

**MARYLAND STATE LOTTERY COMMISSION
APRIL MINUTES**

DATE: April 23, 2003
TIME: 10:00 a.m.
PLACE: Maryland Lottery Headquarters

PRESENT: Chairman Jerry L. Lewis
Commissioner Osborne Payne
Commissioner Carl Hein, III

Buddy Roogow, Director
Andrea Johnson, Principal Counsel
Tchicaya Ellis, Ph.D., Director, Research and Planning
Gina Smith, Deputy Director and CFO, AFO
Sandra Johnson, Chief Information Officer, Information Technology
Tracey Cohen, Director, Product Development
Jimmy White, Director, Communications
Ray Butler, Regional Manager
Deborah Sharpless, Controller
Suzanne Meltzer, Executive Assistant
Marie Torosino, Executive Associate

OTHERS

PRESENT: Ray Shaffer, IGT OnLine Entertainment Systems
Chris Barrick, Eisner Communications

CALL TO ORDER

Chairman Lewis called the meeting of the Maryland Lottery Commission to order at 10:15 a.m. Chairman Lewis stated since there was not a quorum present, the Commission would move through the non-action items and delay the action items until Commissioner Hein arrives.

DATE AND TIME OF NEXT MEETING

Chairman Lewis stated the next Commission meeting would be Wednesday, May 28, 2003 at 10:00 a.m. at Lottery Headquarters. Chairman Lewis stated keep in mind that the Commission has projected the meetings to be the fourth Wednesday of each month.

Chairman Lewis stated the Commission is on the record, but is waiting for the official opening of the meeting.

DIRECTOR'S REPORT

Mr. Buddy Roogow stated everyone is aware of the unfortunate passing of Vice Chairman Zoe Piendak. A number of Lottery staff attended at the funeral and she will be missed.

Mr. Roogow stated the Lottery's sales and revenues are running behind last year by \$500,000 in both categories. Mega Millions is \$18 million behind as compared to last year and that combined with Pick 3 has been a big hole for the Lottery to fill. The Lottery also lost approximately \$5 million to \$7 million in sales as a result of the snowstorms in February. Pick 3 sales continue to show somewhat of a decline. However, a Pick 3 promotion began Monday. Pick 4 sales have increased slightly over last year. Keno, Keno Bonus and Instants continue to perform well. Lotto and Bonus Match 5 are about where expected. The growth that the Lottery is hoping to see will need to come from Mega Millions. There have been no big Mega Millions jackpots since April 2002, so the Lottery is competing against very high numbers from last year. There have been two Lotto jackpot winners since January 2003 and neither winner has come forward. The winning jackpot from January was \$3.6 million and the other winning jackpot won three weeks ago was \$1.5 million.

Mr. Roogow stated on the last day of the Legislative session, he received a phone call that evening and was informed that the Joint Budget Committee had cut \$2 million from the Lottery's budget. The Lottery may be able to move some funding around to cover much of that cut this coming year, but it needs to have that \$2 million restored in its budget for the following year.

Mr. Roogow stated the La Fleur's Conference was held last week in Washington, DC and a few Lottery employees attended. It was a very successful conference.

Chairman Lewis stated he also wanted to be on the record in expressing on behalf of the Commission their condolences on the loss of Zoe Piendak. The Commission asked that everyone continue to keep her family in their prayers. She will be missed as a part of the Commission team.

Chairman Lewis asked when the Legislature makes a budget cut, do they designate what part of the budget it is taken from. Mr. Roogow responded it was taken from the Lottery's advertising budget.

Chairman Lewis asked if there were any other questions. Hearing none, he received the Director's report as information.

IGT ONLINE ENTERTAINMENT SYSTEMS

Mr. Ray Shaffer, Account Executive, stated on behalf of IGT, he also wished to extend their deepest condolences to the Commission for the loss of Zoe Piendak. She was a bright and dynamic woman and a friend who will be missed.

