Since the start of the pandemic, many retailers have moved to e-commerce allowing shoppers to shop on-line and pick-up curbside, avoiding the touch-card readers. 67 percent of retailers across the country now accept some form of no-touch payment. Executive Director Sweeney read a quote from Ted Rossman, an industry analyst at CreditCards.com, who stated, “[W]e’ve had several years’ worth of innovation all at once.” Nationwide, gas stations, grocery stores, pharmacies, and even farm stands are also making the switch, accelerating the move away from cash in favor of touch-free payments.

Executive Director Sweeney noted that according to Mastercard’s Contactless Consumer Polling, more than half, or 51 percent of Americans are now using contactless payment, which includes tap-and-go credit cards and digital wallets like Apple Pay or Google Pay. Consumers are going out of their way to find retailers that offer contactless payment options, and there has been a “leap frog” of this rate of adoption. The article stated that this is an unprecedented change now that consumers are used to, and there is no going back.

Executive Director Sweeney emphasized that contactless and digital payment methods not only require less physical interaction amid the public health crisis, but are also considered much more secure than other forms of payment.

Social Media

The Lottery continues in its social media efforts to connect with players, and Executive Director Sweeney shared the creative ways in which the Lottery uses social media.

The Lottery has an ongoing partnership with the Massachusetts Department of Public Health. The Lottery continues to share messages regarding the pandemic that are released through the Department of Public Health’s social media outlets in an attempt to potentially reach a different audience.

The Lottery also continues its long term, positive partnerships with the Boston Bruins and the Boston Celtics to acknowledge the work and dedication of individuals who are making a significant impact both within their communities and throughout the Commonwealth.

At the conclusion of Executive Director Sweeney’s report, Treasurer Goldberg expressed her amazement that outside of Keno, the Lottery has been doing very well. She added that it conflicts with Executive Director Sweeney’s earlier remarks regarding a cashless society. She stated that she was puzzled by the Lottery’s positive numbers. She noted that Governor Baker did include a cashless provision into his budget, and although it was perceived as cash positive for the budget, she viewed it as being a cash negative for the Lottery with detrimental consequences, and the possibility of substantial added costs. She explained that as people are going cashless, their purchases wouldn’t be used solely on Lottery tickets, and the Lottery would be responsible for paying the associated fees on all of the purchases included with the Lottery ticket. She asked for clarification if this was in the Governor’s budget and if it mimics the prior bill. She stated that it needs to be clear and understood that it would need to be without other things accompanying a cashless bill, as it would then cost the Lottery money and put a dent in the profit.

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Executive Director Sweeney explained that the Lottery is doing very well this year by a tremendous effort by the Lottery team and its retail partners. There have been many adjustments made over the last year as a result of the pandemic, which have been handled extremely well internally from everyone at the Lottery. He described the Lottery's success as complex and gave an example by using the stock market. He stated that normally, if there was a stock that during the course of one year was up 10 percent, it would be quite lucrative in a relatively short time. However, that same 10 percent takes on a different meaning when over the course of the year a large number of other stocks are up 50 percent or 100 percent. While the Lottery has done well, it is without question that because the Lottery is a cash only business, there has been a loss of a very large percentage of potential sales and more importantly, potential profit back to the cities and towns. The Lottery has also benefitted from the fact that some of the other outlets for gaming activity, such as casinos, as well as several other avenues of entertainment such as going to the movies, or going on vacation have been greatly curtailed during this time period. With these types of activities being severely pulled back in some areas, some consumers now have more discretionary entertainment funds to spend. In addition, regardless of the age or location, the Lottery is losing out on business in all levels of demographics. He explained that as you drill down in the demographic of those in the 20 to 38 year old range, the dynamic of a cashless transaction becomes stronger and stronger. The Lottery is still heavily dependent on customers in their 40's and over. The concern is not only that the Lottery is in danger of losing that customer at some point as they become used to the conveniences and ability to transact in cashless transactions, but there's the risk of losing those customers who never become exposed to the Lottery product because they are not going to deal with the need to have to carry cash with them, go to a physical location to purchase a product, and then drive to a location to cash a ticket if there is a significant win. He cautioned that this is not a long-term model for success.

