

TRI-STATE LOTTO COMMISSION
New Hampshire Lottery Commission
September 9, 2011, 9:30 a.m.

Present: Vermont: Tom Scala, Chair; Alan Yandow, Carole Lacasse, and via teleconference Mary Cassani, Hadley Melendy
New Hampshire: Charlie McIntyre, Maura McCann, Kassie Strong, Irene Nadeau
Maine: Orland McPherson, Vice Chair; Tim Poulin, Michael Boardman
Guests: Jennifer Cartmell, Heather Bowman with NL Partners, Darrell Frecker, Liz Dimmick with Scientific Games; Rose Longo-White, Jenaleigh Landers with Griffin, York, Krause; John Papile, Bruce Anderson, Kristen Pare with Intralot

The meeting was called to order at 10:42 a.m.

In honor of Dan Gwadosky, former Director of the Maine State Lottery, who passed away recently, a video was shown and a moment of silence was conducted.

ACCEPTANCE OF THE MINUTES FOR JULY 8, 2011 MEETING

A motion was made by Commissioner McPherson to accept the July 8, 2011 minutes as presented. Motion was seconded and voted in the affirmative.

FINANCE COMMITTEE REPORT – Mary Cassani

There were two sets of financial statements in the packet. Mary reviewed the June financials. Gross revenues for the fiscal year decreased, expenses were down, net profit was down; however, we did meet our net profit target. McNeil and Parker will be at the October commission meeting next month to present the audit report for FY11.

As of July, sales are still declining. Gross revenues for Tri-State for July 2011 have decreased \$1,511,966, or 22.08% compared to last July. Of this decrease, Megabucks Plus sales are down \$1,513,524, or 36.9%; Daily Numbers sales are down \$17,482, or 0.93%, Weekly Grand sales are up \$20,016, or 2.80%; the Fast Play games for Vermont and New Hampshire are down \$976, or 0.63%.

Total expenses July 2011 are down from last July \$758,894. This represents a decrease in cost of sales of \$797,052 and an increase in operating expenses of \$38,158 which represents primarily an increase in the advertising line item and Auditing expenses.

Net Profit for July 2011 decreased from last July \$747,060, or 28.36%.

The Weekly Grand contingency fund was in the negative a total of \$563,452 at July 31 due to the July winner in New Hampshire. All other contingency funds were in the positive at the end of July. At the end of July there was almost \$2million in expired, unclaimed prizes.

MARKETING AND DEVELOPMENT – Hadley Melendy

The committee has been discussing Fast Play for New Hampshire and Vermont with the next game to be launched on October 30th. New Hampshire is launching Jingle Jack and Vermont is launching Jingle Bell Bucks, which is the same game they ran last year for the holidays. The game to run after that is Hot \$100s and is being developed now. This game is different than what has run in the past as it will have a top prize of \$100.

All three states will be participating in a holiday promotion, Merry Money. It is scheduled to begin December 11th and will run through the 24th. It will be a \$10 instant win. Vermont and Maine will use both Tri-State and state money. New Hampshire will offer this for Tri-State games. A decision has not been made as yet as to the amount of funds to be used from the expired, unclaimed prize money. Tentatively, it looks like Maine and New Hampshire will use about \$100,000.

The regional game being considered by the six New England states will be called “Lucky for Life” and has a top prize of \$1,000 a day for life. Plans are to launch the game in March of 2012. The game is currently offered in Connecticut. Various ad agencies for the states have been working on a number of logos and, to date, it is down to three. A survey will be launched today on the six-state websites so players can help select the new game logo.

There are still conversations relative to a Tri-State instant game among the state AGs. SG will be conducting a webinar to the marketing staffs next week to show a couple ideas for prize structures and an overall concept of the game.

A release is scheduled for January 15 on the proposed changes to Powerball. New Hampshire and Maine will begin offering subscriptions to the \$2 game the first week of November. As of October 30th Vermont will have the subscription available on their system. Maine is finished with the specs for the new game, New Hampshire is reviewing the specs and Vermont is expecting them from Intralot today.

Maine brought a couple commercials to show as well as New Hampshire.

DRAW COMMITTEE – Maura McCann

RNG information was forwarded to the commission members back in July with the subject forwarded at that time. It is now back on the table for discussion and direction.

