

DIVISION OF SPECIAL REVENUE

Gaming Policy Board

Minutes of Meeting – June 25, 2009

held at

555 Russell Road
Newington, CT

Members: William Farrell, Chairman; Richard Antonetti; Edward F. Osswalt;
Gayle A. Russell.

Absent: Paul F. Pendergast.

Staff: Paul A. Young, Executive Director; Suzanne J. Alix; Paul D. Bernstein;
Raymond Camarco; Bruce W. Kemble; Donald R. Kleber; Anne K. Stiber;
Joseph P. Tontini; Frank R. Virnelli; Viola Pietrandrea; William Ryan;
Theresa Sheehan; Marie Stearns; Robin Washbond.

Guest: Donald Barberino, Autotote Enterprises, Inc.

Call to Order: Chairman Farrell called the meeting to order at 10:30 a.m.

Approval of Minutes: On motion made by Mr. Antonetti, seconded by Ms. Russell and unanimously voted, it was resolved that the Minutes of the May 28, 2009 meeting not be read and that the Minutes be accepted as distributed.

Time and Place of Next Meeting: The next meeting of the Gaming Policy Board will take place at 10:30 a.m. on Thursday, August 20, 2009 at Division Headquarters in Newington.

Interim Reports

Gambling Regulation: Mr. Tontini briefly reviewed the changes to the hours of operation in the off-track betting system since the Board's last meeting.

Update: Off-Track Betting – there were seven track approvals completed during the month of May 2009.

The new non-simulcasting site at Milford OTB opened on March 31st. During the second full month of operation it did significantly better than the first month with a total of \$282,000 for the month.

Governor Rell signed legislation on June 18th allowing both Milford and Putnam to become simulcast facilities, pending municipal, Gaming Policy Board and Division approval.

Lottery – there were two Instant Games that received preliminary approval and four Instant Games that received final approval during the month of May 2009. Sales started for the new on-line game, Lucky for Life, on March 29, 2009. The eight drawings in May 2009 produced \$2.8 million.

Mohegan Sun – there were 80 jackpots of \$25,000 or more; six paid \$100,000 or more and one jackpot was a wide-area progressive jackpot for the month of May 2009. At the end of May 2009 there were 6,743 slot machines on the floor.

Foxwoods – there were 36 jackpots of \$25,000 or more for the month of May 2009. There were three jackpots of \$100,000 or more for the same period. There were two wide-area jackpots as well. As of the end of May 2009 Foxwoods had a total of 7,600 slot machines on the floor.

Integrity Assurance: Mr. Virnelli noted that the Board has received the financial statements in their mailed material.

Mr. Virnelli continued saying he performed a brief review of selected state revenue services for the past five fiscal years, and for the ten months of the current fiscal year. He said the review shows that gaming has been one of the four top revenue sources for that time period. It was actually the third highest source until three years ago when the corporation tax surpassed it. Through the first ten months of this year it has drawn back ahead of the corporation tax. The tax figures do not include refunds.

In each year, the personal income tax and the sales and use tax were, by far, the top two highest sources of revenue combined with over 60% of everything that the state received. Personal income tax alone varied between 37% and 45%. By contrast, gaming revenue has been 5-1/4% of all revenue. Even when it was the third highest source, it was still a distant third, about \$2.5 billion behind sales and use tax, which was second highest. Gaming revenue, after hitting a peak in fiscal year 2006, dropped in both 2007 and 2008, albeit by less than half a percentage point in 2007 and about 2.14% last year.

Charitable Games: Mr. Bernstein provided the following update on the Charitable Games activity for the months of May and June 2009.

On Friday, May 29th, correspondence was sent to bazaar permittees, municipal officials and equipment dealers to inform them that Blower Ball Cash games are now authorized under Public Act No. 09-34. A Blower Ball game is a game of chance where the players wager on a color or number and the winner is determined by the drawing of a colored or numbered ball from a ball blower machine that mixes ping pong balls with blown air. A blower ball machine is the same machine that is used to draw balls at bingo. Blower Ball games were already approved for use with merchandise prize awards; however, this new law now allows for cash prizes up to \$50.00 each to be awarded, as well. The new Blower Ball Cash games replace the popular money-wheel games, which were lost in 2003. They are the first cash prize replacement games since the money-wheel's repeal. The Division has had several calls during June, from organizations interested in conducting Blower Ball games. Thus far, the Division approved six permits for events with such games.

During this period, DAS Procurement Services released the Request for Proposals for a new sealed ticket vendor to potential sealed ticket bidders. A total of twenty-eight questions were received from the interested parties. The Charitable Games staff prepared the requisite responses, which DAS has transmitted to each vendor, along with all questions, for their information. The deadline date for proposals is Tuesday, July 7th.

The last three sealed ticket games ordered for this fiscal year were received on Tuesday, May 19th. They were sent to our independent laboratory for testing. Testing on two of the games has been completed, and they have met all standards, meaning they may be placed on sale when needed.

The proposed Administrative Regulations Governing Amusement And Recreation Bingo For Parent Teacher Associations, approved by the Attorney General in April, were submitted to the Legislative Regulation Review Committee on Monday, June 1st. These proposals will be considered during the Committee's July meeting, on Tuesday, the 28th.

