

Department of Consumer Protection/Gaming Division

Gaming Policy Board

Minutes of Meeting

December 8, 2011

at

**555 Russell Road
Newington, CT 06111**

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

Staff: William M. Rubenstein, Commissioner; Kenneth A. Flatto, Director; Donna Rector, Secretary; Frank R. Virnelli; Anne K. Stiber; Donald R. Kleber; William E. Ryan; Viola Pietrandrea; Paul Reiman; Maryann Naylor.

Guests: Sgt. Todd Harbeck, Connecticut State Police; Chelsea Turner, Connecticut Lottery Corporation and Steve Alford, Sportech.

Call to Order: Chairman Farrell called the meeting to order at 10:03 a.m.

Approval of Minutes: On motion made by Ms. Russell, seconded by Mr. Osswalt and unanimously voted, it was resolved that the Minutes of the September 28, 2011 meeting be accepted as distributed.

Time and Place of Next Meeting: The next meeting of the Gaming Policy Board will take place at 10:00 a.m. on Thursday, February 9, 2012 at DCP Gaming in Newington unless advised of a change of location. This meeting shall include an item on state diversity policies (training session).

Kenneth Flatto: The Board needs to approve on the proposed next sequence of meeting dates for 2012:

Thursday, February 9, 2012
Thursday, April 19, 2012
Thursday, June 21, 2012
Thursday, September 20, 2012
Thursday, November 29, 2012

Motion made to accept the recommended dates by Mr. Osswalt, seconded by Ms. Russell.

Interim Reports

Gaming Regulation Program/Mr. Ryan:

A copy has been distributed to you of the approved changes by the Gaming Director to the OTB operating hours for September and October.

A request by Sportech for board approval of their operation hours for 2012. The Gaming Division has recommended approval of this request. Motion was made by Mr. Antonetti and seconded by Ms. Russell to accept the hours of operation for 2012.

Mr. Ryan gave a brief synopsis of the activity conducted by the Gaming Regulation Program for the months of September and October.

A Retirement party was held for Joseph Tontini on November 9, 2011 and Mr. Ryan was happy to report the board that it was a success; Mr. Tontini was given the proper send off.

Update:

Off-Track Betting

Fourteen track approvals were completed in the month of September, 2011.

Nine track approvals were completed in the month of October, 2011.

The OTB System was severely impacted by the Nor'easter on October 29, 2011 (Saturday) losing power at Milford, Torrington, Bristol and the Bradley Teletheater. Some of these locations remained without power until Friday, November 4, 2011.

The Aqueduct Racino has opened and there are approximately 2,200 slot machines and 200 electronic table games.

Lottery

Two instant games received preliminary approval and four games received final approval in September 2011.

Three instant games received preliminary approval and eight games received final approval in October 2011.

The Connecticut Lottery started selling Connecticut Super Draw, Game #3 on Saturday, October 1, 2011 with \$275,000 tickets available for sale. Sales will end by December 31, 2011 or sooner if sold out; the drawing for the game is scheduled for January 1, 2012.

Foxwoods Casino

In September 2011, Foxwoods had 12 cash jackpots over \$25,000. There was one Jackpot paid at/over \$100,000.00. This was not a wide area progressive jackpot.

In October 2011, Foxwoods had 14 cash jackpots over \$25,000. There were two Jackpots paid at/over \$100,000.00. One was a wide area progressive jackpot.

As of the end of September 2011, Foxwoods had a total of 6,396 slot machines on the floor.

As of the end of October 2011, Foxwoods had a total of 6,348 slot machines on the floor.

Mr. Antonetti asked whether slot machines are open on the floor all the time and are there any sections that are closed? Mr. Ryan replied that certain areas may be closed off during slot tournaments otherwise they are operational 24 hours/day, unless services are required and then they would shut them down one at a time.

Chairman Farrell said that he thinks at certain times for economy purposes they shut down certain areas at a time.

Mohegan Sun Casino

the month of September 2011, Mohegan Sun had 13 jackpots that paid \$50,000 or more. Two were wide area progressive jackpots that paid over \$100,000.

For the month of October 2011, Mohegan Sun had 14 jackpots that paid \$50,000 or more. Four paid over \$100,000 one of which was a wide area progressive jackpot.