Mr. Shaffer stated IGT has been working with the Director in moving forward with the new Instant Win Game. IGT hopes to have the game ready for implementation in early calendar 2004. IGT continues to work with Sandy Johnson on the Internal Control System (ICS) conversion. IGT has responded to a number of questions from her staff. The existing ICS will be replaced with a new system.

Mr. Shaffer stated IGT has also been working with the Lottery on the upcoming SAS-70 audit. Mr. Shaffer stated the IGT staff continues to test new software releases and the IGT marketing staff has been busy in the field working with Lottery agents.

Chairman Lewis asked if there were any further questions. Hearing none, Chairman Lewis received IGT's report as information.

REPORTS

Legal Division – Andrea Johnson, Principal Counsel

Ms. Andrea Johnson distributed her report to the Commission. She stated there were no revocations to present to the Commission this month. There was a hearing scheduled for today, and negotiations are still going on between the Lottery and legal counsel for the agent. The attorney has made a formal request to postpone the hearing until next month. There is the possibility that the agent will not go forward with the appeal hearing.

Ms. Johnson stated some in-house education seminars would be implemented. Her office has had a number of requests on different topics of interest, e.g., Maryland Public Information Act requests and liens. The Legal Division will assist the Agency by meeting

with the different Lottery Divisions in an attempt to provide certain types of legal input and information.

Ms. Johnson stated House Bill 374 and Senate Bill 286 addressed the perfection of security liens, which deals with the Uniform Commercial Code. There was also legislation introduced this year for the assignment of Lottery winnings. There was an amendment to the Uniform Commercial Code that spoke to the perfection of security interests of lottery prizes. When the assignment legislation failed, that provision should have been deleted from the two bills. When notice was received that these bills were being sent to the Governor for signing, a question was raised that there was a provision that needed to be severed or it could not be given full legal effect.

Ms. Johnson stated each month the Attorney General's Office holds ongoing procurement sessions on all aspects of the procurement process, e.g., sole source procurement, IFBs, and RFPs and her staff regularly attend the sessions.

Chairman Lewis asked if there were any further questions. Hearing none, Chairman Lewis received the Legal Division's report as information.

Research and Planning – Tchicaya Ellis Ph.D., Director

Dr. Tchicaya Ellis distributed her report to the Commission. Dr. Ellis stated surveys and telephone interviews have been completed regarding how the Lottery is doing in terms of the number of people that play the Lottery. She will have detailed findings of the tracking study next month. Dr. Ellis stated a round of scratch focus groups was completed and they tested the Price Is Right instant ticket and it was well received.

Dr. Ellis stated an analysis of the annual employee survey was completed and while the Lottery did not necessarily reach its goal of 60 percent for Agency employee satisfaction, it did increase from 51 to 53 percent compared to the previous year. Some of the Agency strengths are employee autonomy, sense of autonomy on the job, input, communication and involvement in some of the work processes. However, some areas that could use improvement were customer service and participation in career development related training.

Dr. Ellis stated the March 2003 retailer survey was completed. The response rate was 48 percent. They will be able to judge how the Lottery is doing in terms of the agent network. A version of the survey was also translated into Korean since a large percentage of Korean agents serve the network.

Dr. Ellis stated the MFR Strategic Planning Steering Committee met on April 15, 2003. The group is developing strategies and objectives for fiscal year 2005 of which IGT will play a major role as to what the Lottery can do from a promotional and product standpoint. The final submission is due in mid-August.

Dr. Ellis stated her division attended the 7th Annual Korean Business Fair that was held at

MDOT Headquarters in Hanover, Maryland. As found among some of the population, numerous companies are not knowledgeable about the MBE program, so they have not been able to take full advantage of what the program can offer. The new Executive Director of the Governor's Office of Minority Affairs, Sharon. Pinder, is looking into creating an overall awareness campaign of the MBE program so more people will be aware of the program.

