

TRI-STATE LOTTO COMMISSION

Commission Meeting Minutes

New Hampshire Lottery Headquarters – Concord, NH

May 15, 2020

PRESENT: New Hampshire: Debra Douglas, Chairman; Charlie McIntyre, Executive Director; Maura McCann, Kelley-Jaye Cleland, Jim Duris, Katie Brown, Lynda Plante, and Carmela Nolin
Maine: Julie Sheehan, Commissioner; Gregg Mineo, Director; Michael Boardman; and Lisa Rodrigue
Vermont: Ed Flanagan, Commissioner; Gary Kessler, Deputy Commissioner; Brian Evans; and Sylvia Buzzell
Guests: Darrell Frecker and Calvin Rinck of Scientific Games; Taylor Yianakopolos GYK Antler; Fivi Rondiri, Michelle Paul, Ryan Sahr, Cara Salvatore, Jeff Savage, and Kristen Paré of Intralot; and Steve Mason of FuseIdeas.

Chairman Douglas called the meeting to order at 10:01 a.m. The meeting was televised by Webex.

1. ACCEPTANCE OF MINUTES FROM APRIL 10, 2020

Motion was made by Commissioner Sheehan, seconded by Commissioner Flanagan to accept the April 10, 2020 meeting minutes as submitted. So voted, unanimous.

2. FINANCE COMMITTEE

Financial Report

- Finance Chair pro tem Sylvia Buzzell reported on April financials. Gross revenues for the month were higher than forecast by \$2.5 million, bolstered by Gimme 5 sales up \$117 thousand, Daily Numbers higher by \$445 thousand, and Fast Play, up \$4.49 million. Megabucks sales were lower \$2.55 million. As a result, cost of sales was higher than forecast by \$2.8 million, and operating expenses were lower \$1.68 million; and due to the issues with Vermont's RFP, \$278 thousand less was spent than budgeted for consulting. Net profit through April was higher than forecast \$1.72 million owing to lower than expected operating expenses.
- When compared to April last year, sales were up \$2.02 million, Megabucks were lower \$3.21 million, and Fast Play was higher \$4.97 million. Fast Play contributed to a higher cost of sales (\$2.48 million over last year to date), as those games have higher payouts than draw games. Operating expenses were lower \$933 thousand over last year, and net profit was higher than last year to date by \$506 thousand. Expired, unclaimed prize money totaled just under \$2.37 million at the end of February.
- Contingency funds for all but Gimme 5 are in the positive, but Gimme 5 is underfunded by \$3,568. The Pick 3 contingency is currently at less than 50% of the threshold, and may need to be funded from another account at the end of the year if it does not recover.

Megabucks Jackpot Discussion

- A matrix of jackpots and increments (rolls) was distributed with the financials along with proposed conditions for decreasing the jackpot and rolls. Based on historical trends, we average two winners per year. Looking at the matrix and given that average of two wins per year, lower rolls of \$25,000 should

fund the jackpot over time. If the Commission is not able to fully fund a win without using contingency dollars, we can recalculate and adjust. Commissioner Flanagan inquired how quickly we could implement this change. Ms. Buzzell explained that the ICS staff would need to be informed prior to the draw to allow them to set the next jackpot to the lower figure (based on the \$25,000 roll), so only a short notice is required. Chairman Douglas sought clarification a few moments later: the consensus was that ICS may only need a few days, but the Marketing committee would require a few weeks to implement point of sale and retailer communications.

- Director McIntyre inquired what our coverage currently is in the event we have a jackpot hit. Ms. Buzzell believes we have plenty of time if we should need to increase the coverage, and Mr. Boardman added that there is no danger of not being able to pay a jackpot, though an increase in coverage would be prudent.

Stock Portfolio

- Chairman Douglas led the discussion over a review of the Commission's current stock portfolio. She felt, and Director Mineo and Commissioners agreed, that a full review of our holdings is past due. Based on the current allocations, the bonds are fine, but the equities should be reevaluated. A proposal was made by the bank at a spring meeting in 2016, but appears to not have been followed through. The Commission will review that proposal and expects a full presentation by the People's United representatives in June.

3. MARKETING AND PRODUCT DEVELOPMENT COMMITTEE

- Maura McCann reported that the Gimme 5 game change has completed testing in Vermont and the release has been uploaded, but not made active. New Hampshire will be getting new software; and Maine is ready to execute theirs. The fifteen-draw countdown is the first phase of the change, and that may be implemented in late June. The planned five-ticket purchase promotion will be put on hold for a while, as pandemic restrictions relax and customers return to retail.
- All three states are making great progress with The Big Spin instant and online development. Prize structure and artwork is being refined and all states continue to move forward.
- Ms. McCann reviewed other multi-state games, including Lucky for Life, which is planning to move to seven days a week in March, 2021. Lotto America, which Maine participates in, will see changes in jackpot funding. She concluded with MUSL's inquiry as to whether other states would be interested in joining the game 2 By 2. While these don't directly affect us, it is always good to review what is happening in the industry around the country.
- Promotions are currently on hold, but Maine will offer a chance to win cash with a Powerball purchase in June. New Hampshire had a Gimme 5 winner in a recent draw, and the responsible gambling public service television ad production has been placed on hold by GYK Antler due to the pandemic, but the radio spot will be produced.
- The original June meeting plans were to feature vendors on the first day presenting future sales options and channels. After discussion among the Commissioner and Directors, all were in agreement that the presentations will be useful, but should be moved out to the fall meeting.
- GYK Antler and Fuselideas will present their creative for The Big Spin as planned for the June meeting; each vendor will be given ample time to present, followed by a question and answer period.

- The New Hampshire Lottery and Tri-State conducted a request for proposals for legal and trademark services. McLane Middleton P.A. was selected as having the most experience and offering the best price. Ms. McCann sought a motion to enter into the contract with McLane Middleton on behalf of the Tri-State Lotto Commission; so moved by Commissioner Sheehan and seconded by Commissioner Flanagan. All in favor, motion carried.
- At last month's meeting, Ms. Buzzell sought clarification on the Gimme 5 agent bonus for online lottery. If New Hampshire Lottery has a jackpot winner through an iLottery purchase, the bonus will indeed go to New Hampshire Lottery.

4. ACCEPTANCE OF COMMITTEE REPORTS

Chairman Douglas requested a motion to accept the committee reports. Commissioner Sheehan so moved and Commissioner Flanagan seconded; motion passed unanimously.

5. NEXT MEETING

The next Tri-State Commission meeting will be by teleconference at 10:00 a.m. on June 5, and will feature presentations by People's United and the advertising agencies.

6. OTHER BUSINESS

- At the June meeting, the Tri-State Chairmanship will pass from New Hampshire to Vermont.

Chairman Douglas entertained a motion to adjourn the meeting. So moved by Commissioner Sheehan and seconded by Commissioner Flanagan, motion carried and meeting ended at 11:03 a.m.



Debra Douglas, Chairman

Respectfully submitted, Carmela Nolin