Executive Director Sweeney noted that this is a \$5 billion dollar business with a public mission, and it is important to not be overly confident and optimistic of what the Lottery has done. He added that we continually need to be in-line to where the consumers and retail partners are. Retail stores are gearing their transactions towards contactless and cashless transactions. The Lottery does not want to become a product that is an oddity for major retailers and the only product in a store that has a cash payment only requirement. At some point, there will be a delta where the return is not going to be enough for the retailers to deal with the associated hassle from accounting to in-store loss and other security issues that they face by having the need to transact in cash. It is a complex issue and an issue that the Lottery is eager to move into, but it's a combination of the right amount of innovation, simultaneously across a number of channels, with the understanding between government and the private sector as to how that is going to go.

Emily Kowtoniuk, Deputy Legislative Director for the Treasury, clarified the competing legislative proposals that are in process. She explained that the Governor's FY22 budget did include a cashless provision and was silent on who would cover the transaction cost, which would allow the Lottery the operational flexibility that Executive Director Sweeney spoke about to work with retailers directly. The senate's FY21 budget proposal did require the Lottery to cover the cashless transaction cost, which was hugely problematic in terms of cost. This was a provision that was left out in the eventual FY21 compromise but a provision that has been looked at.

IV. Matters Requiring Approval of the Massachusetts State Lottery Commission

VOTE (1): For the reasons set forth in the attached memorandum dated February 17, 2021, the Massachusetts State Lottery Commission is increasing the aggregate maximum obligation for Fiscal Year 2021 an additional four million dollars (\$4,000,000.00) for the Commission's

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contracts for instant tickets, game designs, marketing services, and related services with the following firms:

IGT Global Solutions Corporation

10 Memorial Blvd.
Providence, RI 02903

Pollard Banknote Limited

140 Otter Street
Winnipeg, Manitoba, R3T 0MB

Scientific Games International, Inc.

1500 Bluegrass Lakes Pkwy.
Alpharetta, GA 30004

This original award was made pursuant a competitive bid process (RFR LOT # 2101).

The aggregate maximum obligation assumed hereunder for the above referenced contracts for Fiscal Year 2021 shall not exceed eighteen million dollars (\$18,000,000.00).

Commissioner Meghan Liddy made a motion to increase the aggregate maximum obligation and Commissioner William McNamara seconded the motion.

Executive Director Sweeney described this as a straightforward vote that allows the Lottery added flexibility for ordering additional instant tickets throughout the fiscal year. The three vendors are the usual vendor providers who have done an excellent job in the past and are a result of a previous procurement.

Treasurer Goldberg, recognizing there was no further discussion, moved the motion to a roll-call vote. Commissioner William McNamara: yes; General Counsel Susan Terrey: yes; Commissioner Meghan Liddy: yes; Commissioner Anthony Salvidio: yes; and Treasurer Goldberg: yes. The Motion carried.

VOTE (2): For the reasons set forth in the attached memorandum dated February 9, 2021, the Executive Director is authorized to utilize statewide contract OFF46 to procure delivery services, including overnight next day delivery services, with:

United Parcel Service

15 Arlington Street
Watertown, MA 02472

The maximum obligation assumed hereunder for Fiscal Year 2022 shall not exceed two million, seven hundred fifty thousand dollars (\$2,750,000.00).

Commissioner McNamara made a motion to authorize the Executive Director to utilize statewide contract OFF46 to procure delivery services, and Commissioner Salvidio seconded the motion.

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Executive Director Sweeney explained that this is a standard business contract with UPS who has been great a partner with the Lottery. This vote is for the delivery of a variety of Lottery products, which are mostly related to instant tickets and game betting slips.

Treasurer Goldberg, recognizing there was no further discussion, moved the motion to a roll-call vote. Commissioner McNamara: yes; General Counsel Terrey: yes; Commissioner Liddy: yes; Commissioner Salvidio: yes; and Treasurer Goldberg: yes. The Motion carried.

VOTE (3): For the reasons set forth in the attached memorandum dated February 16, 2021, the Massachusetts State Lottery Commission is increasing the maximum obligation an additional one hundred seventy thousand dollars (\$170,000.00) for the Commission's contract for criminal background screening services with:

SportsEngine d/b/a National Center for Safety Initiatives
807 Broadway Street
Minneapolis, MN 55413

This award is made pursuant to a competitive bid process (RFR LOT #2103).

The aggregate obligation for these services during this three (3) year contract period will not exceed three hundred fifty thousand dollars (\$350,000.00). The term of this contract may be extended for two (2) additional one-year periods.

Commissioner Salvidio made a motion to authorize the Executive Director to increase the maximum obligation and Commissioner McNamara seconded the motion.