Chairman Lewis asked how does using the census to determine the demographics of Hispanics in the State relate to determining what percentage are playing the Lottery. Dr. Ellis responded the Hispanic population is a small part of Maryland's demographic base at 4 percent. A large majority of that 4 percent is located in Montgomery County. The Lottery is using that information to see if there are things that it can do in terms of tickets geared toward that population. Her staff will begin to collect data so that they can capture the Hispanic ethnicity in the Lottery player base. Chairman Lewis stated there is a significant portion of the Hispanic population within Prince George's County and even though it may be 4 percent statewide, he thinks in those areas Hispanic participation in the Lottery industry can be significant. Dr. Ellis stated census data is used to understand what is going on statewide. She stated they also have the quarterly tracking studies. Since the new census data and the new measurement for that information has occurred, they will start to do that on the tracking studies as well. Dr. Ellis stated the reason the demographic information is collected is to be sure that Hispanics are representative of the State of Maryland. If they do not collect the information, then they have no idea whether all of the Lottery players are of one race and not really representing the State of Maryland.

Chairman Lewis asked if there were any further questions. Hearing none, Chairman Lewis accepted the Research and Planning Division's report as information.

Administration, Finance and Operation – Gina Smith, Deputy Director, CFO

Ms. Gina Smith distributed her report to the Commissioners. She stated her report contains various statistical information regarding the Customer Resource Center as well as the Agent Administration Unit. In regards to facility management, she is working with Montgomery Park to settle on a final build out cost. There is a concern that possibly some miscalculations were done by Montgomery Park in the initial estimate and she is working with the Department of General Services to have them re-measure certain things that Montgomery Park has charged the Lottery for. It is critical that this be resolved prior to the end of the fiscal year because the funds were allocated in this year's budget. In addition, Montgomery Park is still working on some punch-out items that are on the list.

Ms. Smith stated the December audited financial statements were mailed to the Commission and that the Commission would be presented with the unaudited financial statements for March. Ms. Smith stated the contract with Bert Smith contract expires on June 30, 2003. The Lottery issued a Request for Proposals for auditing and accounting services and the bids are due on April 28, 2003.

Ms. Smith stated the Director previously spoke on the last minute cut to the budget for

fiscal year 2004. For fiscal year 2003, the year-end procurement deadlines are approaching. The Procurement Unit is working with each Division to ensure that all deadlines are met. She stated that the Lottery would submit a budget amendment within the next week for approximately \$350,000 for vendor fees and instant ticket printing. The deadline for budget amendments is the middle of June.

At this point in the meeting, Commissioner Hein arrived.

Ms. Smith stated the Department of Budget and Management has granted the Lottery an exemption to fill some positions and Human Resources has been recruiting for those positions. Interviews are being conducted and some of the positions have been filled. The fiscal year 2002 budget is still open and work was being done on liquidating all the encumbrances prior to year-end.

Ms. Smith stated she has provided in the Director's Report the updated status responses on the Legislative Audit.

Chairman Lewis asked if there were any further questions. Hearing none, Chairman Lewis received Administration, Finance and Operations' report as information.

Information Technology – Sandra Johnson, Chief Information Officer

Ms. Sandra Johnson distributed her report to the Commission. Ms. Johnson stated IT continues to support a number of efforts at the Lottery. IT worked with several units on a development of plans for Lottery promotions. The Pick 3 550:1 payout promotion started on Monday. IT also worked on a Summer of Fun Promotion and a Keno promotion. They tested the promotion with IGT staff to ensure it was technically sound before the marketing plans were finalized.

Ms. Johnson stated IT also continues to work with the Department of Budget and Management to prepare for the Board of Works meeting on April 30, 2003, concerning the Verizon contract extension.

Ms. Johnson stated she is looking at upgrading some of the Lottery's UNISYS equipment. These computers were purchased within the last five years. Ms. Johnson stated as part of the ongoing efforts to comply with the recommendations of the audit, IT continues to work on the Keno Source Code Review. IGT has been helpful in assisting the Lottery with this. All of the processes with the Keno and the Keno Bonus game have been tested. Test data was created to ensure that everything was working the way that it should. They are going to do parameter changes to the Source Code, for example, the cost of a ticket and how many numbers are in the Keno game, and then test the reports. They plan to have everything finished in May.

