

## TRI-STATE LOTTO COMMISSION

December 2, 2011, 10:30 a.m.

Present: Vermont: Tom Scala, Chair; Alan Yandow, Carole Lacasse and Mary Cassani and Hadley Melendy by conference call

Maine: Orland McPherson, Vice Chair; Tim Poulin, Lisa Rodrigue

New Hampshire: Debra Douglas, Commissioner, Charlie McIntyre, Maura McCann, Kassie Strong, Irene Nadeau

Guests: Darrell Frecker, Doug Parker with Scientific Games; Heather Bowman, Jennifer Cartmell, Chris Nichols with NL Partners; Rose Longo-White, Jenaleigh Landers with Griffin York & Krause Kristen Pare, Terry Patterson, John Papile, Bruce Anderson with Intralot

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

### **ACCEPTANCE OF NOVEMBER 4, 2011 MINUTES**

A motion was made by Commissioner McPherson to accept the November 4, 2011 minutes as distributed. Motion was seconded and voted in the affirmative.

### **FINANCE COMMITTEE** – Mary Cassani

Gross revenues for Tri-State through October have decreased \$3,063,850, or 12.70% compared to last October. Of this decrease, Megabucks Plus sales are down \$2,918,970, or 22.06%, Daily Numbers sales are down \$45,216, 0.61%, Weekly Grand Extra sales are down \$72,614, or 2.54%; the Fast Play games for Vermont and New Hampshire are down \$27,050, or 4.74% compared to last October.

Total expenses are down from last October \$1,808,895. This represents a decrease in cost of sales of \$1,755,487 and a decrease in operating expenses of \$53,408, which represents primarily an overall decrease in the advertising line item offset by an increase in consulting expenses.

Net profit for October 2011 decreased from last October \$1,270,447, or 14.69%.

Compared to what we currently have budgeted, our sales are behind forecast a total of \$2,937,479, or 12.24%. We are behind forecast for all games. Due to the overall decrease in sales, cost of sales are also under budget by \$1,636,720. Operating expenses are under budget a total of \$582,583. To date, the total advertising and promotion budgets have been under spent this year a total of \$579,782.

The Guaranteed Weekly Grand Extra jackpot contingency fund was in the negative a total of \$213,462 at the end of October. There was another Weekly Grand Extra jackpot winner in New Hampshire on November 11<sup>th</sup>. The winners chose the annuity option; the strips cost approximately \$800,000. The anticipated negative contingency for this game will be approximately \$900,000. The anticipated negative contingency for this game will be approximately \$900,000 at the end of November. When the

game ends in March, the low-tier contingency fund can be used to offset the negative jackpot contingency, but it is not enough to cover it all. Expired prizes will be required to cover any shortfall. All other contingency funds were in the positive at the end of October. There was \$2,347,303 in Expired unclaimed prizes at the end of October.

#### **MARKETING AND PRODUCT DEVELOPMENT** – Hadley Melendy

Holiday Promotion: Merry Money is being conducted in Maine and New Hampshire. This promo will run from December 11 to the 24<sup>th</sup>. It is an nth ticket, instant win promotion. An entry purchase of \$5 will be eligible to win \$10 instantly. New Hampshire will be offering the promotion on Tri-State games only and Maine will be offering the promotion on all games. Vermont will not be participating.

Subscriptions for Powerball – Subscription sales began yesterday, December 1, in Maine; New Hampshire has about 400 subscriptions to date and Vermont will begin selling subscriptions for Powerball, and Mega Millions next Monday, December 5<sup>th</sup>.

Powerball Promotions are scheduled for January in Maine and Vermont. Vermont's promo will be called "Power Plus". It will be a \$6 buy up on a single Megabucks Plus or a Powerball ticket. The prize will be \$100 instantly. Vermont will be using \$105,000 from Tri-State expired, unclaimed prize money. The promo will run from January 15 to February 5. Maine will also be running a promotion for the new Powerball game from January 15 – 28. If a player buys any Powerball ticket, they could have a chance for a \$10 Instant Win. The national television spot for Powerball, which was produced in Florida, will be arriving shortly to the lottery offices, to be versioned for each state.

Fast Play: Hot 100s is going to be replaced starting with the next release date of January 15, 2012. Vermont will use an existing game and New Hampshire will have a new game called Super 7s. The launch date is April 29 for each state.

Tri-State Instant Ticket: There are a couple issues pending: one for Maine is the 60% payout and another issue is the licensing fee is more than the states thought it would be. Tim will have further discussions on this and report back to the committee. A decision has to be made soon if plans are for a spring launch.

New Hampshire showed a couple television spots as well as Maine showing their first Maine Millionaire coverage.

#### **DRAW COMMITTEE** – Maura McCann

Maura is working with MUSL on two new RNGs that have been ordered. The delivery date is February 1, 2012. GLI will review the software.

#### **OPERATIONS COMMITTEE**: Tim Poulin

Vermont reports that the Powerball spec is signed and UAT testing will begin this month. They are working on Lucky for Life rules. The Power Plus program is scheduled for January.

New Hampshire reported on their Merry Money discount promotion which will be running December 11 -24. UAT testing started this week. They are working on Lucky for Life specs and expect to do UAT testing starting the 5<sup>th</sup>. In Maine, UAT testing was completed last night and they will begin entering Powerball subscriptions.

**SCIENTIFIC GAMES:** - Darrell Frecker

Tim pretty much covered everything for Scientific Games. Lucky for Life SRS is complete.

**INTRALOT** – Bruce Anderson

Vermont provided a draft Lucky for Life spec to developers yesterday. Staff is starting work on the spec for the spring Fast Play game.

INTRALOT – John Papile

Staff is working on Lucky for Life spec as well as the spring promo. All is going well.

**ACCEPTANCE OF THE COMMITTEE REPORTS**

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

**OTHER BUSINESS**

Griffin York and Krause advertising contract: The NH Lottery requested a two-year renewal of their advertising contract with Griffin York and Krause retro to July 1, 2011 to June 30, 2013.

**MOTION**

A motion was made by Commissioner McPherson to extend the New Hampshire Lottery Commission's Tri-State Advertising Contract with Griffin York and Krause from July 1, 2011 to June 30, 2013. Motion was seconded and voted in the affirmative.

The commission requested a review of the contract with the draw auditors, Howard and Company. Maura will review the contract and get back to the commission.

The next commission meeting is scheduled for 10:30 am. Friday, January 6, 2012, in Concord, NH at the New Hampshire Lottery headquarters.

A motion to adjourn was made at 11:05 a.m.

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Thomas Scala, Chair