

TRI-STATE LOTTO COMMISSION
New Hampshire Lottery Commission
Concord, NH

November 2, 2012

Present: Maine: Orland McPherson, Chair; Gerry Reid, Lisa Rodrigue, Michael Boardman, Tim Poulin
New Hampshire: Debra Douglas, Vice Chair; Charlie McIntyre, Lynda Plante, Maura McCann, Kassie Strong
Vermont: Tom Scala, Commissioner; Greg Smith, Mary Cassani, Carole Lacasse
Guests: Darrell Frecker, Liz Dimmick with Scientific Games; Rose Longo-White with Griffin York and Krause; Chris Nichols, Jen Cartmell, Heather Bowman with NL Partners; Bruce Anderson, Terry Patterson, John Papile, Kristen Pare', Molly Waldstein with Intralot

The meeting was called to order at 10:35 a.m.

ACCEPTANCE OF THE OCTOBER 5, 2012 MEETING

A motion was made to accept the October 5, 2012 minutes as distributed. Motion was seconded and voted in the affirmative.

FINANCE COMMITTEE REPORT – Mary Cassani

Gross revenues for Tri-State Lotto Commission through September 2012 are behind forecast by \$309,981, or 2.17%. Megabucks Plus sales are ahead \$197,064, or 2.50%; Daily Numbers sales are down \$285,512, or 4.95%; and the Fast Play games for Vermont and New Hampshire are down \$221,533, or 32.82%, compared to forecast. Once the multiple Fast Play games launch, that trend should shift.

Due to the overall decrease in sales, cost of sales are also under budget by \$221,408, or 2.56%. Operating expenses are under budget a total of \$577,687, or 53.08%. The total advertising budgets were under spent a total of \$561,708.

Net Profit through September is ahead of forecast \$497,892, or 10.87%.

Compared to last year, sales for the current games are down \$1,095,875, or 7.26%. Total expenses are down \$737,237, or 7.58%. This represents a decrease in cost of sales of \$690,033 and a decrease in operating expenses of \$47,204.

Net Profit for FY 2013 decreased FY2012 346,202, or 6.44%.

All contingency funds were in the positive at the end of September. There is \$2,661,000 in expired, unclaimed prizes at the end of September.

PRODUCT DEVELOPMENT COMMITTEE – Lisa Rodrigue

The committee has made some progress with the Megabucks Plus game change. The committee has reviewed more models since the last meeting and have chosen two models to survey. Surveys will be conducted in each state. The survey will be reviewed in a Development Committee meeting immediately following today's commission meeting.

Upcoming promotions: New Hampshire will be conducting a Holiday promo for 10 days starting December 16th. It will be an "nth" ticket promotion giving cash prizes ranging from \$5, \$10, \$25, and

\$50. They are spending \$100,000 on this promotion. They will also offer a 10% discount on subscriptions during the month of December for all their games and will continue to offer a discount for subscriptions throughout the year, just not at the 10% discount.

Vermont will conduct a Flash Sale November 10th for two hours (11 a.m. to 1 p.m.). With the purchase of a Lucky for Life ticket, they will give a free Powerball ticket. Maine will do a similar flash sale. Vermont is also conducting a Clerks Perks promotion from November 4 through December 15. Whenever a clerk sells a single Mega Millions ticket with the Megaplier valued at \$6 or more, the clerk will receive a Clerk Perks raffle ticket giving them a chance to win \$50. Every two weeks, 100 cash prizes of \$50 each will be awarded. Vermont is not planning on conducting a holiday promotion. They will run a Play a Little promo the end of November.

Maine will conduct a Flash Sale on the 24th of November. With the purchase of a Powerball ticket, the customer will get a Lucky for Life ticket. Maine's holiday promo will run from December 16 to the 25th. It will be an "nth" ticket promotion. With the purchase of a \$5 ticket on any draw game, they have a chance to win \$10 worth of instant tickets.

Megabucks Plus promotions will be discussed at the Development Committee meeting later today. Plans are for a Lucky for Life promo in March for the game's 1st anniversary. It will be a two-week promotion with a \$100 instant win. All the states are looking at their systems to see what could be done.

