

**Stakeholder Lottery Modernization Committee
Official Minutes of 10/01/2024 SLMC Meeting**

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

DATE: Tuesday, October 1, 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)
Stiliani Dafulas, Lottery Sales Agent, Dairy Carousel, Incorporated
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)

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

I. Opening of Meeting
a. Notice regarding recordings

The Stakeholder Lottery Modernization Committee (“Committee”) meeting opened at 1:35 p.m.

General Counsel Polin welcomed the attendees and announced that this is the first meeting of the Stakeholder Lottery Modernization Committee and commented that a Committee Chair has not yet been elected.

General Counsel Polin 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 an audio recording of this 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 participants

General Counsel Polin referenced the Massachusetts Open Meeting Law, Massachusetts General Laws, Chapter 30A, section 20, and identified the Committee members as present: Peter Brennan, Ryan Kearney, Stilian Dafulas, Jessica Muradian, and Marlene Warner. General Counsel Polin 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.

General Counsel Polin noted that the Committee members are all participating by a conference call and asked the Committee members to identify any sort of technical difficulty. General Counsel Polin 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. Discussion of Purpose of Stakeholder Lottery Modernization Committee

General Counsel Polin stated that the Stakeholder Lottery Modernization Committee (the "Committee") was established pursuant to Section 203 of Chapter 140 of the Acts of 2024. The purpose of this Committee is to submit recommendations for the development and implementation of modernization of the Lottery system comprised of traditional brick and mortar lotteries and lotteries conducted online over the internet and through the use of mobile phone applications. The Committee shall also review all processing fees associated with point-of-sale transactions using debit cards and make recommendations on the processing fees derived from the use of debit cards. The Committee shall submit these recommendations to the Lottery's Executive Director and the Committee is to meet monthly until the first sale of an online Lottery Ticket and for eighteen months after the first sale of an online Lottery ticket, the Committee shall meet quarterly to review Lottery modernization to develop and submit recommendations to the Lottery's Executive Director. Per the statute, at the first meeting of the Committee, which is today, the Committee members shall elect the Chair by a simple majority vote, who shall establish the agenda for all meetings and preside over meetings. A simple majority of members of this Advisory Board shall be present for all actions to be taken.

General Counsel Polin further stated that the Division of Open Government of the Massachusetts Office of the Attorney General has said that it is likely that this Committee meets the definition of a public body and is subject to the Open Meeting Law. The Massachusetts State Ethics Commission has conveyed that this Committee is not a public agency, and the Committee members are not state employees and do not have all obligations under the Commonwealth's Conflict of Interest Law. However, if any Committee member is otherwise a state employee, perhaps by holding any compensated or uncompensated state position, the Conflict of Interest Law may apply. He suggested that a Committee member could reach out to the Massachusetts State Ethics Commission if they had questions about the potential applicability of the Conflict of Interest Law. General Counsel Polin advised that the State Ethics Commission has an advisory hotline that can be called for guidance.

Lottery Executive Director Mark William Bracken introduced himself and thanked the Committee for their participation in the Stakeholder Engagement group. He stated that when the legislation passed iLottery, it gave an open-ended task to create an ecosystem between the online Lottery sales and the retail Lottery sales and added that's what he hoped to come out of this group. He recommended that the group members research, speak to agents, investigate what happens in other states, and present some ideas of what could or could not work in Massachusetts to bolster the

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relationship between retail and online so that online players are driven into retail either to continue to play at retail and/or become a new retail player.

Executive Director Bracken noted that the Lottery is very early on in the online process and the go-live date appears to be sometime during the spring of 2026. The Lottery will be issuing an RFP for a vendor for the Lottery's platform sometime late this winter. Once a vendor is onboarded, it will be approximately 9 to 12 months until go-live and so there is a lot of time in-between that to figure out what that relationship would look like.

Executive Director Bracken explained that the Lottery is happy to share any information available that is requested, and it anticipates any such requests to come from the Committee Chair through General Counsel Polin to disseminate those requests within the Lottery and then get the information back to the Committee. He reiterated that this is early in the process and there may be instances when it may seem that the Lottery has information to share when it does not, and it is not because anything is being hidden but rather because the Lottery is not as far along in the process as people may think.

Executive Director Bracken stated that he is always available for phone calls for any specific questions and he told the Committee members not to hesitate to reach out. Executive Director Bracken added that it will be interesting to see what the Committee comes back with because the group is tasked with presenting these suggestions and then he would determine if it's something the Lottery can implement. He cautioned that at this time, the Lottery will not be entertaining any conversations around actual commissions paid to agents. While the Committee is free to talk about that and even present it, it's not something the Lottery is looking at, and it's not something he would be acting upon. He thanked the Committee for their participation and concluded that he was looking forward to whatever ideas the Committee has.