Maura and Tim discussed the material distributed and the where the commission can go from here. MUSL came in at about \$10,000 and others coming in at between \$50,000 and \$100,000, with yearly maintenance fees charged on top of that. MUSL’s charge was between \$5,000 and \$10,000 which was a complete RNG with a complete backup unit. Maura could ask MUSL what an update would cost and what a new RNG would be. Maura offered to review the costs and share the information with the directors and bring the information to next month’s meeting.

Maura noted that the Draw Room has successfully changed over to the digital age; no longer using 8mm and VHS tapes. This was a very interesting process and a big learning curve for everyone involved.

OPERATIONS COMMITTEE – Tim Poulin

The committee did not have a call this week. New Hampshire is conducting a coupon promotion. 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. New Hampshire will also take part in a Val Pak promotion.

Vermont is currently working on the \$2 Powerball change, They will have a booth at the Champlain Valley Fair promoting the WinStation ticket vending machines. There is also a MUSL buy-up promotion scheduled for October where a player can enter to win a Chevy Silverado.

Maine is finishing the SRS for the \$2 Powerball game change. The final draft of the SRS will be completed by the end of this week and distributed to the Lottery, software developers and the ICS vendor for review. There will be a Megabucks Plus promo in mid-September. When a player purchases a \$6 Megabucks Plus ticket, they have a chance to win \$100 instantly (nth ticket, instant win promotion). A total of \$100,000 will be given away. Maine will also be conducting a retailer-incentive program to increase the number of games an agent will carry. There has already been positive feed-back from the retailers on this program.

SCIENTIFIC GAMES – Darrell Frecker

Staff has been working with Lottery on their previously mentioned promotions and the retailer incentive program.

Liz and Darrell are also looking at some future promotions and ideas including subscriptions. They are also looking at some different models to present to the Marketing Committee – a Tri-State instant ticket. Several models have been reviewed already and more are being investigated.

INTRALOT – Bruce Anderson

Intralot had three staff members working each shift at the Champlain Valley Fair along with lottery staff. It was a good opportunity to meet the staffs and get to know each other. It was a learning experience and a good opportunity to meet our players.

Mechanically, the WinStations performed very well (there were only a couple minor jams) and sales were about \$59,000. The booth was clearly the busiest booth in the building we were set up in. There were two WinStations and one terminal at the booth.

There was also an introduction to the Trucktober Fest to be conducted during the month of October with the drawing for the truck to be held November 15th. A 2011 Chevy Silverado was also on display in the booth at the fair.

INTRALOT – John Papile

The Powerball promo is going very well noting that 8,000 coupons have been redeemed.

Looking forward to the Powerball change and all appears to be going well.

ACCEPTANCE OF THE COMMITTEE REPORTS

A motion was made by Commissioner McPherson to accept the reports as given. Motion was seconded and voted in the affirmative.

OTHER BUSINESS

Policy No. 3 – Standing Committee Appointments for FY12:

Marketing & Product Development Committee:

Maura McCann, New Hampshire Lottery Commission
Lisa Rodrigue, Maine State Lottery
Hadley Melendy, Vermont Lottery*

Instant Ticket Subcommittee: Hadley Melendy, Vermont Lottery
Maura McCann, New Hampshire Lottery
Tim Poulin, Maine State Lottery

Finance Committee:

Mary Cassani, Vermont Lottery*
Tim Poulin, Maine State Lottery
Kassie Strong, New Hampshire Lottery Commission

Operations Committee:

Tim Poulin, Maine State Lottery*
Irene Nadeau, New Hampshire Lottery Commission
Sylvia Buzzell, Vermont Lottery

Draw Committee:

Maura McCann, New Hampshire Lottery Commission*
Ginger Radke, Vermont Lottery Commission
Michael Boardman, Maine State Lottery

*Committee Chair

Hadley will chair the Marketing and Product Development Committee. The chair of this committee is from the state that is chair of the Tri-State Lotto Commission. The other chair appointments are made by the committee members.

The next commission meeting is scheduled for Friday, October 7, 2011, at 10:30 a.m. at the New Hampshire Lottery Commission in Concord, NH.

A motion to adjourn was made at 11:25 a.m.

Thomas Scala, Chair