

TRI-STATE LOTTO COMMISSION

Commission Meeting Minutes

New Hampshire Lottery Headquarters – Concord, NH

February 14, 2020

PRESENT: New Hampshire: Debra Douglas, Chairman; Charlie McIntyre, Executive Director; Maura McCann, Kelley-Jaye Cleland, Katie Brown, Lynda Plante, and Carmela Nolin
Maine: Julie Sheehan, Commissioner; Gregg Mineo, Director; Lisa Rodrigue, and Michael Boardman
Vermont: Ed Flanagan, Commissioner; and Sylvia Buzzell
Guests: Sean Athey and Darrell Frecker of Scientific Games; Taylor Yianakopolos of GYK Antler; Michelle Paul, Jeff Savage, Ryan Sahr, Cara Salvatore, Sarah McGregor, and Kristen Paré of Intralot; Bret Toyne and Wayne Dolezal of MUSL; Steve Mason of Fuselideas; and Jim Acton of Acton Strategies.

Chairman Douglas called the meeting to order at 10:30 a.m.

1. ACCEPTANCE OF MINUTES FROM DECEMBER 13, 2019

Motion was made by Chairman Douglas, seconded by Commissioner Sheehan to accept the December 13, 2019 minutes as corrected by Chairman Douglas. So voted, unanimous.

2. FINANCE COMMITTEE

- Finance Chair pro tem Sylvia Buzzell presented financials through December. Gross revenues for the month were higher than forecast by \$433 thousand: though Tri-State Megabucks sales were lower by \$1.51 million, Daily Numbers were higher by \$427 thousand, Gimme 5 was up by \$118 thousand, and Fast Play was \$1.4 million higher than forecast. Cost of sales were up with the increased volume by \$729 thousand. Operating and advertising expenses were lower by \$1.25 million and \$1.08 million respectively. Net profit was therefore higher than forecast \$959 thousand.
- When compared to December last year, sales were lower \$520 thousand. Megabucks were lower \$2.907 million, but Fast Play was higher \$2.153 million. Fast Play contributed to a higher cost of sales (\$224 thousand over last year to date), as those games have higher payouts than draw games. Operating expenses were lower \$181 thousand over last year, and net profit was lower \$528 thousand and higher than budget of \$988 thousand. Expired, unclaimed prize money totaled just over \$2.09 million at the end of December; and all contingency funds are in the positive.
- Ms. Buzzell will invite our representatives from People's United Bank to attend the spring meeting. Director McIntyre suggested that they make recommendations prior to that meeting so everyone is prepared for a discussion.

3. MARKETING AND PRODUCT DEVELOPMENT COMMITTEE

- Maura McCann reported on the status of the Gimme 5 revision. The game's new logo was selected from options provided by GYK Antler. Fuseldeas' point of sale artwork was selected for retail, but we have asked both ad firms to revise and resubmit their radio spots. New Hampshire plans a chance to win \$25 cash with the purchase of five consecutive draws between April 18 and May 2. Vermont and Maine have not yet determined what their prizes will be for similar promotions. Gimme 5 will move to five draws per week, weekdays, on April 20.
- The Big Spin has made significant progress. Ms. McCann, Ms. Buzzell, and Ms. Rodrigue met with members of Pollard to plan a time line and next steps. The hope is to launch the \$5 game this September, which should see a product cycle of seven to eight months (with a reprint if necessary). This would bring the product cycle to a close in summer 2021. The retail spin reveal animation should be ready in May/June for SGI, and toward the end of August for Intralot, which would support a September launch. Ticket art and prize structure are next to be determined, and Ms. McCann noted that each state's ticket would be slightly different, as we have done with other licensed properties. The Big Spin grand prize event would likely take place in August/September 2021, and would be funded with expired, unclaimed prize money. Director McIntyre recommended that we explore insuring the Big Spin event in the event of multiple winners. Pollard will supply a Big Spin app, which will allow players to check their tickets. Finally, we are in active negotiations with the California Lottery to use the name The Big Spin.
- The Committee has discussed changes to Megabucks, such as adding a draw, adding a multiplier, or changing the matrix. Currently the jackpot increases (rolls) by \$50,000 between draws, so adding a draw would decrease the draw roll. Ms. Buzzell noted that it takes approximately 66 draws to fund the annuity, and if we increase the number of draws per week, would take 40. To fund the guaranteed starting jackpot of \$1 million takes sixteen rolls. Chairman Douglas asked if we know what our players want. Ms. McCann responded that for the most part, the players do not want the game to change. Commissioner Flanagan inquired if we can get research on our players; do they recognize the amount of the rolls between draws, or would they notice if they were lower amounts.
- GYK Antler was awarded the responsible gaming public service announcement spot. The setting is outdoors, so they plan production in the spring.
- Fast Play is enormously successful across all states. Vermont recently launched a \$20 game and is exceeding \$250 thousand in sales weekly. New Hampshire will be launching a \$20 game in March and Maine is planning to launch its first \$20 progressive among four new games this weekend.
- J. Bret Toyne from the Multi-State Lottery Association spoke to the Commission about the Mega Millions Double Play add-on option. Currently, none of the Tri-State members is participating as the states are responsible for funding the \$10 million top prize.
- Ms. McCann concluded the report with highlights of the states' promotions. Vermont's promotions include subscription and Fast Play cash prizes; New Hampshire will hold Keno Power Hours in March; and Maine will use the Reward ME program to offer a chance to win \$25 thousand with a Megabucks purchase.
- Fuseldeas shared new Fast Play television and radio spots that will air in Maine.