Ms. Johnson stated IT is looking at the automatic paging system for the Lottery's firewall, which was another item in the audit. In the event someone did try to penetrate the Lottery system and get through to the firewall, it would automatically page the Lottery's network services staff. This page is working properly.

Ms. Johnson stated IT has worked with AFO in reviewing the user code access classes for the IGT MasterLink system. Some changes will be made so that people who are actually users on the system are only able to gain access to what they need.

Ms. Johnson stated she met with PriceWaterhouseCoopers to review their finding of the Lottery's 2002 audit.

Ms. Johnson stated two staff members from IT including herself and one staff member from AFO, continue to work with other states on the NASPL Standards project. There are nine or ten vendors involved as well as the various states that are all represented. There have been many conference calls and one face-to-face meeting in Chicago. They decided to take on four items in terms of standards. They looked at about 29 or 30 different areas that standards could be set and decided to develop standards for pre-deployment testing, common profiles and practices for generation of RFPs, interfaces for retail accounting, and standards for instant tickets UPC codes. A letter is being sent to the Lottery Directors asking them for a commitment both in terms of time and funding.

Ms. Johnson stated IT has started the first phase of the Agency training database. Each employee will have a data record and be able to see what training they have had and the supervisors will be also able to review that as well.

Ms. Johnson stated IT continues to monitor the radio transmissions at the Riverboat agent location and that has been going well. They met with the owner of the Riverboat who had had a bad experience several years ago with radio transmissions, but has been willing to work with the Lottery. The Lottery reassured him that it was going well.

Ms. Johnson stated IT received delivery of six new printers that will be installed to modify the check writing system in the Claims Division. IT is working on the redesign of the bond and annuity system. IT is also working with IGT and other Lottery Divisions to investigate a problem that is causing some of the terminals in the field to reboot spontaneously and create duplicate transactions. It is not a large-scale problem. They are working with IGT and the development staff in Clifton to resolve this.

Ms. Johnson stated IT turned in their comments following the review of IGT's proposal for a new ICS. Three staff members attended disaster recovery training that was held by the Department of Budget and Management this month.

Chairman Lewis asked if the Lottery does a disaster rehearsal. Ms. Smith responded the evacuation committee has laid a plan out and the Lottery has been trying to practice.

Commissioner Hein asked in reference to the terminal reboot problem, is that a fraud problem where someone has figured out how to duplicate the transaction. Mr. Roogow responded there is no gain to doing that and actually it is at a cost to the agent. Ms. Johnson stated there is no ticket produced and nothing is coming out of the terminal but they can see that something is happening on a transaction listing. They have no reason to suspect fraud. Mr. Shaffer stated it appears to be somewhat related to interruptions in the

telecommunication transmissions and IGT is looking at all the aspects to find out what is causing the problem.

Chairman Lewis asked if the Keno game is generated by the Lottery or is it contracted out. Ms. Johnson responded it is generated by the Lottery's contractor and IT is working with IGT at their staff at the Clifton location where they let the Lottery make changes to see what happens, but IGT has control of the actual software.

Chairman Lewis asked in terms of setting up the standards for system specifications for RFPs, would that be applicable to IT only. Ms. Johnson responded it is across the board. Chairman Lewis asked if the standards are being set across various states, how would they comply with the legislative context of individual agencies. Mr. Roogow responded it would be voluntary because the standards committee cannot override Maryland law. Ms. Johnson stated she does not think that NASPL would develop anything that conflicted with any state law.

Chairman Lewis asked if there were any further questions. Hearing none, Chairman Lewis accepted Information Technology's report as information.

Communications – Jimmy White, Director

Mr. Jimmy White stated a copy of his report is contained in the Commission's folders. He stated his report contains detailed descriptions of places his Division has been and things that they have done in the last month. Maryland had a Mega Millions \$20 million jackpot winner on March 28, 2003. The winner and his daughter came forward and split \$7.8 million dollars after taxes. There was also a Lotto jackpot hit for \$1.5 million on April 5, 2003. The ticket was sold in Prince George's County at the Hampton Mall Exxon. During the month, there were several Bonus Match 5 winners, numerous scratch-off winners and a \$100,000 Keno winner from Tampa, Florida.