There was a new Fast Play launch last Sunday and sales in Vermont are well ahead of prediction. New Hampshire will put out some advertising which should help their sales.

Modifications to Megabucks Plus – staff is looking at a game change to come sometime this spring (March). There will be Hot Lotto changes coming up as well.

DRAW COMMITTEE – Maura McCann

The new RNG is in the Draw Room and will be fired up this afternoon. It will be used to conduct Vermont's Clerks Perk drawing.

OPERATIONS COMMITTEE – Lisa Rodrigue reporting for Sylvia Buzzell

New Hampshire test dates for their discount promo is starting November 12. They are reviewing their Fast Play specs for the April 2013 game launch. Vermont is working on their specs for the spring release as well as a release for Fast Play which will be four new games. They are working on their promo for the Flash Sale in November as well as their Clerk Perks promo. Maine is working on specs and testing for the November Flash Sale and their holiday promo as well as some other promos coming up the beginning of the new year.

Tim Poulin spoke to the commission regarding the need for the Operations Committee and requested the elimination of the committee.

We, the members of the Operations Committee, suggest to the Commissioners that Tri-State Lotto Commission Policy No. 3 be amended as follows -- to remove the Operations Committee from the standing committee list:

The Operations Standing Committee has served its purpose, but now is no longer needed as its role is duplicative and overlaps with the role of Marketing and Development. Any projects that were germane only to Operations can be easily absorbed by Marketing and Development.

Tri-State shall have three standing committees: Marketing and Development, Draw and Finance. Each committee will be appointed annually by the directors at the Commission's July meeting. With the exception of the Marketing and Development Committee, whose chairperson shall be from the state of the current Tri-State Commission Chairperson, each of the other committees shall select its own chairperson from its membership.

MOTION

A motion was made by Commissioner Scala to eliminate the Operations Committee. This would leave three standing committees: Marketing and Development, Draw and Finance. Motion was seconded and voted in the affirmative.

SCIENTIFIC GAMES – Darrell Frecker

Scientific Games continues to work with the Maine State Lottery in developing and executing their various promotional changes which are scheduled and those scheduled in the future.

INTRALOT – Bruce Anderson

Vermont recently launched multiple-priced new Fast Play games and it was noted the \$5 price point is selling best. Sales are at the same rate as Lucky for Life tickets. It was noted that Fast Play tickets are sold in the WinStations and they are the best selling on-line game in the WinStation at this time.

INTRALOT – John Papile

There is a 100% increase in Fast Play sales over last year for New Hampshire. This should increase with radio advertising.

ACCEPTANCE OF COMMITTEE REPORTS

A motion was made and seconded to accept the reports as present. Motion was voted in the affirmative.

OTHER BUSINESS

New Hampshire Lottery promotional use of Tri-State Expired, Unclaimed Prizes. Maura explained New Hampshire's plans to use \$30,000 from expired, unclaimed funds for various promotions and deductions on subscriptions (Megabucks Plus). There will also be discounted subscriptions throughout the year.

Tri-State Lotto Commission meeting dates discussed. The directors requested moving the meeting date to the second Friday of the month rather than the first and meeting every other month. The new rotation will begin 2013 with the first meeting scheduled for February. Regular meetings will be held in even months.

MOTION

A motion was made by Commissioner Douglas to change the regularly-scheduled meeting day to the second Friday every other month, on the even months, and reserve the right to call a meeting on the odd month if there are issues to be acted upon. Motion was seconded and voted in the affirmative.

It was noted there is a card for Hadley for everyone to sign as she is leaving her position at the Vermont Lottery.

A special thank you is extended to Hadley for all her hard work and dedication the past five and a half years. She was a great coworker and a hard working individual. She will be missed by all her peers.

It was noted that Tim Poulin has a special birthday coming up "Happy 50th Birthday, Tim.

There was a motion to adjourn the meeting, seconded and so voted.

The next commission meeting is scheduled for Friday, December 7, 2012, at the New Hampshire Lottery Commission in Concord, NH.

Orland McPherson, Chair