

**Stakeholder Lottery Modernization Committee
Official Minutes of 12/03/2024 SLMC Meeting**

**Stakeholder Lottery Modernization Committee Meeting
Official Meeting Minutes**

DATE: Tuesday, December 3, 2024

TIME: 1:30 pm.

All Attendees Participated Remotely through Zoom Conferencing System

MEMBERS PRESENT: Peter Brennan, Executive Director, New England Convenience Store and Energy Marketers Association (NECSEMA), Chair
Ryan Kearney, General Counsel, Retailers Association of Massachusetts (RAM)
Jessica Muradian, Director of Government Affairs, Massachusetts Restaurant Association (MRA)
Marlene Warner, Chief Executive Officer, Massachusetts Council on Gaming & Health (MACGH)
Alain Hauvuy, Lottery Sales Agent, Wine Beer and More, Bridgewater

ALSO PRESENT: Mark William Bracken, Executive Director, Lottery
Christian Teja, Chief iLottery Officer, Lottery
Gregory Polin, General Counsel, Lottery
Christian Gonsalves, Deputy General Counsel, Lottery
Delwin Dickinson, Director of Modernization, Innovation and Performance, Lottery
Liz Giffen, Director, Digital Operations, Lottery
Benjamin Wood, Assistant Director, Stakeholder Engagement, Lottery
Judy Rampino-Moore, Executive Assistant, Lottery
Leslie Zella, Legal Assistant, Lottery

I. Opening of Meeting

a. Notice regarding recordings

Chairman Peter Brennan opened the Stakeholder Lottery Modernization Committee (“Committee”) meeting at 1:33 p.m.

Chairman Brennan stated:

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

Judy Rampino-Moore, Lottery Executive Assistant, identified herself as making a recording.

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b. Notice regarding remote participation

Chairman Brennan referenced the Massachusetts Open Meeting Law, Massachusetts General Laws, Chapter 30A, section 20, and identified the Committee members as present: General Counsel Ryan Kearney, Lottery Sales Agent Alain Hauvuy, Director Jessica Muradian, Chief Executive Officer Marlene Warner, and himself Chairman Peter Brennan. Chairman Brennan stated that the Committee members will be participating remotely for this meeting pursuant to Chapter 2 of the Acts of 2023, which permits remote participation by all Committee members and allows the use of adequate alternative means, such as audio or video conferencing, to ensure public access to the deliberations of the Committee.

Chairman Brennan noted that the Committee members are all participating by a conference call and asked the Committee members to identify any sort of technical difficulty. Chairman Brennan also stated that the Committee members may participate in any votes scheduled to take place at today's meeting. All votes must be taken by roll call.

II. Introduction of Alain Hauvuy who has recently been appointed to the Stakeholder Lottery Modernization Committee as a representative operating as a licensed sales agent in a brick-and-mortar retail store

Chairman Brennan welcomed the Committee's newest member Lottery Sales Agent Alain Hauvuy and asked him to introduce himself. Sales Agent Hauvuy revealed that he has been in business for approximately twenty-five years at the same location. In 2016, he doubled his space from what it was, to what it is now.

Sales Agent Hauvuy provided information regarding his background noting that he graduated from The Citadel Military College of South Carolina in 1991. He has been a Lottery Sales Agent since he first started his business and currently, he has approximately 48 instant ticket Lottery books open. He noted his location at Wine Beer and More, at 1440 Pleasant Street, in Bridgewater.

Chairman Brennan welcomed Sales Agent Hauvuy and introduced himself as Peter Brennan, Chair of the Committee and the Executive Director of the New England Convenience Store and Energy Marketers Association ("NECSEMA"). He provided a recap of past meetings stating that this is the Committee's third meeting. The first was a basic introductory meeting and during the second meeting, the Committee heard from the Pennsylvania Lottery who discussed their online lottery program. He added that today's meeting will have a light agenda and the Committee will be plotting the course ahead.

Chairman Brennan then asked for brief introductions from all in attendance.

Director Jessica Muradian introduced herself as Director of Government Affairs of The Massachusetts Restaurant Association ("MRA").

