

TRI-STATE LOTTO COMMISSION

Commission Meeting Minutes

New Hampshire Lottery Headquarters – Concord, NH

February 12, 2021

PRESENT: New Hampshire: Debra Douglas, Commissioner; 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, Chairman; Gary Kessler, Deputy Commissioner; Brian Evans; and Sylvia Buzzell
Guests: Darrell Frecker and Jack Hetzler of Scientific Games; Taylor Yianakopolos, Anna Diffley, and Hayden Stills of GYK Antler; Michelle Paul, Ryan Sahr, Steve Beck, Cara Salvatore, Jeff Savage, and Kristen Paré of Intralot; Jennifer Wankling and Brian Braun of Pollard Banknote; and Steve Mason of FuseIdeas.

Chairman Flanagan called the meeting to order at 10:02 a.m. via Teams videoconference. No changes were requested to the agenda, and the meeting commenced.

1. ACCEPTANCE OF MINUTES FROM DECEMBER 11, 2020

Motion was made by Commissioner Douglas, seconded by Commissioner Sheehan to accept the December 11, 2020 meeting minutes as submitted. So voted, unanimous.

2. FINANCE COMMITTEE

Financial Report

- Sylvia Buzzell began the Finance report with figures through the month of December, gross revenues which were higher than forecast nearly \$4.9 million. Megabucks sales were down just over \$1 million, Gimme 5 was up \$6 thousand, Pick 3 sales were up \$481 thousand and Pick 4 was up \$238 thousand, and Fast Play sales were up \$4.65 million. Due to this increase in sales, cost of sales was up \$4.81 million over forecast; and operating expenses were lower than forecast \$1.5 million, as advertising costs were lower than forecast \$1.1 million, and RFP consultant costs were lower \$338 thousand.
- Our net profit for December was up \$2.26 million over projected due to lower operating expenses and higher sales in Fast Play. Compared year over year, our sales are up \$7 million, comprised of Fast Play sales' increase of \$6.3 million, Pick 3 ahead by \$444 thousand, and Gimme 5 up \$829 thousand over last year. Cost of sales were higher \$5.8 million, as a direct result of the increase in sales. Operating expenses were \$247 thousand higher, attributed to \$135 in advertising and \$100 thousand licensing fee for Maine's New England Patriots Fast Play game. Net profit so far this fiscal year is \$859 thousand.
- Expired Unclaimed Prizes stayed steady at \$2.7 million; and all contingency funds were in the positive except for Gimme 5 low tier fund, which was in the negative just over \$30,000. The balance of the Gimme 5 guaranteed prize fund was at just over \$500,000 in December, which will easily cover the low tier fund at the end of the fiscal year. Looking at January's figures, we are now at \$18 thousand in the negative for the low tier fund, and \$523 thousand in the contingency fund. We are in good shape.

- Chairman Flanagan thanked Ms. Buzzell for forwarding the final Wipfli auditor's report, which Commissioner Douglas moved to be accepted. Seconded by Commissioner Sheehan, all were in favor and motion passed to accept the final auditor's report.
- In conclusion, Ms. Buzzell reported that all the year-end tax filings were made on time.

Investment Portfolio

- Jim Duris has circulated a draft of the investment services Request for Proposals (RFP). He noted that the RFP is scheduled to post on February 19, with a final decision to be made in the beginning of April. Chairman Flanagan asked Mr. Duris if he is comfortable with the timeline, Commissioner Douglas questioned a discrepancy in the grading criteria. Mr. Duris is fine with the timeline and noted that the discrepancy was found and addressed after the initial draft went to the Commission.
- Finally, this was written to be an open-ended agreement, with the option to extend in two years. Chairman Flanagan inquired who would evaluate the submissions; Mr. Duris and Ms. Buzzell expect to, with assistance from John Conforti, Chief Compliance Officer at NH Lottery. Their evaluation will be brought to the Commission for their final approval; and monthly reports and annual presentations will be required. Commissioner Douglas moved to post the RFP and Commissioner Sheehan seconded; all were in favor, motion was passed unanimously.

3. MARKETING AND PRODUCT DEVELOPMENT COMMITTEE

- Maura McCann summarized the progress of The Big Spin across Tri-State. The second drawings have been scheduled in Maine for February 23, and Vermont for February 19. New Hampshire has not set a date yet. Plans are being locked down for a Toby Keith concert at Bank of NH Pavilion in Gilford on September 4. The venue is allowing us to change the date if a different act is identified as more desirable to the Commission.
- Our game vendors presented plans to refresh Megabucks. The Development Committee would like to survey both players and non-players to get their feedback on proposed changes to the game. Each state would use its own resources and loyalty club memberships to source contact info and perhaps offer prizes for participation. This is still in the planning stages and requires input from Maine and Vermont.
- Tri-State vendors will pitch ideas for new products to follow the success of The Big Spin; there will be two days of presentations the last week of February.
- Upcoming game changes are on our radar; Lucky for Life will go to seven days a week in July, and Powerball changes take effect in August. We are also aware that the Mega Millions group is considering plans to compete with Powerball and will keep alert for those changes. Commissioner Douglas and Chairman Flanagan asked for clarification on the Powerball change, which is that it will go to three drawings per week; and are we concerned about the timeline of those changes being so close together. Ms. McCann responded that she is not aware of any programming concerns; however there is recognition that the current reporting of winning numbers for Lucky for Life would be late in comparison to the other game drawings, and that might complicate procedures in ICS. We will reach out to the Connecticut Lottery and request that they release those numbers earlier in their process if possible.
- Fast Play sales are strong across states; game highlights are Maine's new \$1 progressive and \$2 word

search, and New Hampshire's Twenty 20's progressive. A Tri-State progressive game is on the wish list.

- The current promotions in Maine include a chance to win \$25,000 with the purchase of \$6 of Megabucks tickets entered into the player's loyalty club account. They will offer a Pick 3/Pick 4 promo in March for a chance to win \$10 instantly. New Hampshire and Vermont do not currently have any offers planned.
- Ms. McCann proposed bringing Lucky for Life under the Tri-State umbrella to Vermont and Maine, allowing the states to free up resources and share other expenses. This will be a big lift to the Vermont Lottery and Ms. Buzzell has done some preliminary reporting on that impact.
- Chairman Flanagan introduced Gary Kessler's question about the television advertisement for The Big Spin. Some legislators in Vermont expressed concern about the background activity in the ad potentially enticing viewers to use tobacco products. Gregg Mineo noted that a citizen complained to the Governor's office in Maine as well. Ms. McCann agreed this is a perfect opportunity to update our advertising standards. Much discussion followed, and Taylor Yianakopolos of GYK Antler noted that some editing has already taken place to blur and edit the ad to address Vermont's concerns.

4. DRAW REPORT

Ms. McCann stated that all is going well and there is nothing to report about draw activities.

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. OTHER

The request to approve Vermont's Tri-State advertising contract was tabled to the next meeting.

7. NEXT MEETING

The next Tri-State Commission meeting will be by teleconference on April 9 at 10:00 a.m.

Chairman Flanagan entertained a motion to adjourn the meeting. So moved by Commissioner Douglas and seconded by Commissioner Sheehan, motion carried and meeting ended at 10:46 a.m.



Ed Flanagan, Chairman

Respectfully submitted, Carmela Nolin