Preparation is underway for the annual bingo and sealed ticket permit renewals. Fully completed permit applications are transmitted to each permittee, facilitating their completion. Staff spends considerable time reviewing files with our data processing analyst, ensuring that all files are current and correct. The renewal mailings are scheduled to go out on Wednesday, July 22nd.

Legislation: Mr. Bernstein provided a brief update on legislation as follows:

The 2009 regular session of the General Assembly ended on Wednesday, June 3rd. Only two gaming-related proposals affecting the Division were approved.

Public Act No. 09-34, authorizing cash prizes for blower ball games, was passed and signed by the Governor. It took effect from passage.

Also approved was House Bill No. 6358 ‘An Act Concerning Additional Off-Track Betting Branch Facilities’. It was passed by the House on Wednesday, May 6th (116-30), and by the Senate on Friday, May 29th (26-10). It has been assigned Public Act No. 09-132, and was approved by the Governor on Thursday, June 18th. This is the proposal which would increase the number of OTB facilities allowed to have simulcasting, from ten to twelve, by allowing for simulcasting at facilities in Milford and Putnam, with requisite municipal and state approvals. It was effective from passage.

Many proposals approved by one or more committees died on the calendars of the Senate and House.

Security & Licensing: Mr. Kleber asked Lt. Camarco to present the reports for the Security and Licensing Unit marking his retirement from state service.

Lt. Camarco noted that the Board has received the statistical data prepared by the Division and the Connecticut State Police and offered to answer questions, if any.

Lt. Camarco continued with the following update: one of the biggest issues the Division is looking at is the Connecticut State Police Casino Unit’s retirement program. Most of the Unit is taking advantage of the retirement incentive program. He said Chief Kleber is working with members of the State Police staff to create new liaisons and establish new protocol in communications.

Keno is a proposal for the state. The Division is looking at the best way to license new vendors if it is established. There is a possibility of approximately 500 initial licenses for Keno vendors. Cross training will be necessary in the Security and Licensing Unit.

The Division has seen a slight increase in the hiring of licensees at both casinos due to the summer season. He continued saying that the Division is keeping current with the new licensees, and the Connecticut State Police is current as well. There has been a slight increase in the pending background investigations at the Connecticut State Police that is probably due to the transition as well.

Chairman Farrell asked about the cooperation of the Connecticut State Police regarding the background investigations as they proceed with their transition. Chief Kleber said he has been in

contact with Lt. Petrunew and a new lieutenant has been chosen to replace him. Division staff will meet with the new lieutenant and establish the communication process. Chairman Farrell noted that the Board is deeply concerned with the background checks as it is a serious situation and must be maintained.

Chairman Farrell, on behalf of the Board, wished Mr. Camarco many years of health and happiness in his retirement.

Mr. Camarco thanked the Board for all their support and assistance in the past.

Administrative Hearings: Mrs. Stiber noted that Tiffani Smith, legal typist with the Hearing Section, had a baby June 13th. Both mom and baby are doing well. Tiffani will return to work in October.

Mrs. Stiber provided the hearing report for the month of May as well as the Freedom of Information reports.

Executive Director's Report: Executive Director Young provided the following update for the Board: Bruce Kemble, the Division's CFO, is retiring. He has worked for every Executive Director for the Division. Executive Director Young noted that Bruce is the individual responsible for all behind the scenes work performed to assure that our budgets are intact. He said Bruce has been a great advisor and mentor. Executive Director Young stated that with all the other employees retiring, he will miss Bruce as well.

He continued saying that at the present time there are 23 employees who have filed their papers to retire from the Division. There is no budget as yet for the state, and the Governor has asked all Commissioners to tow the line as long as they can, in hopes that a budget will be in place soon.

Keno is part of the Governor's budget, however, we will have to wait and see what happens. If Keno is passed, the Division will regulate it.

The Gaming Study is, in essence, complete. It was electronically sent to the Division yesterday. The hard copies should be delivered, hopefully, within the next 24-hours and they will be delivered to the Governor's office as well as the legislative leadership. Upon receipt of the Study it is up to the Governor's office and the Public Safety Committee to decide the next step. Executive Director Young said for approximately the next 60 days or so the focus will probably be the budget.

Executive Director Young further stated that there isn't anything in the study that is a significant surprise. It has documented issues of concern to the Division. The study will memorialize those issues as a state. If modifications to policy are necessary, they will be made.

Chairman Farrell, on behalf of the Board, thanked Bruce for his service to the state and dedication behind the scenes. He wished him many years of health and happiness in his retirement.

New Business: Chairman Farrell asked Executive Director Young and Mr. Osswalt to present the citations to both Paul Bernstein and Bruce Kemble. Both individuals received a citation from the Governor's office and Paul Bernstein received a citation from the Connecticut General Assembly.

Adjournment: On motion made by Mr. Antonetti, seconded by Mr. Osswalt and unanimously voted, the meeting adjourned at 11:15 a.m.

Respectfully submitted.

Suzanne J. Alix, Secretary
Gaming Policy Board