As of the end of September 2011, Mohegan Sun had a total of 6,308 slot machines on the floor.

As of the end of October 2011, Mohegan Sun had a total of 6,339 slot machines on the floor.

Information Technology, Accounting & Gaming Auditing Division/Frank Virnelli:

Mr. Virnelli gave an update on what is happening with gaming in the region.

Mr. Antonetti: With the declining numbers at Connecticut casinos, are these the highest number of slot machines in the region that we have seen so far?

Mr. Virnelli: Has not done that kind of analysis.

Massachusetts

The new Massachusetts casino law allows for three casinos, one in each of three geographic zones in the state – Eastern/Central (incl. Boston, Worcester and Foxborough), Southeastern and Western, and a slot parlor (1,250 machines), which could be located anywhere in the state. A Native American Tribe, will have the first chance at the Southeastern license, if they can reach a compact with the state and find a site by July 31, 2012. If not, the license would go out to open bid. Within hours, a suit was filed in US District Court claiming that tribal rights to the first opportunity violates the US Constitution (Equal Protection Clause) and Mass. State Declaration of Rights.

The law requires a minimum casino license of \$85 million and the licensee must invest at least \$500 million in its facility. In addition, each casino will pay a 25% tax on its gross revenues. The racino license is \$25 million; the licensee must invest at least \$125 million and pay at 49% tax, 40% to the state, and 9% to race horse development. Also each operator must pay \$600 per slot machine to offset the state's cost of regulation.

The law requires the state to create a five member Gaming Commission, with members appointed: one each by Governor, Treasurer & AG, then all three jointly select the other two members. It was announced that an independent search firm will identify candidates for the final positions. The Gaming Commission will license and regulate all new facilities along with new divisions of the AG's office (the Division of Gaming Enforcement), the State Police and Alcoholic Beverages Control Commission.

Estimates at the casino construction would be at least two years away, probably more, but possibly slot parlor within two years.

Ms. Russell asked Mr. Virnelli if there is any reason why Foxwoods revenues are down significantly more for the year compared to Mohegan Sun. Is it because Mohegan Sun does a better job marketing? Commissioner Rubenstein said that Foxwoods has taken a fair number of machines off-line, but that both casinos are marketing.

Mr. Osswalt: Regarding casino performance, I understand the state had agreed to reduce the assessments paid by CT casinos by a total of \$4,000,000. Wondering what the breakdown of that reduction is and what steps have been taken to absorb that reduction?

Ken Flatto: This reduction would apply across all state agencies with private casino fund budgets. The Commissioner can provide thoughts.

Commissioner Rubenstein: The Governor has been working cooperatively with both tribes to help the economy and to seek cost efficiencies. Our department will be asked to make efficiencies where we can but the state is committed to maintaining full required regulatory responsibilities. There is a task force reviewing these issues.

New York

Resorts World Casino New York City opened on October 28th. By December they plan to add more slot machines. This is ahead of schedule.

Legislative leaders and Gov. Cuomo are talking about possibly legalizing table games. It would require a constitutional amendment, which means two consecutive legislatures would have to vote for it and then the state's voters would have to approve it.

Rhode Island

There will be a referendum next year to consider a full casino in Rhode Island. There is talk about a casino other than Twin River and Newport.

License Services-Charitable Program/Viola Pietrandrea:

Gave a brief update on Charitable Games activity for the months of September and October.

On September 13th, a letter was sent to sealed ticket permittees to notify them that the \$.25 sealed ticket game, "Cherry Jam" (Game #120), had sold out. With the depletion of this game, we now have only one \$.25 sealed ticket game left in stock. The current "estimated sell out date" for the remaining \$.25 sealed ticket game is January of 2012. As an additional point of information, we also currently have five \$.50 games, four \$1.00 games and one \$2.00 game in

inventory and available for purchase. It is anticipated that the next sealed ticket game to sell out won't occur until next spring.

In October, correspondence was mailed to organizations currently approved to conduct amusement and recreation bingo for parent teacher associations in order to inform them that their current registrations would expire as of December 31, 2011. In order to prepare for the next registration year, the organizations were reminded to submit their renewal applications in a timely manner in order to avoid interruption in current activity. The approved registrations will be mailed to the organizations upon approval.