Mr. White stated the entry phase for Cash Encounters is coming to an end. Tomorrow night on WJZ-TV and other stations throughout the State, the ninth preliminary round will be broadcast to identify the 17th and 18th contestants who will join the Lottery for the game show. The tenth and final preliminary drawing will be held this Saturday at the Bay Bridge Boat Show. The Cash Encounters game show taping will take place on May 10, 2003. If any Commissioner would like to attend, please let him know. It will be at Flite 3 Studios. They will be giving away a Toyota Celica GT at the top of the show. There will be three intermediate games with substantial cash prizes, then the show will end with the million dollar grand finale where one of the 20 contestants will win \$1 million. Over 300,000 entries have been received since November 1, 2002.

Mr. White stated that 16 news releases were done last month and 12 stories appeared in the newspapers. Eisner evaluated the clips and stated they were worth approximately \$4,100. Mr. White stated "A Refer a Friend Program" was done in relation to the VIP Club last month and through that program approximately 200 new VIP Club members were signed up. The VIP Club currently has 18,635 members.

Mr. White stated there are 19 Promotional Partner agreements in place for this month and approximately \$5,000 worth of scratch-off tickets were distributed. The estimated value received was approximately \$165,000.

Chairman Lewis asked where would the boat show take place. Mr. White responded the boat show is at the Bay Bridge Marina. Chairman Lewis asked if the show runs all day. Mr. White responded the show begins Friday and runs through Sunday evening. The Lottery will be set up in the tented area with its corporate display with benefits and products messages. On Saturday beginning at noon, the Lottery will be on stage with WCEI radio station radio. The midday Pick 3 and Pick 4 will be broadcast live at 12:30 p.m. In the afternoon, the Lottery will continue the show with the final preliminary drawing for Cash Encounters contestants. Roslyn Nelson and Brian Johnson will be representing the Lottery.

Commissioner Hein asked when would the free toll over the Bay Bridge promotion begin. Mr. Roogow responded it starts the first week in June and runs Friday evening at 7:00 p.m. to Saturday morning at 7:00 a.m.

Chairman Lewis asked if there were any further questions. Hearing none, Chairman Lewis received Communications' report as information.

Sales – Ray Butler, Regional Sales Manager

In Mr. Joseph Jason's absence, Mr. Ray Butler presented the Sales Division's report that was contained in the Commission's folders. He stated the Sales Division meets with ten major corporate accounts on a quarterly basis to conduct a sales and commission review. They also meet with the other 36 corporate accounts to conduct a sales and earnings review. If the stores are doing well, they are encouraged to maintain those sales or to do better. If the stores are doing poorly, suggestions are offered on how to increase their sales and earnings.

Mr. Butler stated the Sales Division's report contains information on the instant games that are in the field and in the warehouse. A launch schedule is also contained in the report.

Chairman Lewis asked what is 7-11 Chesapeake that is shown on the chart. Mr. Butler responded one Division comes out of Virginia and the other Division comes out of Maryland. 7-11 has now taken over their corporate accounts and converted them to franchisees.

Chairman Lewis stated this particular corporation has 140 stores and asked is that considered to be a corporate location or a store location. Mr. Roogow stated there are 140 store locations and the corporate location is in Virginia but the store locations are in Maryland.

Chairman Lewis asked what is the northeast area. Mr. Butler responded the northeast area

includes Baltimore and out to the northeast including some of the Eastern Shore and Western Maryland. The southern stores are the ones in Prince George's and Montgomery Counties. Chairman Lewis asked are the stores in Prince George's County the ones represented by the Chesapeake region for the most part and then the others are basically everywhere else in the State. Mr. Roogow responded most of these stores are a little more successful with the selling of instants through instant ticket vending machines. Royal Farms is an example of a group of stores that has improved dramatically since instant ticket vending machines were installed. Mr. Roogow stated that Bob Santoni from Santoni's Market, one of the most successful locations in the State, far exceeds the averages seen here of these chain stores.

