

TRI-STATE LOTTO COMMISSION
New Hampshire Lottery Commission
June 3, 2011, 10:30 a.m.

Present: New Hampshire: Debra Douglas, Chair; Maura McCann, Kassie Strong, Irene Nadeau
Vermont: Tom Scala, Vice Chair; Alan Yandow, Executive Director, Hadley Melendy, Mary Cassani via conference call
Maine: Orland McPherson, Commissioner; Tim Poulin, Lisa Rodrigue
Guests: Jennifer Cartmell, Chris Nichols, Heather Bowman with NL Partners; Darrell Frecker, Liz Dimmick with Scientific Games; Rose Longo-White, Jenaleigh Landers with Griffin, York and Krause; John Papile, Bruce Anderson, Christine Pare' with Intralot

The meeting was called to order by Chair Douglas at 10:58 a.m.

ACCEPTANCE OF THE MAY 6, 2011 MINUTES

A motion was made by Commissioner Scala to accept the minutes as distributed. Motion was seconded and voted in the affirmative.

FINANCE COMMITTEE: Mary Cassani

Gross revenues for Tri-State through April 2011 have decreased \$7million, or 11% compared to last April. Of this decrease, Megabucks sales are down \$6.5 million, or 18.24%; Daily Numbers sales are up \$634,000, or 3.47%; Weekly Grand sales are down \$488,000, or 6.39%; the Fast Play games for Vermont and New Hampshire are up \$141,000, or 9.17% over last year.

Total expenses through April 2011 are down from last April \$4.88 million. This represents a decrease in cost of sales of \$4.9 million and an increase in operating expenses of \$131,752 which represents primarily an increase in the advertising line item and a decrease in the Battelle contract line item.

Net Profit through April 2011 decreased from last year \$2.2 million, or 10.24%.

Compared to what we currently have budgeted, our sales are behind forecast a total of almost \$2 million, or 3.35%. We are ahead of forecast for Fast Play, but behind in all other games. Due to the overall decrease in sales, cost o sales are also under budget by \$1.5million. Operating expenses are under budget a total of \$850,000. So far the total advertising and promotion budgets have been under spent this year a total of \$806,353.

All contingency funds were in the positive at the end of April. There was \$1.7 million in expired, unclaimed prizes at the end of April.

The auditors will be back the last week of July.

I'm formulating the budget for FY12 and will have that for the next commission meeting.

MARKETING AND PRODUCT DEVELOPMENT COMMITTEE – Maura McCann

Maura showed upcoming spots for the New Hampshire Lottery.

Tri-State Weekly Grand: Everything is going well with all states reporting an increase in sales. Vermont has had a real great sales bump as a result of their promotion of buying a single Weekly Grand Extra or Powerball ticket of \$6 or more for a chance to win \$100 instantly.

Maine ran a Megabucks Spring Spectacular promotion. Tuesday the New Hampshire Lottery ran a random number generator (RNG) draw for the Maine Lottery.

Fast Play (a Vermont and New Hampshire game): Catch Some Cash game will be launched next month, July 17th.

Holiday games: Vermont and New Hampshire will be offering different games this year. Vermont is bringing back an old favorite and New Hampshire will offer some type of Black Jack or 21 style games.

The committee is aware of some New England regional games that are on the table for discussion. There are four different games being proposed. All three states have been involved in a survey that Connecticut conducted throughout New England to see which of the four games would interest players, etc. This New England game will have bearing on the this committee on moving forward into FY12 in either having a regional game be a part of our mix and the possible change to the Powerball game in FY12.

Plans are to bring all of this to fruition and see where the committee moves from here. There have been no discussions regarding our Tri-State games due to discussions on the previously mentioned games.

An Instant Ticket Subcommittee has been assigned to the Product Development Committee. Members will be Tim Poulin, Maura McCann and Hadley Melendy. Maura will chair the committee.

DRAW COMMITTEE – Maura McCann

Maura explained that the draw room is very close to changing from the use of 8mm and VHS tapes to digital memory sticks and DVDs for the recording and retention of all draw activity.

The current drawing uses 8mm and VHS tape copies. The VHS tape is a back up to the 8mm. With the move to the new equipment, there was no backup recording of draw activity. To achieve this, Pelmac who provides the hardware

for security of the New Hampshire Lottery ran communications from the draw room into the Chief of Security Leonard Mannino's office. Once the equipment upgrade goes through, all draw activity will also be recorded in his office within a secure cage. The cage holds all equipment that records activity throughout the secure lottery building. There was an expense of \$643.30 to have this done.

MOTION

Commissioner Scala made a motion to allow Tri-State to pay a \$643.30 bill for the new backup system. Motion was seconded and voted in the affirmative.

At previous meetings there have been discussions whether or not to recertify the RNG to update it with the current games at a cost of approximately \$15,000. Both SI and Intralot needed to have the file output for the TGIF winning numbers changed to accommodate their gaming systems. MUSL built the secondary application, which is separate from the RNG to achieve this. The current RNG is certified. It was certified by GLI and that certification states that the software that select the winning numbers is random.

MOTION

A motion was made by Commissioner Scala to authorize Maura to begin the process for an RFP for a Random Number Generator (RNG). Motion was seconded and voted in the affirmative.

Maura will start this process and provide information to the Commission for writing the RFP for this service, review of the RFP by legal personnel, release of the RFP, timeline, etc.

OPERATIONS COMMITTEE – Irene Nadeau

New Hampshire is currently developing a Subscriptions Coupon promotion and a Powerball Coupon promotion. The promotions will run for one month. A tentative date for the promotions is scheduled for September 1 through 30, 2011.

Subscriptions Coupon Promotion: Players (replay and mailing customers) will be mailed or e-mailed a coupon which will be scanned by the terminal. If the players purchase a Mega Millions, Powerball, Hot Lotto, or Megabucks Plus subscription worth \$50 and have a coupon, they will receive a free \$10 instant ticket.

Powerball Coupon Promotion: Players (replay and mailing customers) will be mailed or emailed a coupon which will be scanned by the terminal. If the players purchase an easy pick Powerball ticket worth \$5 and have a coupon, they will receive a free \$2 instant ticket.

SCIENTIFIC GAMES – Darrell Frecker

Everything has been moving along fine. The recent random number generator drawing went fine and thank you to the New Hampshire Lottery for conducting the drawing.

Darrell offered to help out in planning FY promotions for the upcoming year for a presentation at the July meeting, don't hesitate to contact him.

INTRALOT – John Papile

Everything is good in New Hampshire.
Four new instant games are going out Monday, June 6th.

INTRALOT - Bruce Anderson

Everything in Vermont has been going well. We've been adding some new structure to our processes. We're looking forward to a fall launch of Winstations in Vermont.

OTHER BUSINESS

Hinckley, Allen & Snyder: This company has been working on lottery restructure of the New Hampshire Lottery. The NH Lottery is seeking authorization to extend their contract.

MOTION

A motion was made by Commissioner Scala to extend the contract with Hinckley, Allen and Snyder. Motion was seconded and voted in the affirmative.

Tri-State Commission Officers for FY12: Chair: Tom Scala
Vice Chair: Orland McPherson
Commissioner: Debra Douglas

The next commission meeting is scheduled for Friday, July 8, 2011, at 9:30 a.m. at the Lake Morey Resort in Fairlee, Vermont.

A motion to adjourn was made at 11:55 a.m. Motion was seconded and voted in the affirmative.

Debra Douglas, Chair