New England Convenience Store and Energy Marketers Association ("NECSEMA") Executive Director Peter Brennan expressed his appreciation for Executive Director Bracken's remarks and stated that the goal as representatives of Lottery retail partners is to make sure everyone is protected as the transition is made to online. He added that the Committee would like to look at other states to find out what works and what doesn't, what's going to be the best for retail partners, the agents, and ultimately, the Lottery. He felt that everyone was on the same page, and he looked forward to fruitful discussions going forward.

Chief Executive Officer Marlene Warner from the Massachusetts Council on Gaming & Health ("MACGH") thanked Executive Director Bracken for his context and asked if he would be bringing the topic areas that he would like the Committee to come back with in terms of feedback or is the Committee meant to outline the content and offer feedback in the order that the Committee sees fit.

Executive Director Bracken stated that the Committee will run the way the legislation was set up. He stated that he was not a participant of the Committee nor was any other member of the Lottery. However, he knows that the Committee will need information and feedback from the Lottery and so while he'll attempt to be on every meeting, he'll also have representatives from the Lottery. He introduced Director of Stakeholder Engagement Ben Wood and Chief iLottery Officer Christian Teja and noted that the Lottery will have staff members with knowledge points of what's going on attend meetings. He referenced the ecosystem between online lottery sales and the retail lottery sales citing New Hampshire, Pennsylvania, Virginia, North Carolina and Michigan and noted there's a menu of what they do with respect to the retail relationship, and it differs. He explained that New Hampshire writes a check, some states have referral programs, and other states drive business in through promotional couponing back into retail. The information is out there and although the Lottery has

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looked extensively at this throughout the process, Executive Director Bracken stated that he hoped the group would take on that sort of research and be able to suggest what might work.

Executive Director Bracken addressed Chief Executive Officer Warner and pointed out that the information is out there in terms of what other states do regarding Responsible Gambling, including such things as limits and self-exclusion lists, and whether the self-exclusion list should be tied into the MACGH console. Although there is an idea of what happens in other states, the legislature has set up a group of experts for suggestions of best practices.

Executive Director Bracken noted that this is new, and he mentioned debit fees. He added that although it seems like a big issue, he sees there being a simple answer. Retail is going to want the Lottery to pay the debit fees, and the Lottery has an idea how much the debit fee is, however it would require authorization from the legislature. Executive Director Bracken conveyed that it is a very specific task that shouldn't get lost in the mix.

Jessica Muradian, Director of Government Affairs of The Massachusetts Restaurant Association ("MRA"), stated that she has been working with others, not just in terms of the Lottery, but in general, on a push to allow a business owner to pass that fee on to the consumer. Director Muradian noted that this is the law in 48 states, but it is allowed in Massachusetts because of an opinion letter that has been issued by the Division of Banks, but it's not allowed by law. She stressed that there's been a lot of discussions regarding this and information from those discussions could be helpful.

Executive Director Bracken elaborated that because this is a specific item that was pointed out in the enabling legislation, it is something that needs to be looked at and not glanced over and it's a foundational directive for this group. He suggested that the work should start there and ultimately be broken down into segments. There are specific things that are asked for in the legislation, plus the overall ecosystem between online lottery and retail lottery.

Executive Director Bracken introduced Stilian Dafulas, a representative of Dairy Carousel, Incorporated, and a long-time successful retailer and sales agent. He suggested that Ryan Kearney, General Counsel of the Retailers Association of Massachusetts ("RAM"), Executive Director Brennan, and Director Muradian lean on Sales Agent Dafulas in terms of what she sees from players walking in her store and what she thinks could work.

Chief Executive Officer Warner suggested that the group introduce themselves and talk about their perspective, their background, and what they're bringing to the group. She began the introductions stating that she is the CEO of the Massachusetts Council on Gaming and Health, previously the Massachusetts Council on Compulsive Gambling. She explained that she has been with the Council since 2001 and serves the people of Massachusetts who make the choice to gamble however they see fit. The Council offers services from primary prevention through long-term recovery as well as advocacy support across that spectrum.

Director Muradian introduced herself as the Director of Government Affairs for the Massachusetts Restaurant Association. The Association represents restaurants from all over the state of Massachusetts. Its primary function is to make sure that the restaurant industry in Massachusetts is thriving and well.

Sales Agent Stilian Dafulas introduced herself and stated that she and her husband have been running a small convenience store in the town of Attleboro since 1989. She will bring to the table what she sees each day with her customers.

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General Counsel Kearney introduced himself as the General Counsel for the Retailers Association of Massachusetts. He pointed out that the Association is a 4000-member company from the owner-operated small shops seen on Main Street to the large chains (regional and national), as well as retail restaurants and wholesale sectors of the retail industry within that membership, along with a number of sales agents and that being his interest in the issue.