Executive Director Sweeney stated that the Lottery is required to perform CORI checks for retail agents as they come into the system as well as periodically throughout the course of doing business with the Lottery. Executive Director Sweeney described this as a wide-ranging effort from the mom and pop stores to corporate franchises. He explained that the Lottery has a backlog that is being addressed and will result in an anticipated increase in CORI checks to be processed throughout this fiscal year. The company, SportsEngine d/b/a National Center for Safety Initiatives, was chosen through a competitive bid process and have been doing a good job for the Lottery regarding this issue.

Commissioner McNamara asked the Executive Director what is looked for in the CORI checks and how often does an issue occur which changes the relationship or affects the partnership. He also asked if this would apply to the owners of the establishment or extend to the employees who work behind the counter. Executive Director Sweeney provided a broad overview and added that Didier Bertola, Lottery Chief Financial Officer, was in attendance to provide additional information and that he, along with his team, are responsible for this initiative. Executive Director Sweeney described the process as a standard CORI check for any type of incidences that may have taken place of a criminal nature within the time from the previous CORI check. This is normally directly related to the ownership or for those submitting as owners or operators for the license. This is just one step in the process in securing a Lottery license as well as a renewal of a location which already has a license. A CORI check will also be done when there is a transfer of ownership or a buyout of one particular location.

Executive Director Sweeney further explained that when the new system was introduced a couple of years ago, a certain aspect within the licensing and CORI checking process did not

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become available as quickly as the Lottery had hoped. This resulted in a delay in processing some of the CORI checks as the Lottery was relying on automation that would help speed up the process and remove some of the manual work. The team at the Lottery became cognizant of the fact that this was not going to happen within an acceptable timeframe by waiting for a system to fully come on line. A team was formed under the leadership of Chief Financial Officer Bertola to address any of the prior licenses that had not yet been fully processed, which led to the request for this increase.

Chief Financial Officer Bertola added that the team wanted to assure that the three-year contract was reflective of what would be needed throughout the next three years. The new company that has been retained has been very supportive in helping the Lottery to catch up, especially since the Lottery has been able to get online releases from the agents to perform CORI checks. The prior vendor required paper authorization, which needed notarization even during the pandemic. This was very difficult to achieve. The Lottery first had to retain a new service provider, which needed to be approved during a prior Commission meeting, and then ramp up efforts to reduce the backlog, which required the Lottery to request additional funding. Executive Director Sweeney stated that throughout the course of a month, the Lottery has come across multiple operational items that need improving or require changes to the methodology of how things are done. He added that there are a lot of complexities with changes from “how things have always been done” to moving things into a more modern business type of operation to be more automated. It is important to have a system that requires extremely accurate information and strictly follows legal requirements. The Lottery, along with outside vendor consultants, are drilling down in several areas of what is being done manually, how much is being done manually, and how many of these areas can be automated in a way in which the data has an extremely lower rate of any type of error. This will enable the Lottery to direct its human resources towards more productive and efficient tasks. Executive Director Sweeney concluded that this is not a short-term project and not specific to just this one area, but it is the critical behind the scenes infrastructure that is important when doing business on a scale such as the Lottery does.

Treasurer Goldberg, recognizing there was no further discussion, moved the motion to a roll-call vote. Commissioner McNamara: yes; General Counsel Terrey: yes; Commissioner Liddy: yes; Commissioner Salvidio: yes; and Treasurer Goldberg: yes. The Motion carried.

VOTE (4): For the reasons set forth in the attached memorandum dated February 12, 2021, the Executive Director is authorized to make payments to state vendors for goods and services to relocate the Lottery’s North Shore Claims Center and Operations Center from 11 Cumming Park, Woburn, MA to 160 Winthrop Ave., Lawrence, MA.

The maximum obligation assumed hereunder shall not exceed six hundred thousand dollars (\$600,000.00).

Commissioner Liddy made a motion for the Executive Director to authorize to make payments to state vendors for goods and services to relocate the Lottery’s North Shore Claims Center and Operations Center and Commissioner McNamara seconded the motion.

Executive Director Sweeney explained that this vote is similar to prior votes for purchases required during previous moves. This would provide for a variety of items from security systems to moving expenses from Woburn to the Lawrence location. It will also provide for the initial furniture purchases and set up for the claim center area as well as other areas throughout this location. Executive Director Sweeney added that Mathew DiFrancesco, Lottery Assistant Executive Director of Operations, along with the security team, will be making these purchases

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through state approved contractors where possible. The Lottery is looking forward to an opening date as early as June and hopefully early summer of this year.

Treasurer Goldberg, recognizing there was no further discussion, moved the motion to a roll-call vote. Commissioner McNamara: yes; General Counsel Terrey: yes; Commissioner Liddy: yes; Commissioner Salvidio: yes; and Treasurer Goldberg: yes. The Motion carried.