Chairman Lewis asked if there were any further questions. Hearing none, Chairman Lewis received the Sales Division's report as information.

BERT SMITH AND COMPANY FINANCIAL REPORT

Ms. Deborah Sharpless, Controller stated provided in the Commissioner's folders were the audited financial statement for January 2003 as well as the unaudited financial statement for March 2003. Ms. Sharpless stated revenue for March 2003 was \$37.3 million. During the month of March, the Lottery met its obligation to the Maryland Stadium Authority, which was approximately \$21.9 million. From this point forward, all revenues will be allocated to the State's General Fund.

Chairman Lewis stated it is indicated that the Lottery met its Stadium Authority projection and asked what is the minus \$9 million figure on the financial report. Mr. Roogow responded last year the Legislature set the amount appropriated for the Stadium Authority at \$31 million and this year it was set at \$21.9 million. Mr. Roogow stated the Lottery turned over less to the Stadium Authority because that was what the budget required. Chairman Lewis stated looking at the percentage of change of minus 29.59 percent, is that just a matter of adjustment in the target. Mr. Roogow stated whatever the Legislature determines the amount to be that should be sent to the Stadium Authority, that is what the Lottery submits. Chairman Lewis asked when would the Stadium Authority be paid off. Mr. Roogow responded the Lottery is no longer paying the Stadium bond, but it may be participating in bond payments for any new projects. Chairman Lewis asked how wide a range is the Stadium Authority's benefit to all Marylanders. Mr. Roogow responded the Stadium Authority has been involved in the Ocean City Convention Center, the Montgomery County Convention Center in Rockville, the University of Maryland, the Hippodrome in Baltimore and Camden Station. The Stadium Authority is taking on projects across the State.

Chairman Lewis stated if there were no questions the Commission would receive the audited financial report as information. He advised the Commission to review the unaudited financial report and if there are any questions to raise them at the next meeting before the final copy is received.

REPORTS (continued)

Product Development – Tracey Cohen, Director

Ms. Tracey Cohen stated copies of her report are contained in the Commission's folders. She stated there are six instant tickets to present to the Commission today. She stated the Price is Right instant ticket that was recently focus tested was received well by the focus groups. The plan is to launch that ticket sometime next year with the Virginia Lottery and it will be a joint ticket with joint advertising.

Ms. Cohen stated the Pick 3 550:1 promotion started on Monday. Eisner will present the point of sale, television and radio commercials for this promotion. During the month of June, the Lottery plans to run a Keno 10 spot top prize promotion where the top prize on the ten spot will be increased to \$250,000. An on-line menu promotion will run from July 7 until September 2, 2003. This promotion will be buy a week of Lotto and Mega Millions for \$3 or buy \$10 or more of Keno and get a free \$1 Bonus Match 5 ticket or buy a week of either Pick 3 Pick 4 midday or evening and get a day free. She is hoping this will help the Lottery during the summer slump and raise some awareness of the Lottery and its products. Also from July 7 to September 2, 2003 the Summer Keno Doubler will run.

Ms. Cohen stated there were six instant tickets to present to the Commission.

Game #413 *Super Slots* is a \$1.00 ticket with a top prize of \$1,000 and a ticket quantity of 2.5 million. It has a playstyle of match three and features auto win, bonus symbol and multiple win. The odds are 1:4.85 with a payout of 59.93%. It is a gaming theme and has a launch date of July 2003.

Game #414 *Blackjack* is a \$1.00 ticket with a top prize of \$2,100 and a ticket quantity of 2.5 million. It has a playstyle of yours beats theirs. The odds are 1:5.05 with a payout of 59.82%. It is a gaming theme and has a launch date of July 2003.