Chief Executive Officer Marlene Warner introduced herself as the Chief Executive Officer from the Massachusetts Council on Gaming & Health ("MACGH"). She explained that the MACGH helps people from primary prevention through long-term recovery who make the decision to gamble in the Commonwealth of Massachusetts.

General Counsel Ryan Kearney introduced himself as the General Counsel for the Retailers Association of Massachusetts. ("RAM"). He pointed out that the Association is a 4,000-member

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company from the owner operated small shops to the larger chains and his interest is to ensure that sellers are protected in the iLottery process.

III. Approval of minutes from meeting held on November 4, 2024

Chairman Brennan asked the Commission to accept the minutes from the meeting held on November 4, 2024.

General Counsel Greg Polin stated that there was one correction related to the “day” being listed incorrectly at the header on page one in the meeting minutes. He explained that it’s written as “Tuesday, November 4, 2024.” The Committee typically meets on Tuesdays, but this particular day was a Monday.

The minutes were amended to change Tuesday, November 4, 2024, to Monday, November 4, 2024.

Chairman Brennan sought a motion to accept the amended minutes from the meeting held on November 4, 2024. General Counsel Kearney made a motion to accept the amended minutes and CEO Marlene Warner seconded the motion.

Chair Brennan, recognizing there was no further discussion, moved the motion to a roll call vote. General Counsel Ryan Kearney: yes; Director Jessica Muradian: yes; Chief Executive Officer Marlene Warner: yes; Sales Agent Alain Hauvuy: yes; and Executive Director Peter Brennan: yes. The Motion carried.

The amended minutes were approved at 1:40 p.m.

IV. Discussion of agenda items for next future meetings

Chairman Brennan summarized that during last month’s meeting, it was discussed to bring in someone from the Michigan Lottery and someone who is experienced with Michigan 's online lottery. He stated that the last meeting provided a good, deep dive into Pennsylvania 's online lottery. The Committee received a lot of information from them and asked some very good questions. The Committee was hoping to keep that going with another state that has embarked on the same course as Pennsylvania but unfortunately, the primary person in Michigan was not available on this date and at this time. The Committee decided to go ahead with the meeting to introduce the newest committee member and to use it as a forum to plot the course for next year. He relayed a recent State House News article stating that Massachusetts online lottery won't be up and running until at least summer 2026. He said based on the enabling legislation that created this Committee, this group will be meeting for a long time because the Committee is scheduled to meet until iLottery is up and running for a few months. Chairman Brennan added that meeting on the first Tuesday of the month seems to work well for everyone.

Chairman Brennan asked the Committee for feedback regarding which states they’d be interested in hearing from and who are the people that they’d like to hear from. He acknowledged CEO Warner’s specific request to hear from Responsible Gaming people, and he asked the Committee for their input on how to make the best use of this time during the first Tuesday of every month.

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Lottery Executive Director Mark William Bracken stated that when he was made aware that the Committee was unable to secure a guest, he spoke to his colleagues in Michigan and Virginia and they both responded that they would be happy to reach out to their staff. He elaborated that Michigan Lottery Commissioner Suzanna Shkreli would speak to the Michigan Lottery's Digital Gaming Team Manager Zac Strickler about presenting at one of the next meetings and if the Committee agreed, he would work on getting Virginia scheduled as well.

CEO Warner stated that she would be meeting with Keesha Garrett who is the Michigan Lottery's Corporate Responsibility Director, and she'd ask her to present along with Manager Strickler. The Committee was in agreement and Executive Director Bracken said that he would speak to Commissioner Shkreli to see if that was possible to set this up for the next meeting in January. He asked the Committee if they would also like him to reach out to Virginia to have them present in February. Chairman Brennan suggested also reaching out to retailers to get their perspectives at these meetings. The Committee members were all in agreement and Chairman Brennan stated he would work to make that happen.

The Committee then discussed future meetings and what were some of the other states, similar to Massachusetts, that they could reach out to who have online lottery. CEO Warner suggested a New England perspective and recommended asking Rhode Island, Connecticut, and New Hampshire. Executive Director Bracken advised that the Committee consider New Hampshire. He explained that Rhode Island has a small operation, and Connecticut is fairly new and only offers draw games and online sports. He believed it would be beneficial for the Committee to speak to New Hampshire as they have the second largest per capita spend for online lottery, so their player base is very big and larger than Michigan's player base per capita spend and that lends more towards the Responsible Gaming side of things as well.