General Counsel Polin thanked the members for their introductions and stated that the group is free to discuss what each member sees as the purpose of the Committee. He reminded them of Executive Director Bracken's practical description of a good possible approach to these meetings and asked if they would like to have more discussions regarding the purpose and then lead into selecting a Chair for the next meeting. He added that the Chair would be responsible for creating the agenda and that would be something that a Lottery staff member can help with.

Chief Executive Officer Warner stated that Massachusetts Gaming Commission ("MGC") has a Gaming Policy Advisory Committee ("GPAC") with subcommittees that are also subject to the Open Meeting Law. They have an independent chair, but the MGC comes in and speaks often, just as Executive Director Bracken came in and offered context and provided updates. She stated that the membership is more vast in terms of the different perspectives that people are bringing in. She said that she appreciated the Committee meeting monthly prior to the start of iLottery and then meeting for eighteen months after that start. She stated that while it's not an indefinite approach, it's really to get this off the ground. Chief Executive Officer Warner surmised that for the members of this Committee, their livelihoods and the livelihoods of the people that they represent are at stake. She acknowledged that everyone has a little bit more at stake than what is seen in GPAC and in similar groups and she was interested in learning how that happens. She stated that GPAC is able to put forth an agenda in terms of what all those various stakeholders are interested in, asking MGC about, and representing their various sectors to figure out how to protect the citizens of Massachusetts while also earning income. She pointed out that this is more of her hunt.

Sales Agent Stiliani Dafulas agreed with Chief Executive Officer Warner and added that because she is a retailer, she is worried about online gambling because it's going to cut off a lot of her commission. She stated that she is interested to see what the Lottery and the group will come up with to push people to go to restaurants and play Keno or to come to her store and play as well as how the Lottery will compromise with debit card fees.

Executive Director Brennan agreed with everyone's perspective and announced that he would be honored to throw his hat into the ring to be the Chair of this Committee and he asked for the group's support. He noted that although he does not want to take on additional work and have another agenda to set up, he would be happy to do it. He suggested that the Committee look for speakers for the next meeting and determine what the goal is now, six months from now, and a year from now. He acknowledged that it's going to be a long process, and he hoped that some of the issues being discussed are considered as the RFP is designed. He addressed Chief Executive Officer Warner and said that the Committee could do an entire meeting based just on her concerns and they could ask different speakers to come in. He stated that it's not just going to be retailer concerns, everything needs to be brought to the table because while there is time, this is the only shot the Committee has as advocates and stakeholders in how this is designed. It's a brand-new thing. He stated that a lot of other states have online lottery and to varying degrees it's been successful in those states and maybe it hasn't cannibalized retailers, but maybe it has, and that needs to be found out. He described the Massachusetts Lottery as a different animal, as it is much bigger compared to other states so there's a lot to dig into.

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III. Stakeholder Lottery Modernization Committee to Elect a Chair to Establish the Agenda for Meetings and Preside over Meeting

Executive Director Brennan reiterated his willingness to Chair the Committee and then get down to business to determine what the next agenda will look like, who the Committee would want to hear from, as well as how the Lottery might help assist in that process.

Director Jessica Muradian made a motion to elect Executive Director Peter Brennan as Chair of the Stakeholder Lottery Modernization Committee and Chief Executive Officer Marlene Warner seconded the motion.

There was no further discussion and a roll call vote was taken. Director Jessica Muradian: yes; Sales Agent Stilian Dafulas: yes; General Counsel Ryan Kearney: yes; Chief Executive Officer Marlene Warner: yes; Executive Director Peter Brennan: abstained from the vote. The Motion carried.

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

Chair Brennan acknowledged there are considerations regarding the Open Meeting Law and asked General Council Greg Polin for his assistance in sending out an e-mail to all the Committee members to discuss what topics to cover. He asked if that would violate the Open Meeting Law because everybody would be included.

General Counsel Polin said that it depends and explained that if the email is regarding a type of administrative matter, such as scheduling dates, it wouldn't. However, if it's regarding what subjects to discuss, that could be considered a deliberation under the Open Meeting Law, which could be a violation because it technically would not be occurring in accordance with the meeting notice requirements.

Executive Director Bracken elaborated that the Lottery tried to avoid having the Committee be subject to the Open Meeting Law, and that was not to hide anything as any member of the public can have access to the meetings, but as an attempt to cut out the bureaucracy and make it more of a working group, but the Lottery couldn't get the legislature to that point. It would have been a lot easier if it wasn't subject to the Open Meeting Law, then all the members could be on an e-mail chain and have frequent conversations between the group.

