

TRI-STATE LOTTO COMMISSION

Commission Meeting Minutes

New Hampshire Lottery Headquarters – Concord, NH

October 9, 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 Jack Hetzler of Scientific Games; Taylor Yianakopolos GYK Antler; Michelle Paul, Ryan Sahr, Cara Salvatore, Jeff Savage, and Kristen Paré of Intralot; and Steve Mason of Fuseldeas

Chairman Flanagan called the meeting to order at 1:01 p.m. The meeting was televised by Webex.

1. ACCEPTANCE OF MINUTES FROM AUGUST 14, 2020

Motion was made by Commissioner Douglas, seconded by Commissioner Sheehan to accept the August 14, 2020 meeting minutes as submitted. So voted, unanimous.

2. FINANCE COMMITTEE

Financial Report

- Finance Chair pro tem Sylvia Buzzell reported on financials through August 31, 2020. Gross revenues for the month were higher than forecast by \$1.5 million. Megabucks sales were lower than forecast \$350 thousand, but Gimme 5 sales were up \$224 thousand, Pick 3 sales were higher \$171 thousand and Pick 4 was up \$14 thousand. Fast Play sales were up by \$1.4 million. Cost of sales were higher due to the overall increase in sales \$1.26 million. Operating expenses were lower than forecast \$681 thousand; and most of that was advertising, which was \$527 thousand less than projected. Due to the increase of Fast Play sales and lower than expected operating expenses, the net profit through August was higher than forecast \$897 thousand.
- Ms. Buzzell noted that we are under budget compared to this time last year, as advertising expenses have not ramped up. Comparing August FY21 to FY20, sales are up \$3.03 million, due to Fast Play sales at \$2.6 million and Gimme 5's gain of \$271 thousand. Cost of sales are proportionately higher by \$2.45 million; operating expenses were lower \$1300 than last year, and net profit was higher than last year to date by \$560 thousand. Expired, unclaimed prize money totaled just under \$2.5 million at the end of August. All contingency funds were in the positive, except for the Gimme 5 low tier fund which was in the negative just over \$10 thousand. Despite three top prize winners in the month, that contingency fund was at \$146.9 thousand at the end of August. Commissioner Douglas asked what the threshold should be for; Ms. Buzzell responded that ideally \$300 thousand, with the recommendation of keeping it at 50%. When the September books are closed, she expects another \$80 thousand to be contributed to that fund, which will put us over the \$150 thousand mark.

Audit

- The field work for the vendor audit is on track to be completed next week for Vermont and New Hampshire. Mr. Boardman reported that Maine's audit is wrapping up and should be ready soon. Once we receive the final reports for all three states, Wipfli will be able to finalize the FY20 audit report.

Stock Portfolio

- The quarterly investment report is due out on October 15 and Ms. Buzzell will forward it to the Commission.
- Mr. Duris has been focusing on New Hampshire's biennial budget so has been unable to devote time to portfolio research. He expects to be free soon and will start reaching out to his contacts throughout the region and will have a report prepared for the next meeting.
- Chairman Flanagan thanked Ms. Buzzell for her report and requested that she share the September financials with the Commissioners when they are ready. Likewise, Commissioner Douglas asked Mr. Duris to share any information he gathers ahead of the December meeting.

3. MARKETING AND PRODUCT DEVELOPMENT COMMITTEE

- Maura McCann reported that the Gimme 5 two week promotion took place in August. During that period, Maine saw a 62% increase in sales, Vermont had a 79% increase, and New Hampshire's sales increased 23%. Two weeks later, sales were analyzed and found to be up 7% in Maine, 6% in New Hampshire, and 4% in Vermont.
- The Big Spin is now on sale in all three states and Ms. McCann thanked everyone for their part in the successful launch of the game. Each state reported that sales since launch have been strong and players have responded positively; in Maine, it's already the second highest selling game since launch on September 24. It's the top selling game in Vermont and despite a few confused players at the beginning, is going smoothly. New Hampshire launched in the sales office this week and will go to retailers next week. There has been no advertising campaign yet beyond social media, but the television and radio ads are being finalized and will ramp up after the national election. Sales in each state will be watched closely as re-orders are expected. The final event for next summer is still in planning and we're hoping that we'll all be healthy by then.
- Holiday promotions using expired unclaimed prize money will run in all three states from December 13 through 26. With a ticket purchase, the players have a chance to win cash instantly, though each state will have slight variations in which draw games and how much is awarded.
- The next project is Tri-State Megabucks. Vendors Intralot and Scientific Games have been tasked with evaluating this flagship game and will give 30 minute reports at the next meeting with proposals for enhancing and improving the product.
- Chairman Flanagan asked if the two additional draws of Gimme 5 per week are impacting the sales of other games. Ms. Buzzell noted that previous to the change, the sales were \$27-\$30 thousand per draw, and now with five days a week, it's \$20-\$30 thousand, depending on the day.

4. DRAW REPORT

A new multi-purpose fax machine has been purchased for the draw room, and after some technical issues with email distribution, is working fine and adding efficiencies to the process.

5. ACCEPTANCE OF COMMITTEE REPORTS

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

6. NEXT MEETING

The next Tri-State Commission meeting will be by teleconference at 10:00 a.m. on December 11.

Chairman Flanagan entertained a motion to adjourn the meeting. So moved by Commissioner Sheehan and seconded by Commissioner Douglas, motion carried and meeting ended at 10:33 a.m.

A handwritten signature in blue ink, appearing to be 'Ed Flanagan', is written above a horizontal line.

Ed Flanagan, Chairman

Respectfully submitted, Carmela Nolin