Executive Director Bracken suggested that the Committee also research the data available from other states such as quarterly updates on the totality of retail sales versus online sales. He added that there's a lot of data that's publicly available and he would be happy to gather some of that information for the group.

CEO Warner suggested inviting the North American Association of State & Provincial Lotteries ("NASPL") to present on an overall view. Chairman Brennan agreed and added that it would be beneficial to get other viewpoints and a variety of opinions and expertise.

Sales Agent Hauvuy stated that as a store owner, he looked at the figures from his own system and wanted to discuss the information from the last five years to determine if it's in line with what is being seen across the board, if the Lottery is aware of it, or if it's not a priority for the Lottery of what goes on at the store level other than to sell tickets. Sales Agent Hauvuy wanted to understand why the Lottery was trying to fix something or improve something. He reasoned that it could be that sales are stagnant overall. He asked if the Lottery is looking to gain more sales. He also added that ever since the legalization of online betting and cannabis, the in-store traffic for retailers has dropped. He referred to his own store numbers and reported that as of 2021, he has had approximately 20,000 less customers, which has been approximately five thousand less customers a year for the past four years. He said he didn't understand how iLottery could improve Lottery sales at a store level and help the agents.

Chairman Brennan explained that the wheels were set in motion by the enabling legislation and this Committee wants to make sure that the Lottery is helping retailers to thrive as online lottery is pursued. A lot of what's being heard is that it's been symbiotic. There is data that shows that online supports the physical. He agreed with Sales Agent Hauvuy and stated that if his experience on the

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ground shows decreased traffic, that's important for the Committee to know. Chairman Brennan suggested that the Committee should speak to retailers and managers who are in their stores each day to discuss what's going on at the ground level, and not just be the Committee hearing from Lottery officials providing numbers, because the Sales Agents are who the Committee is looking to protect.

Sales Agent Hauvuy pointed out that he is seeing all liquor stores as having the same issue. He believed this to be not only because of the increase in licenses being given out and making the pie smaller for everybody but there's a serious issue with pot sales taking away from liquor store sales, which drops the traffic coming into the store and therefore reduces the amount of Lottery tickets and games being sold. Chairman Brennan stated that he thought the increase in pot use would help the retail stores but maybe that's not true on the liquor side.

Director Muradian addressed Sales Agent Hauvuy and stated that iLottery is something passed by the legislature and this Committee is learning the best way to implement it and look for best practices. There is only so much this Committee can do but the topic of cannabis and the decrease in alcohol consumption is something that is being discussed by restaurant owners who have found that this has negatively affected sales as well. The MRA is not only hearing this from restaurant owners but from the wholesalers and retailers as well. She asked General Counsel Kearney for his thoughts on this issue. General Counsel Kearney agreed and stated that there's a general trend of less drinking. He pointed out that he has not seen the data that connects that directly to cannabis use but felt it made sense if folks are choosing that as a drug of choice versus alcohol which would obviously have an impact but agreed that he is hearing in general, sales are down.

General Counsel Kearney addressed the concerns regarding "the piece of the pie" as an issue that is constantly being worked on at RAM in terms of whether to increase or reduce the cap. RAM was opposed to online lottery and now that ship has sailed, and it's time now to figure out how to work with the Lottery to make sure that this new modern lottery composed of brick and mortar and online lottery can thrive. He stated the enabling statute calls for the Committee to figure out a way to mitigate the impact of the debit card or cashless sales of Lottery tickets. There's going to be an interchange fee that's tied into accepting a debit card as part of the purchase and sale process whereas before the player was getting the full cash value of the ticket and so that needs to be ironed out. This Committee has been tasked with responsible gambling. The Committee is guiding the ship to give recommendations on how to best protect retail, protect against the interchange fee, and to protect problem gamblers from getting themselves into further problems.