VOTE (5): For the reasons set forth in the attached memorandum dated February 16, 2021, the Executive Director is authorized to enter into a contract for system readiness assessment services for the Massachusetts State Lottery Commission's remote ticket cashing application with:

Guidehouse LLP
2941 Fairview Park Drive
Suite 501
Falls Church, VA 22042

This award is made pursuant to statewide contract ITS74 through a competitive bid process (RFQ LOT # 2110).

The maximum obligation for these services shall not exceed four hundred eighty-three thousand dollars (\$483,000.00).

Commissioner McNamara made a motion to authorize the Executive Director to enter into a contract for system readiness assessment services and Commissioner Salvidio seconded the motion.

Executive Director Sweeney reported that each week he attends an IT Projects meeting and everything that could become problematic is discussed. He uses this method as a springboard to ask as many questions that he can think of and to proceed reasonably cautious on the approach. Commissioner McNamara agreed, adding that as a veteran of many financial IT projects, this is a great attitude to have. Executive Director Sweeney stated that unfortunately, if a mistake is made with IT, it quickly compounds the problem and can lead to very significant expense increases. The Lottery in the past has been fortunate and has created an operational model of scalability in implementing programs on a step-by-step nature with outside IT vendors as well as the internal IT team. The Lottery has been very successful with a lot of the projects being on time and on budget.

Executive Director Sweeney described the remote ticket cashing application as one of the Lottery's biggest projects and the Lottery will be using the efforts of an outside vendor with expertise to do an A to Z review of the functionality. This will be done particularly around the areas of cyber security, the financial controls, interactions with the cloud, the data, scrutiny, and reliability. This will ensure that as the Lottery begins to fully rollout this application, particularly the cashing aspect, there will be a locked down, secured, and accurate system that the public and the Commonwealth will be able to rely upon.

Executive Director Sweeney described this as a critical component with a firm that has a very good reputation. The firm was reviewed by experts both internally and externally.

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Commissioner Liddy believed this to be the right way to proceed and the right cautious approach. She added that when dealing with financial cyber security, this type of method is critical and she is in support of the vote.

Treasurer Goldberg, recognizing there was no further discussion, moved the motion to a roll-call vote. Commissioner McNamara: yes; General Counsel Terrey: yes; Commissioner Liddy: yes; Commissioner Salvidio: yes; and Treasurer Goldberg: yes. The Motion carried.

VOTE (6): The Executive Director is authorized to continue to work with the Commonwealth's Division of Capital Asset Management and Maintenance (DCAMM) and to take necessary action and to execute a Short-Term Tenancy Agreement for the premises at 151 West Boylston Street, Worcester Massachusetts pursuant to terms that are consistent with those discussed and/or presented at this meeting.

Commissioner Salvidio made a motion to authorize the Executive Director to continue to work with the Commonwealth's Division of Capital Asset Management and Maintenance (DCAMM) and to take necessary action and to execute a Short-Term Tenancy Agreement and Commissioner Liddy seconded the motion.

Executive Director Sweeney stated that the team for this project led by David Falcone, Lottery Chief Operating Officer, as well as Walter Jenkins, Senior Project Manager from DCAMM, were in attendance to answer any questions and provide additional information. In addition, Gregory Polin, Lottery General Counsel, has also been involved in working out the contract details of this extension. It is a standard one-year extension within the parameters that were satisfactory to both DCAMM and the Lottery. He added that this extension is for the current location.

Treasurer Goldberg described this as a good location and that she hopes to continue to have negotiations that are beneficial to the Lottery.

Treasurer Goldberg, recognizing there was no further discussion, moved the motion to a roll-call vote. Commissioner McNamara: yes; General Counsel Terrey: yes; Commissioner Liddy: yes; Commissioner Salvidio: yes; and Treasurer Goldberg: yes. The Motion carried.

VOTE (7): For the reasons set forth in the attached memorandum dated February 9, 2021, the Executive Director is authorized to utilize state contract VEH98 and expend funds to purchase vehicles during fiscal year 2021.

The maximum obligation assumed hereunder shall not exceed three hundred ten thousand dollars (\$310,000.00).

Commissioner McNamara made a motion to authorize the Executive Director to utilize state contract VEH98 and expend funds to purchase vehicles during fiscal year 2021 and Commissioner Liddy seconded the motion.