Sales Agent Stilian Dafulas asked how the group would communicate with each other. Executive Director Bracken explained that the Committee is allowed to communicate one-on-one, but three members cannot be on the same email because there are only five members, and that would be considered a quorum. He described this as a little bit of a roadblock. He noted that as the Executive Director he has the authority to put anyone on this Committee. He added that he's not looking to add anyone, but if there is someone that the group thinks should be a full member of this Committee, he would be more than happy to consider placing them on the Committee and swearing them in as a member. Unless a recommendation comes from the Committee he was not going to randomly add members.

General Counsel Polin addressed Chair Brennan and suggested that they speak offline regarding serial communication and the specifics of setting up agenda items. Chief Executive Officer Warner offered that in her experience with GPAC, typically, topics for the next agenda are populated during the meeting and then left to the Chair to flush out further and it may be that the Chair calls or emails

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each member individually. Chair Brennan agreed and stated that the Committee should hear from stakeholders in other states where iLottery has already been implemented. He suggested if there was broad agreement, to get a presenter from a couple of states, possibly one at a time, then he could start the work there and added that perhaps the Lottery could help track people down that the group might want to talk to. He suggested hearing from both the lotteries in these other states as well as the stakeholders. Director Muradian suggested looking at two states for the next meeting with a state close to Massachusetts that's had this implemented for a while with someone from that state's lottery as well as someone from the retail side to talk about what the lottery looks like in their state.

Chair Brennan revealed that the New Hampshire Lottery and many of the New Hampshire retailers are NECSEMA members and he would contact them. He then mentioned Pennsylvania and said he would speak with his counterpart there as well. The Committee members agreed.

Because the next meeting is scheduled for Tuesday, November 5th, which is Election Day, the Committee discussed changing it to Monday, November 4th, Wednesday, November 6th, or Thursday, November 7th, contingent upon the availability of staffing from the Lottery. General Counsel Polin noted that he would confirm the date with the group directly after the meeting.

Chair Brennan reviewed his action items to begin reaching out to people in New Hampshire and Pennsylvania to get a good selection of people that might be able to join via Zoom. He presumed that should be enough to get the group through the second meeting and then discuss the next steps. General Counsel Kearney spoke in favor of the Chair's approach.

General Counsel Kearney addressed Executive Director Bracken and General Counsel Polin and stated that he assumed that some of the insight that the Committee gets is going to be with potential vendors who he believed are being blacked out during the procurement period. He asked if there were any conflicts that the Committee should be aware of. He added that these are the folks besides the Lottery who probably have the most knowledge of what's out there, and he asked how that would factor into what the Committee is trying to do.

General Counsel Polin acknowledged that presently, the Lottery is in a blackout period and so any communications with potential iLottery vendors are subject to the Lottery's procurement process where there is limited communication. He explained that the Lottery is communicating with vendors now through a Request for Information process and through existing contractual relationships. He recognized that this was going to be a high profile, very important procurement process and the Lottery wants to make sure that it's beyond reproach that it's being done correctly every step of the way so as to avoid allegations or concerns of an unfair process. General Counsel Polin asked the Committee to be cognizant of that as well as careful. He expressed his understanding that the Committee is trying to fulfill their obligations and gather the information that they need and pointed out that it depends on what they want to do and how they want to do it.

Executive Director Bracken agreed and added that this shouldn't deter the Committee from inviting a vendor in. He explained that New Hampshire is in process of switching vendors and as an example he explained that if the group was to invite a representative from a retailer association in Pennsylvania, along with a member of the Lottery and/or a member of Scientific Games on behalf of that lottery to talk about their program and what they do, he pointed out that he didn't necessarily think that that would be a conflict in terms of the RFP process. He explained that it's something that's happening in a public setting done by a legislative driven Committee, and it would not be new information to the Lottery as the Lottery has been through this process with all of these vendors before.

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Chief Executive Officer Warner addressed General Counsel Polin and asked that with the Committee contemplating inviting New Hampshire and Pennsylvania to come in, would it be necessary for the Committee to divulge at the beginning of the meeting any relationships or conflicts they may have with the people who are presenting. She added that she assumed the answer was no if the Committee was not taking a vote.

General Council Polin explained that he didn't believe so. He asked Chief Executive Officer Warner if they could talk offline if there's something more specific or concrete, but at the moment he didn't think a disclosure would be necessary.

Chair Brennan thanked the Committee and noted that this is a good start of what is needed to move forward. He summarized waiting on the next meeting date from the Lottery and beginning the outreach to those the Committee would like to hear from.

After asking if there was any other business to discuss, Chair Brennan sought a motion to adjourn the meeting. Chief Executive Officer Marlene Warner moved to adjourn and Director Jessica Muradian seconded the motion.

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

The SLMC meeting adjourned at 2:17 p.m.

List of Documents and Exhibits Used:

- October 2024 Stakeholder Lottery Modernization Committee Meeting Book