General Counsel Kearney spoke regarding fluctuating sales, scratch ticket sales being down, and the concern that there's going to be less Lottery players in the future as people are getting used to fantasy games on their phones and are not going to be walking through the door to buy a scratch ticket at a brick and mortar. The impetus behind this was to keep the Lottery continually generating a profit that then goes back to cities and towns. He believed this to be the answer to Sales Agent Hauvuy's initial question of what the problem is that's being fixed. It's important to make sure that the Massachusetts Lottery remains one of the most competitive lotteries in the country, if not the world, as it has been in the past. He addressed Sales Agent Hauvuy and stated that he was on the same train with the idea of "if nothing is broken, don't fix it," but it's now at a point where the Lottery is pretty sure that it's starting to get broken and so it's important to take action in Massachusetts.

CEO Warner stated that she would be willing to see if there's anything on the retailer's end in terms of research, even if it's market analysis. She added that it would be helpful to bring in any kind of third-party researchers to understand what trends they've seen as lotteries have evolved with this. Chairman Brennan agreed and noted that he would look into finding someone as well.

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General Counsel Kearney asked if there was an appetite to bring in some of the potential vendors. Chairman Brennan supported the idea but cautioned that if one is brought in, all of them should be brought in and they could be limited on what they can discuss because of the RFP process. He related that he has spoken to some of the vendors, and they are interested in coming in, but he was unsure of the bandwidth needed to get them all in and what lines it might cross in the Lottery process. He asked Executive Director Bracken if he had any advice for the Committee.

Executive Director Bracken stated the he loved all the vendors and works with many of them through current contracts. His advice for now was to hear directly from the states. He recalled that when he asked the Virginia and Michigan Lotteries, he suggested that if their staff didn't have bandwidth then the state would be okay with having their vendor represent them. He continued that with all due respect, the vendor would basically deliver a sales pitch of how great online lottery is. He didn't believe that the Committee would gain anything particularly valuable out of inviting a vendor. He added that he was unsure how problematic it would be considering the RFR process, but he didn't believe the Committee would get much more information from the vendors than the states could give firsthand.

Chairman Brennan asked Executive Director Bracken how many potential vendors there were and would it be feasible to get a couple to attend a meeting. Executive Director Bracken explained that technically there are six that are in operation and another who is looking to get into the market who is currently operating in the United States and has a U.S. client. There are also a handful of vendors who are predominantly in business in the European market where online lottery has been established for a long time.

CEO Warner asked Executive Director Bracken if Massachusetts going online with their lottery is similar to Massachusetts deciding to have casinos and is this considered a whole other realm than other states going online and will the Lottery get a lot more bidders than most.

Executive Director Bracken explained that most states didn't actually go out to bid. Almost every state procured this solely through a back-end contract deal that they already had with one of the existing vendors. Some of the states that are now matured, such as Michigan, did go out to procure when they went for their renewal after ten years. New Hampshire went out to procure after five years and wrote in restrictive language on who could be a potential bidder. Given that Massachusetts is still in the process, it's not known if there will be any qualifying language in the RFR. He stated that he didn't know if this would open up a can of worms where there could be twenty bidders or if it would include a type of bare minimum language. His guess would be that at a minimum, the Lottery would have at least seven bidders.

CEO Warner stated that there are two former Massachusetts Lottery directors who have individually, through their other lottery work, brought lotteries online who could be useful because they're so familiar with Massachusetts, the Massachusetts landscape, and having been Massachusetts Lottery directors. She asked if it would be inappropriate to have them come in and speak given that they work for vendors. Director Muradian expressed her concern that if they work for vendors, there would be a risk. Executive Director Bracken stated that former Lottery Executive Director Beth Bresnahan now works as the Chief Communications and Brand Officer for Scientific Games. Scientific Games represents Pennsylvania as their only U.S. client for full online lottery. This Committee has already heard from Pennsylvania and Officer Bresnahan is not involved in the online operation. Paul Sternburg is the other former Lottery Executive Director and has a wealth of knowledge, very well respected in the industry, and has done extensive work after leaving the Massachusetts Lottery as a private consultant working closely with the state of Michigan. Mr. Sternburg is now a member of Allwyn, which is one of the third-party vendors who will be vying for

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the Lottery contract. He suggested that it may be helpful to bring them in from a Responsible Gaming standpoint as they both have a strong understanding of the marketplace. He didn't believe there would be a conflict because they would be speaking with the Committee, not to him.