Executive Director Sweeney stated that each year the Lottery tries to allocate money towards the purchase of new vehicles. As of now, there is a significant fleet of approximately 161 vehicles that are traveling throughout the Commonwealth five to six days a week. Around this same time each year, the Lottery tries to do a reasonable number of replacements should the budget allow. This is taken from a state contract and Mathew DiFrancesco, Lottery Assistant Executive Director,

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and his team do an excellent job with pulling the best features from this state contract and in getting the best price possible.

Commissioner McNamara asked Executive Director Sweeney how are these vehicles identified, do the license tags indicate State or Treasury, and what is the usage policy surrounding the vehicles. Executive Director Sweeney explained that the vehicles are registered through the Commonwealth of Massachusetts and are more specifically identified as Lottery vehicles. He offered an example that if a traffic ticket was to be issued, or if there was an accident, the vehicles are able to be identified and traced back to the Lottery. The Lottery has a vehicle use policy, which Executive Director Sweeney assured he would send to each of the Commissioners this week.

Commissioner McNamara followed up by asking if the vehicles had any identifiers on the car itself. Executive Director Sweeney stated that the license plates are conformed to what would be seen on a standard state issue vehicle, which is identified on the license plate. He added that the philosophy in the past has been for security reasons to not have the Lottery logo emblazoned on the door. There have been internal discussions of wrapping some of the vehicles that would be used for promoting a Lottery product. In addition, there is a Lottery vehicle that is wrapped and identifiable and utilized for public events and road trips. The day-to-day vehicles that are used by the Lottery's sale representatives and repair teams are not wrapped or identified as being a Lottery vehicle other than the plate feature.

Executive Director Sweeney concluded that there is not an area of the Lottery that doesn't have room for improvement and added that he was confident that the Lottery team members who are utilizing these vehicles, do so in a professional manner.

Treasurer Goldberg, recognizing there was no further discussion, moved the motion to a roll-call vote. Commissioner McNamara: yes; General Counsel Terrey: yes; Commissioner Liddy: yes; Commissioner Salvidio: yes; and Treasurer Goldberg: yes. The Motion carried.

VOTE (8): For the reasons set forth in the attached memorandum dated February 4, 2021, the Executive Director is authorized to encumber and expend up to two hundred thirty-five thousand dollars (\$235,000.00) in Fiscal Year 2021 for vehicle maintenance management services and other services from the following vendor pursuant to Statewide Contract VEH84A:

Rental Concepts Inc. d/b/a Fleet Response
6450 Rockside Woods Blvd., S, Ste 250
Cleveland, OH 44131

The maximum obligation assumed hereunder for Fiscal Year 2021 shall not exceed two hundred thirty-five thousand dollars (\$235,000.00).

Commissioner Salvidio made a motion to authorize the Executive Director to encumber and expend up to two hundred thirty-five thousand dollars (\$235,000.00) in Fiscal Year 2021 for vehicle maintenance management services and other services and Commissioner Liddy seconded the motion.

Executive Director Sweeney stated that this vote enables the Lottery to perform routine maintenance on Lottery vehicles from oil changes, breaks, tires, and other repairs. The costs would also cover any type of towing or accident. The majority would be used for normal maintenance during the course of the fiscal year.

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Commissioner Liddy asked why the cost is anticipated to be higher. Executive Director Sweeney believed that the increases were not out of line to the general increases that are being seen across the board and some of the increase may have had to do with early supply line issues not related to the Lottery but due to the business in general.

Treasurer Goldberg, recognizing there was no further discussion, moved the motion to a roll-call vote. Commissioner McNamara: yes; General Counsel Terrey: yes; Commissioner Liddy: yes; Commissioner Salvidio: yes; and Treasurer Goldberg: yes. The Motion carried.

V. Other Business – Reserved for matters the Chair did not reasonably anticipate at the time of posting

After asking if there was any other business to discuss, Treasurer Goldberg sought a motion to adjourn the meeting. Commissioner Liddy moved to adjourn and Commissioner McNamara seconded the motion.

Treasurer Goldberg moved the motion to a roll-call vote. Commissioner Salvidio: yes; Commissioner Liddy: yes; General Counsel Susan Terrey: yes; Commissioner McNamara: yes; and Treasurer Goldberg: yes. The Motion carried.

The Commission meeting adjourned at 11:50 a.m.

List of Documents and Exhibits Used:

- MSLC February, 2021 Commission Meeting Book
- MSLC Meeting Executive Director's Report, February 23, 2021 – PowerPoint Presentation
- 12-14-20 LOT 151 West Boylston Drive, Worcester S-TTA
- Worcester Lottery Operations Information Sheet