The Charitable Games Unit was asked to provide input regarding proposed statutory changes for the upcoming legislative session. Suggestions included updating outdated provisions of the Bazaar and Raffle Act, and redefining the bazaar and raffle permit classes. Draft language was submitted to categorize the classes of raffle permits within low, mid or high stakes prize and time limits, and would establish a special event bazaar permit to allow qualified organizations to conduct multiple fifty-fifty coupon games throughout a calendar year.

Mr Flatto: To try to prepare for the sealed ticket transition, there are regulations and procedures that are being promulgated. Our hope is over the winter to allow potential companies to apply as distributors under the new legislative guidelines so that at some point by late winter/spring there'll be a process of state transitioning over to the private sales of sealed tickets.

Mr. Antonetti: Is there a cost savings by going to these private vendors instead of keeping it in house to registered charities and will there be a loss of revenue?

Mr. Flatto: It remains to be seen how this works out. Mr. Flatto indicated he would send information that the State Legislature Office of Analysis had prepared for this legislation.

Mr. Antonetti: Do we have staff that will be communicating with the legislative branch on our views and opinions

Commissioner Rubenstein: We have a legislative liaison, Gary Berner who is a former representative and is very skilled and knowledgeable working as the Department of Consumer Protection Liaison and has also taken on the gaming responsibilities.

Chairman Farrell said that the Board would like to schedule Gary Berner to attend a future board meeting and the Commissioner said that is a good idea.

Gaming Surveillance, Enforcement & Assurance Program/Don Kleber:

You have the report of Security for September – October and Licensing for October and November and would be happy to answer any questions regarding these reports. We work closely and have a great relationship with the State Police and continue with regards to the casino unit and background investigations that they do for us.

Chairman Farrell asked if the background investigative team had been cut at all by Commissioner Bradford? Sgt. Todd Harbeck, from the Connecticut State Police spoke and answered that they haven't had any reduction as of this date. The Boards concern for the

background checks is very important and the Board wants to make sure things are done the proper way.

The Lottery is conducting a Super Draw January 1, 2012 and our officers are involved to oversee that game and drawing. We've had some training sessions conducted for the parties involved and will continue to have another training session in another week at Lottery to ensure that the game goes forward without any problems on January 1st.

This past November Lottery for the first time held an offsite drawing for the midday play 3 and 4 at the Newington Stew Leonard's. Our officers were involved in that we had to escort the transferring of the machine that was utilized for that drawing and all the ball sets that took place and the backup machine that was brought there in case of a problem with the primary machine and returning the devices back to the studio.

We have also been working on new procedures for the officers and the drawing performers. Just had a training session staging to make sure we are all on the same page

In January we enter our Lottery retail renewal phase that takes us through March.

Legal Division/Anne Stiber:

You have before you the November reports for both hearing activity and Freedom of Information Requests.

There are no appeals to be scheduled. The Sealed Ticket Regulations draft was finalized and went to OPM and the Governor's office for approval. We are awaiting that approval to continue it through the process.

Lottery regulations are 99% done and we anticipate on getting them to OPM and the Governor's office shortly.

Gaming Director/Ken Flatto:

We have been tracking Lottery Revenues and so far this year they are on target and doing well. We are in the process of recreating a committee that the agency used to coordinate called "the Gaming Awareness Committee." This committee meets once or twice a year to try to suggest ways of helping educate the public about the issues and risks of problem gambling. The Committee held a meeting recently with the Connecticut Council on Problem Gambling, representatives from various gaming enterprises, and a representative from CT DEMAS.

Mr. Antonetti commented about past conversations of a way to possibly receive more revenues to the state was with an introduction of CLC to promote KENO. Mr. Antonetti was wondering if anything has moved forward with this. Ken Flatto responded that he is not aware of specific proposals yet. Commissioner Rubenstein said the Governor's Office takes the lead on such issues.

Mr. Antonetti asked the division to get information about the current number of employees at the casinos to see how many jobs exist due to the casinos. Mr. Flatto said he will get this information.

Adjournment: On motion made by Mr. Antonetti and accepted, the meeting adjourned at 11:00am.

Respectfully submitted,

Donna Rector, Secretary
Gaming Policy Board