Executive Director Bracken addressed Sales Agent Hauvuy and informed him that he would be reaching out to him separately to set up a date to visit his store, when it's not too busy, to give him a little more perspective of the process. Sales Agent Hauvuy agreed and stated he was looking forward to it.

Director Muradian asked if the Committee had read the Massachusetts Gaming Commission report regarding the consideration of implementing retail kiosk sports wagering. CEO Warner explained that the legislature had asked for that report, and she worked on it with Spectrum Gaming Group. The idea of the report was that sports betting kiosks have done incredibly poorly in this country, and they're currently in DC, Ohio and Montana. In most states that have sports wagering, the mobile portion of the market is somewhere between 97 and 99 percent of the market. Director Muradian understood but said she was referring to the report in concept and to the earlier comment where retailers have been against online betting and that online lottery would take away from retail. CEO Warner stated that time and time again people are saying online lottery doesn't impact retailers and that is one of the things that this Committee is meant to learn. Director Muradian said she was referring to some of the conversations that she's had recently around the decrease in alcohol use and the lack of gambling in general for the younger generation who will be the ones participating online. She asked Executive Director Bracken if there was any data on who's playing the lottery. Executive Director Bracken stated that the Massachusetts Lottery does not conduct any studies that focus on any age. He stated that based on what is seen with Lottery players, is that they tend to be an older demographic. The only kind of snapshot on age that is captured is the date of birth players use when they sign up for the Lottery's registered player accounts. He stated this is data he could pull and added that there are close to 400,000 registered accounts. CEO Warner mentioned that the data does exist for the industry, and she would look into it.

CEO Warner divulged that when she is out attending conferences and speaking to people, they don't talk about Massachusetts as it relates to lottery because the Massachusetts Lottery is so massive and compared to anywhere else, it's off the charts, and that's why it would be helpful to understand how a state goes from the greatest lottery to an even greater lottery with regards to online lottery and what that means in terms of growth. Executive Director Bracken stated that he does have a ten-year projection on sales. CEO Warner relayed that it would be very helpful to hear directly from the Lottery and hear Executive Director Bracken's perspective. Executive Director Bracken promised to present a state of the Lottery at some point. He added that in terms of online and what the Lottery knows, the Lottery is still getting started. Funding is still sitting on the Governor's desk, and the Lottery isn't able to move forward until the funding is received and the date keeps getting pushed out. He added that he believes a lot of people are under the impression that the Lottery has done a lot more than they have.

Executive Director Bracken noted that lottery retail sales have not gone down for the most part in any state that is offering online lottery. He stated that in fact, they've seen the exact opposite. For the most part retail sales have grown at a faster pace in states that have online lottery than in states that don't have online lottery because of the relationship that's built between online and retail.

Executive Director Bracken stated that part of the concern for this group is to find out what does the Lottery need in order to succeed at the retail level. He pointed out that at least three of the associations on this Committee have never partnered with the Lottery on things that could help to improve sales – be it language change, increased marketing spend, or an increase in the operational

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budget. He believed this to be a missed opportunity because the concern from the retail associations is how to protect retail sales and the concern should be how to protect retail sales in general let alone when online lottery comes.

Executive Director Bracken explained that Lottery sales are \$138 million down four months into the fiscal year and if this trend continues, commissions are going to be less this year and it has nothing to do with online lottery, it has to do with the way the lottery world works. The Massachusetts State Lottery is severely underfunded. It has one of the smallest marketing budgets in the country per capita, and it also has the leanest operating costs in the country at about two percent with the lowest funded lottery per revenue. He believed that the committee has a big opportunity to be able to put online lottery aside and discuss how to protect retail lottery moving forward, period, and take ilottery out of it.

