

TRI-STATE LOTTO COMMISSION
New Hampshire Lottery Commission
April 8, 2011, 10:30 a.m.

Present: New Hampshire: Debra Douglas, Chair; Charlie McIntyre, Executive Director; Maura McCann, Irene Nadeau, Kassie Strong
Vermont: Tom Scala, Vice Chair; Hadley Melendy, Mary Cassani, Carole Lacasse
Maine: Orland McPherson, Commissioner; Michael Boardman, Lisa Rodrigue
Guests: Liz Dimmick, Darrell Frecker with Scientific Games; Rose Longo-White with Griffin York & Krause; Russ Leonard, Heather Bowman with NL Partners; John Papile, John Hadley, Terry Patterson, Kristen Pare with Intralot

The meeting was called to order at 10:30 a.

RATIFY ACTIONS TAKEN AT THE JANUARY 7, 2011 MEETING

A motion was made to ratify actions taken at the January 7, 2011 meeting. Motion was seconded and voted in the affirmative.

ACCEPTANCE OF THE FEBRUARY 4, 2011 MINUTES

A motion was made by Commissioner McPherson to ratify actions taken at the February 4, 2011 meeting. Motion was seconded and voted in the affirmative.

FINANCE COMMITTEE – Mary Cassani

Gross revenues for Tri-State through February 2011 have decreased \$5,831,944 or 11.32% compared to last February. Of this decrease, Megabucks sales are down \$4,858,225 or 16.93%; Daily Numbers sales are up \$119,643 or 0.81%; Weekly Grand sales are down \$606,507 or 9.7%; the Fast Play games are down \$486,855 or 27.02% from last year.

Total Expenses through February 2011 are down from last February \$4,502,972. This represents a decrease in cost of sales of \$4,050,759 and a decrease in operating expenses of \$452,213 which represents primarily a decrease in advertising and the Battelle contract line items.

Net Profit through February 2011 decreased from last year \$1.3 million or 7.58%.

Compared to what we currently have budgeted our sales are behind forecast a total of \$1,435,631 or 3.05%. We are ahead of forecast for Fast Play, but behind in all other

games. Due to the overall decrease in sales, cost of sales are also under budget by \$1,159,605. Operating expenses are under budget a total of \$972,830. So far the total advertising and promotion budgets have been under-spent this year a total of \$938,733.

All contingency funds were in the positive at the end of February. There was \$1,383,247 in Expired unclaimed prizes at the end of February.

The auditors will be coming in the first week of May to begin their preliminary field work.

Chair Douglas asked if there was a way to back out Maine's Fast Play sales for a comparison of last year's sales compared to this year. Mary will do this going forward.

MARKETING AND PRODUCT DEVELOPMENT COMMITTEE REPORT – Maura McCann

Maura McCann reported for the Product Development Report:

Weekly Grand Extra Rules were prepared (many thanks to Tim Poulin who was extremely helpful in reviewing these). The recommendation of the committee is to move ahead and adopt these rules.

The group was recently given the task to research the effect of adding another jurisdiction to our Tri-State Games of Megabucks Plus and Weekly Grand. Many thanks to SGI for providing an overview:

For adding a jurisdiction to Tri-State Megabucks Plus:

These observations lead to the conclusion that the addition of a jurisdiction with a population under 700,000 to Tri-State Megabucks Plus will be neither very beneficial nor detrimental for the lotteries currently selling the game.

For adding a jurisdiction to the Weekly Grand game:

Weekly Grand (and Weekly Grand Extra) has a set top prize, unlike Megabucks Plus. Therefore, an additional lottery/population with additional sales will not affect jackpot funding, jackpot roll and jackpot level. All jurisdictions will have, on average, the number of top prize winners (and any prize tier winners) proportional to their sales.

Maura has been working with the lotteries and the two vendors regarding a large Project with the RNG – Random Number Generator. This will be used to select the winning TGIF raffle numbers.

Quick update:

Tri-State Weekly Grand Extra goes on Sale Sunday, April 24.

In NH and VT – Break the Bank Fast Play will also be going on sale on that day.

Maura played some recent New Hampshire spots.

DRAW COMMITTEE – Maura McCann

Random Number Generator (RNG): Maura provided background information concerning the RNG in the draw room at the NH Lottery. The Random Number Generator was purchased from MUSL in July 2007 as a back up in case of failure of any of our drawing equipment. An RFP was issued and MUSL met our needs. This computer has the ability to randomly select winning lottery numbers.

The draw personnel will be using the RNG to select the winning TGIF raffle numbers for Maine, New Hampshire and Vermont.

The file output (of Winning TGIF raffle numbers) of the RNG is not compatible with the needs of either gaming vendor, SGI and Intralot. Due to the April meeting cancellation due to weather, the decision was made to have MUSL work on a secondary application in order to meet the needs of both vendors.

The cost to make this change will be \$2,500 to \$5,000 and Tri-State will be paying MUSL for this.

With the addition of the TGIF raffle drawing it is unknown how much more time following the Pick 3/Pick 4 and Weekly Grand Extra drawings on Friday night only it will take to conduct the Raffle portion of the drawing.

If it's the Tri-State Lotto Commission's preference to update the RNG, in order to perform backup drawings, the RNG would have to be rebuilt.

Maura contacted Gaming Laboratories who did the last certification for \$5,900 and inquired as to what the certification would be in 2011 and the cost has almost tripled to \$14,750.

This will mean additional pay for both the draw personnel and the independent draw auditors. Our first drawing is on Friday, April 29.

Furthermore, in the coming Fiscal Year, Tri-State may want to think about updating the RNG to support our current games. This would involve MUSL making that update and recertification would be necessary.

MOTION

A motion was made to pay MUSL for their services for the secondary application that is being produced right now in order to have the TGIF raffle drawing at the end of the month. Motion was seconded and voted in the affirmative.

MOTION

A motion was made to adopt the Weekly Grand Extra Rules as distributed. Motion was seconded and voted in the affirmative.

OPERATIONS COMMITTEE – Irene Nadeau

Maine, New Hampshire and Vermont are currently testing the Weekly Grand Extra game. New Hampshire and Vermont are currently testing the next Fast Play game, Break the Bank.

SCIENTIFIC GAMES – Darrell Frecker

Nothing further to add at this time.

INTRALOT – John Papile

Intralot is testing and all appears to be going along fine.

INTRALOT – John Hadley

Testing is also going on. Weekly Grand Extra has been turned over to the lottery for testing. Testing of Break the Bank will follow. They will be ready for the go-live date of the 24th of April.

Molly reported that three Fast Play holiday concepts are being reviewed.

ACCEPTANCE OF THE COMMITTEE REPORTS

A motion was made by Commissioner Scala to accept the committee reports as presented. Motion was seconded and voted in the affirmative.

OTHER BUSINESS

Director McIntyre received a request from the Idaho Lottery to use the name Weekly Grand Extra. He recommended that the Tri-State Lotto Commission approve the request.

MOTION

A motion was made by Commissioner Scala to authorize the use of the Weekly Grand Extra name. Motion was seconded and voted in the affirmative.

Director McIntyre gave an update on the use of a Patriots ticket by Tri-State. New Hampshire has received approval from their Attorney General; Maine has received similar approval and currently awaiting word from Vermont.

If all three states are in agreement, Tri-State advertising money could be used in support of this game.

The next commission meeting is scheduled for Friday, May 6, 2011, at the New Hampshire Lottery Commission.

A motion to adjourn was made at 11:25 a.m. The motion was seconded and voted in the affirmative.

Debra Douglas, Chair