Game #415 *Crab Doubler* is a \$1.00 ticket with a top prize of \$1,000 and a ticket quantity of 2.5 million. It has a playstyle of match three and features a doubler. The odds are 1:4.54 with a payout of 59.96%. It is a novelty theme and has a launch date of May 2003.

Chairman Lewis stated three instant tickets have been presented to the Commission for approval, Game #413 *Super Slots*, #414 *Blackjack* and #415 *Crab Doubler*. He asked the Principal Counsel to go on the record indicating if these games have been reviewed for legal sufficiency. Ms. Johnson responded Game #413 *Super Slots*, #414 *Blackjack* and #415 *Crab Doubler* have been reviewed and approved for legal sufficiency.

Chairman Lewis stated Game #413 *Super Slots* has been presented for approval and asked if there were any questions. Hearing none, Chairman Lewis requested a motion. Commissioner Hein made a motion to approve Game #413 *Super Slots* and Commissioner Payne seconded it. Chairman Lewis stated it has been moved and seconded that Game

#413 *Super Slots* be approved as presented and requested a vote. Game #413 *Super Slots* was approved by unanimous vote of the Commission.

Chairman Lewis stated Game #414 *Blackjack* has been presented for approval and asked if there were any questions. Hearing none, Chairman Lewis requested a motion. Commissioner Payne made a motion to approve Game #414 *Blackjack* and Commissioner Hein seconded it. Chairman Lewis stated it has been moved and seconded that Game #414 *Blackjack* be approved as presented and requested a vote. Game #414 *Blackjack* was approved by unanimous vote of the Commission.

Chairman Lewis stated Game #415 *Crab Doubler* has been presented for approval and asked if there were any questions. Hearing none, Chairman Lewis requested a motion. Commissioner Hein made a motion to approve Game #415 *Crab Doubler* and Commissioner Payne seconded it. Chairman Lewis stated it has been moved and seconded that Game #415 *Crab Doubler* be approved as presented and requested a vote. Game #415 *Crab Doubler* was approved by unanimous vote of the Commission.

Ms. Cohen continued to present the instant tickets for approval.

Game #416 *Payday Bonus* is a \$1.00 ticket with a top prize of \$1,500 and a ticket quantity of 2.5 million. It has a playstyle of match three and features auto win multiplier, bonus game, doubler and multiple win. The odds are 1:4.73 with a payout of 59.94%. It is a money theme and has a launch date of July 2003.

Game #417 *Stars & Stripes* is a \$1.00 ticket with a top prize of \$1,776 and a ticket quantity of 2.5 million. It has a playstyle of match three and features auto win multiplier and doubler. The odds are 1:4.88 with a payout of 59.99%. It is a novelty theme and has a launch date of June 2003.

Game #418 *Gone Fishin'* is a \$1.00 ticket with a top prize of \$1,000 and a ticket quantity of 2.5 million. It has a playstyle of key number match. The odds are 1:4.54 with a payout of 59.94%. It is a novelty theme and has a launch date of June 2003.

Chairman Lewis stated before proceeding he wanted to compliment Ms. Cohen and OGT for showing some diversity in the *Gone Fishin'* images on the instant ticket. He sees that both gender and ethnic diversity was accomplished.

Chairman Lewis stated three instant tickets have been presented to the Commission for approval, Game #416 *Payday Bonus*, Games #417 *Stars & Stripes* and Game #418 *Gone Fishin'*. He asked the Principal Counsel to go on the record indicating if these games have been reviewed for legal sufficiency. Ms. Johnson responded Game #416 *Payday Bonus*, Game #417 *Stars & Stripes*, and Game #418 *Gone Fishin'* have been reviewed and approved for legal sufficiency.

Chairman Lewis stated Game #416 *Payday Bonus* has been presented for approval and asked if there were any questions. Hearing none, Chairman Lewis requested a motion. Commissioner Payne made a motion to approved Game #416 *Payday Bonus* and Commissioner Hein seconded it. Chairman Lewis stated it has been moved and seconded

that Game #416 *Payday Bonus* be approved as presented and requested a vote. Game #416 *Payday Bonus* was approved by unanimous vote of the Commission.