Sales Agent Hauvuy agreed with Executive Director Bracken and stated that being down \$130 million goes along with the foot traffic not coming into the liquor stores and he noted there are many liquor stores that have Lottery licenses that are down twenty thousand people a year. Executive Director Bracken agreed and stated that the question is why are sales down. He explained that draw game sales are down \$100 million four months into the fiscal year, and it has nothing to do with advertising, or how the product is put out, and it has nothing to do with foot traffic, it has to do with the jackpot and there hasn't been a jackpot run this year. He further explained that this is a concern for CEO Warner because when the jackpot goes up, sometimes people start spending large amounts of money. Sales in a normal week for Powerball are \$1.7 million. If there's a jackpot run, sales in one week are \$20 million. It just needs to happen three times a year for two weeks and the Lottery just made \$100 million in sales that it normally wouldn't have. Sales Agent Hauvuy argued that the Lottery is betting on big jackpots to drive that revenue and not considering all the normal revenue that is lost on a daily basis because foot traffic is down. He stated that the Lottery needs to drive traffic into the stores, so people see the tickets and buy the tickets. Executive Director Bracken stated that he could not speak to Sales Agent Hauvuy's core business. He added that looking nationwide, it's a different player who is playing online than the player who is playing at retail. Sales Agent Hauvuy maintained that sales were being lost in the stores and Executive Director Bracken repeated that the Lottery isn't getting sales in the stores because there hasn't been a jackpot.

General Counsel Kearney stated that this Committee has been tasked with the modernization of the Lottery which is going to include brick and mortar and online. He addressed Executive Director Bracken regarding his suggestion to set aside online lottery and stated that he didn't understand what the Committee could possibly do to impact the loss of a jackpot. He asked if what he was hearing was the suggestion that the Committee advocate for marketing dollars. Executive Director Bracken answered, absolutely. General Counsel Kearney understood but commented on the success of the Massachusetts Lottery and it being the highest revenue lottery in the country, run on a shoestring budget, because it has built out an amazing network of thousands of brick and mortar stores who support that and serve as advertising. His speculation was that in places like Michigan, who have online lottery, is that they picked up extra revenue from people who weren't being serviced by brick and mortar locations. He stated that he'd like to have the data to decide if this was what happened in Michigan or if they picked up a certain number of twenty year olds who now have the games on their phones. Executive Director Bracken explained that Massachusetts has the largest number of retailers per square mile in the country and Michigan is number two. General Counsel Kearney reasoned that this is the information that the Committee needs to know. The idea that this association should be getting more marketing dollars for the Lottery seems short-sighted in light of what we're facing as an industry. Executive Director Bracken disagreed and stated that he believes he's on point. He explained that this Committee would like to increase more sales at retail and gain more foot traffic into the stores, but the Lottery can't advertise their product because it doesn't have an advertising

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budget to drive players into the store where that person then not only buys a Lottery product but also buys goods from the store. He reiterated that he believes this is very on point as a part of modernizing the Lottery.

CEO Warner stated that the Committee needs to circle back as to what the point of this Committee is and what the end product is. Will it be serving a report? Will it be making suggestions? Typically, a committee like this wouldn't make legislative suggestions, but it would be helpful to have a conversation about where all this information is going and what the process is of getting through it. She stated that she appreciated Executive Director Bracken's viewpoint of going beyond just online lottery because she has a significant amount of information around the current retail situation as it relates to Responsible Gaming and Problem Gambling. She stated that she's been spending a lot of time over the last twenty-four years talking to the legislature and their feeling has been if it isn't broke, don't fix it. CEO Warner viewed this as a big opportunity to talk about the Lottery and the Committee can look at all aspects of it. This is a real opportunity to deliver key messages, and she would like the Committee to figure out how to do that, whether that's through a written report, or through presentations, or through recommendations that are in bullets. She concluded that she didn't know the answer and would leave that up to the Committee.

Chairman Brennan stated that the enabling legislation did not necessarily call for a report, but it seems that the Committee does have that capacity. General Counsel Gregory Polin explained that recommendations should be provided to the Executive Director. The enabling legislation doesn't say whether that's done through some sort of written documentation or presentation, but it goes to the Executive Director and not to the legislature, or to the Commission directly. He added that there should be recommendations both prior to the first sale of tickets and then again after.

Director Muradian asked if there was any data from online lottery states that shows how players collect their money as well as the relationship between online and retail. She stated that she believes the Committee has the opportunity to come up with ideas that drive players back into the stores. Executive Director Bracken pointed out the during their presentation, Pennsylvania spoke about their redemption wallet and their referral process. Executive Director Bracken stated that there isn't any concrete document that could be a menu of what every state does. He explained that even though there's eleven states that have online lottery, only half of them really have online lottery. The other half have draw games only and online lottery is not the fabric of their operations. It's just a handful of states that this Committee should be looking at. He stated that he might have something he presented before the Consumer Protection Committee a year and a half ago that might have some information and that he would look for that.