4. DRAW REPORT

- Ms. McCann reported that one of four Draw Monitors has left to join the ICS team. The remaining monitors have adjusted their schedules to cover his shifts.
- Adding Gimme 5 draws will result in longer hours for the independent auditors and draw staff two nights per week. Ms. McCann amended the current contract with Anderson and Cloues to compensate them for this additional time, and requested that Chairman Douglas sign the amendment.
- Ms. McCann requested a motion to extend the contract with Anderson and Cloues for an additional two years with the expiration of the current term on June 30, 2020. This includes the additional hour of draw time for Gimme 5. Commissioner Flanagan made the motion, and was seconded by Commissioner Sheehan; all in favor, motion carried.
- In concluding the Draw Committee report, Ms. McCann requested permission to purchase a new computer for the draw room, including two monitors and suite of Microsoft products. The new equipment is not to exceed \$2000. Commissioner Sheehan asked what the funding comes from. Ms. Buzzell confirmed that this is an expense line item and expects that it will put it over the budgeted amount. Commissioner Flanagan moved to approve the purchase, and Commissioner Sheehan seconded; all in favor, motion passed.

5. SCIENTIFIC GAMES

Darrell Frecker confirmed that his team is busy planning projects, including the upcoming launch of four new Fast Play games and a promo that is scheduled for March.

6. INTRALOT

Ryan Sahr recapped staff changes in Vermont and New Hampshire. Sarah McGregor has joined as New Hampshire's new business analyst, and Jeff Savage is now technical project manager for New Hampshire and Vermont.

7. ACCEPTANCE OF COMMITTEE REPORTS

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

8. OTHER BUSINESS

- Ms. McCann announced that the spring meeting would be held on June 4 and June 5 at the Woodstock Inn, in Vermont. The first day of the meeting will feature invited contractors' retail strategies for traditional lottery products.
- Ms. Buzzell had hoped to discuss the process of contracting an RFP consultant for Vermont with the Tri-State Commission, however the CFO and Vermont Deputy Commissioner were not able to attend the meeting due to illness.

- The Tri-State trademark services contract with McLane ends this year, and we will need to post an RFP for a new two-year contract with two-year extension option. Ms. McCann is awaiting approval by the AG's office, and will then post the RFP with the Bar Association, newspapers, and on New Hampshire's Bureau of Purchase and Property website.

9. NEXT MEETING

The next Tri-State Commission meeting will be on April 10 at New Hampshire Lottery headquarters in Concord.

Chairman Douglas sought a motion to adjourn at 11:40 a.m. Motion was made by Commissioner Sheehan and seconded by Commissioner Flanagan. So, voted, unanimous.

A handwritten signature in cursive script, appearing to read 'D. Douglas', is written over a horizontal line. The signature is fluid and somewhat stylized.

Debra Douglas, Chairman

Respectfully submitted, Carmela Nolin