Chairman Lewis stated Games #417 *Stars & Stripes* has been presented for approval and asked if there were any questions. Hearing none, Chairman Lewis requested a motion. Commissioner Hein made a motion to approved Game #417 *Stars & Stripes* and Commissioner Payne seconded it. Chairman Lewis stated it has been moved and seconded that Game #417 *Stars & Stripes* be approved as presented and requested a vote. Game #417 *Stars & Stripes* was approved by unanimous vote of the Commission.

Chairman Lewis stated Games #418 *Gone Fishin'* has been presented for approval and asked if there were any questions. Hearing none, Chairman Lewis requested a motion. Commissioner Payne made a motion to approved Game #418 *Gone Fishin'* and Commissioner Hein seconded it. Chairman Lewis stated it has been moved and seconded that Game #418 *Gone Fishin'* be approved and requested a vote. Game #418 *Gone Fishin'* was approved by unanimous vote of the Commission.

Chairman Lewis asked if there were any further questions. Hearing none, Chairman Lewis received Product Development Division's report as information.

APPROVAL OF MINUTES

Chairman Lewis stated the Minutes were left unattended at the beginning of the meeting because there was not a quorum present. Let the record show that a quorum is now present and therefore he will attend to the minutes. Chairman Lewis stated the Commission received a copy of the Minutes for March and had an opportunity to review them. He asked if there were any questions, concerns or corrections to the Minutes as submitted. Hearing none, Chairman Lewis requested a vote to accept the Minutes as submitted. The Minutes were accepted by unanimous vote of the Commission.

EISNER COMMUNICATIONS

Mr. Chris Barrick stated Eisner has been working on its fiscal year 2004 advertising plan in conjunction with the Lottery. Eisner has been developing radio spots for the summer Keno promotion. Also, point of sale and radio spots have been developed for the summer on-line menu promotion. This past month Eisner also produced work on Pick 3, which will be presented to the Commission. Eisner has been working with the Lottery's Communications Division in producing the game show that will air at the end of May. Eisner has also worked with the Lottery's Research group to focus test some scratch tickets. Eisner will tentatively be taping scratch cam this Sunday at the boat show starting at 11:00 a.m. running until approximately 3:30 p.m.

Mr. Barrick presented to the Commission the point of sale for the Pick 3 booster 550:1 promotion. Eisner also produced some generic Pick 3 how to play point of sale that will be available to the Sales force later this month. For the Pick 3 campaign, Eisner produced

three television spots that were shown to the Commissioners after the meeting because the VCR in the meeting room was inoperable.

Chairman Lewis asked if there were any further questions. Hearing none, Chairman Lewis received the report from Eisner Communications' as information and will review the videotape of commercials after the meeting.

COMMISSION COMMENTS

Chairman Lewis stated he wanted to express his concern for what he sees as a very challenged position for the Commission. He thinks it is the first time in the history of the Commission that it is subject to have a complete change in the members except for one member in the near future. There are questions as to the status of at least two of the Commissioners and with his term being expired, he thinks Commissioner Payne is the only Commissioner that is actually in full swing. This concerns him and he wanted to be on the record on behalf of the Commission in expressing that concern. He feels that the public deserves to have some continuity as it relates to the Commission and that the Lottery in the long run would benefit from having some continuity from the Commission as well. Mr. Roogow stated part of the reason was relative to the slots bill and the fact that the Commission was to be expanded to include four new members, going from five to nine members. The Administration was probably assuming that they would name four new members, but that did not happen and your point is well taken. Chairman Lewis stated he did want to express those concerns and feels that it leaves the Commission itself uncertain as to its future, but it also poses some challenges for whatever the future is depending on its ultimate makeup.

ADJOURNMENT

Chairman Lewis asked if there were any other questions or concerns. Hearing none, the meeting was adjourned at 11:45 a.m.

Respectfully submitted,

Buddy Roogow