Director Muradian stated that this Committee has an opportunity to bring people into retail and that's a big win for everyone. Executive Director Bracken agreed and stated that the reason that retail sales grow at a faster pace in states that have online lottery than in states that don't have online lottery is because there is an ecosystem that's created between online and retail. Director Muradian stated that any data around that would be helpful. The Committee should be looking at online lottery states that have a rapidly growing space, what they do to grow that relationship, and how they drive people back into retail. Executive Director Bracken cautioned about the use of the phrase "rapidly growing retail." He explained that 80 percent of the state lotteries in the last two years have been down in sales. Massachusetts has not been one of those states, but the retail trend is, post the COVID-19 bump, sales are going down. Massachusetts is just one of the lucky states.

Sales Agent Hauvuy commented on the symbiotic relationship between online and the retailers at brick and mortar. He suggested to make it attractive for players walk in the store to place their bets and give them more for their dollars as opposed to being online. Executive Director Bracken

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explained that as other states present, the Committee will see that there are different things that can happen in terms of these relationships, for instance, in Pennsylvania, a player can go into the store and buy a \$100 online voucher from the retailer to upload to their online account and it's supercharged. The agent receives the five percent commission on the sale of that voucher, the player gets \$110, and so it makes it beneficial for them to buy at retail. Sales Agent Hauvuy compared it to the old Season Ticket program. Executive Director Bracken agreed and added there are other states such as New Hampshire where they don't have a lot of retail partnership, and they simply hand a check to the agents each quarter. He further explained that New Hampshire takes a certain percentage of their net gaming revenue and puts it in a pool of money. If the agent sold .005 percent of tickets last quarter, the agent would receive .005 percent of whatever is in that pool of money. Every state handles their relationship with the retailer differently.

Sales Agent Hauvuy reiterated that his concern is with the foot traffic coming into the store and the foot traffic needs to increase overall. Executive Director Bracken restated his point regarding the lack of advertising dollars and his inability to drive people into the store other than to offer a product. With a small budget, he cannot advertise to the level that he should be able to. He stated that the Lottery's advertising budget is \$5.5 million as compared to Pennsylvania's advertising budget of \$50 million. He added that with online lottery, you can incentivize players.

CEO Marlene Warner left the meeting at 2:35 p.m.

Sales Agent Hauvuy stated that his concern was the present. Executive Director Bracken agreed and added that it relates to his previous point of suggesting that there should be a discussion about putting iLottery aside for now and ask what the Committee can do now.

Chairman Brennan recognized that there was no further business to discuss at the meeting and asked the members to contact him if they had any business that they'd like to talk about in future meetings. He reminded the Committee that they are subject to the Open Meeting Law, and it was stated that one-on-one emails are permissible, but a member should not be sending any emails with everyone copied on it as that could be considered a deliberation under the Open Meeting Law, which could be a violation. Executive Director Bracken added that it's permissible to have one-on-one conversations, but if the one-on-one conversations become repetitive on the same topic it becomes a serial conversation and then that becomes a violation of the Open Meeting Law.

Chairman Brennan recapped that the plan for the next couple of months would be to include speakers from Michigan, Virginia, and New Hampshire and also invite retailers to those meetings as well.

V. Other Business – Reserved for Matters not Reasonably Anticipated at the Time of Posting

After asking if there was any other business to discuss, Chairman Brennan sought a motion to adjourn the meeting. Director Jessica Muradian moved to adjourn and Sales Agent Alain Hauvuy seconded the motion.

Chairman Brennan, recognizing there was no further discussion, moved the motion to a roll call vote. Sales Agent Alain Hauvuy: yes; Jessica Muradian: yes; General Counsel Ryan Kearney: yes; and Chairman Peter Brennan: yes. The Motion carried.

The SLMC meeting adjourned at 2:43 p.m.

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List of Documents and Exhibits Used:

- December 2024 Stakeholder Lottery Modernization Committee Meeting Book