

TRI-STATE LOTTO COMMISSION

Lake Morey Resort

Fairlee, VT

June 14, 2013, 9:30 a.m.

Present: Maine: Orland McPherson, Chair; Gerry Reid, Tim Poulin, Lisa Rodrigue, Michael Boardman
New Hampshire: Debra Douglas, Vice Chair, Charlie McIntyre, Maura McCann, Lynda Plante, Kassie Strong
Vermont: Tom Scala, Commissioner; Greg Smith, Jeff Cavender, Mike Ferrant, Carole Lacasse
Guests: Jeff Lipps, John Papile, Fivi Rontiri, Molly Waldstein, Kristen Pare', Terry Patterson, Bruce Anderson with Intralot; Sean Athey, Darrell Frecker, Mary Wdowin, Dennis Miller, Liz Dimmick, Ron Miguel, Susan Rolfs, Leslie Badger with Scientific Games; Rose Longo-White with Griffin, York & Krause; Heather Bowman, Chris Nichols, Russ Leonard, Jennifer Cartmell with NL Partners; Pete Donahue with Alchemy3

Upon a roll call vote by Orland McPherson, Tom Scala and Debra Douglas, there was a declaration to move into an executive session for a legal issue at 9:35 a.m. The regular commission meeting will convene at the close of the executive session.

A motion to move out of executive session was made at 9:45 a.m. and move into regular session. So voted.

ACCEPTANCE OF THE APRIL 12, 2013 MINUTES

MOTION

A motion was made to accept the April 12, 2013 minutes as distributed. Motion was seconded and voted in the affirmative.

RATIFY ACTIONS TAKEN AT THE APRIL 12, 2013 MEETING

Motions voted on at the April 12 meeting were: Acceptance of the Gimme 5 Rules, authorization of a payment of \$980 for seven sets of drawing balls for the Daily Numbers drawings and acceptance of the committee reports.

MOTION

A motion was made to ratify actions taken at the April 12, 2013 meeting. Motion was seconded and voted in the affirmative.

FINANCE COMMITTEE: Greg Smith in Mary Cassani's absence

Sales are down YTD by \$2.9 million (6%) lead by Megabucks Plus down by \$2.3 million, Pick 3 & 4 is down by \$937 thousand and offset by Fast Play which is up by \$365 thousand.

Cost of sales are down by \$1.7 million, in relation to the drop in sales (actual and budget are both at 37.3% of sales).

Operating Expenses year to date are \$2.2 million, compared to a budget of \$3.5 million (down \$1.4 million, or 39%). Marketing expenses are the cause at \$1.9 million compared to a budget of \$3.2 million (down \$1.3 million, or 41%). We have also spent \$1 million less in advertising than last year (\$1.9 million down from \$2.9 million in FY12). We all chose to reduce advertising during the election cycle in the fall and may have cut back a bit this year due to dropping Weekly Grand in march, 2012.

Net profit year to date is \$15.2 million compared to a budget of \$15 million (34.3% compared to 31.6%).

Spending of promotional money next year each state would have to spend 1.5 to 2 times as much as they did in FY13 using our allocated plan. The states will have to raise our game if they plan to use expired, unclaimed funds to support marketing plans. It is suggested that each state evaluate their plan for FY14.

Each state needs to put together their sales and expenses for next year's budget and send it to Mary.

The low-tier contingency account is in the red as there have been several \$30,000 winners and low-tier wins. This will be balanced by using the guaranteed contingency account.

MARKETING AND PRODUCT DEVELOPMENT COMMITTEE – Lisa Rodrigue

Lisa expressed her thanks to everyone for the great meeting yesterday. There were presentations by Geonomics, Alchemy3, a group presentation by Intralot, Scientific Games, Griffin, York & Krause, NL Partners, plus individual presentations by NL Partners and Griffin, York and Krause.

A meeting has been scheduled for June 26 to go over some of the new marketing and advertising ideas and game concepts.

Maine will be conducting a two-week promotion, a buy nth ticket promotion on all on-line games. For an \$8 or more purchase there is a chance to win \$100 instantly. This \$8 ticket promotion has been successful in the past.

A Lucky for Life game change is coming up in September, a change to Mega Millions in October and a Powerball change, going back to a power play option, in January FY14.

Gerry assured the commissioners that we all are dissatisfied with current business performance. It is not a sustainable situation. However, we are no different than some other lotteries in the country. There is something about our games and portfolio that we have to address. He assured the commission that we are actively working on these issues.

Debra expressed a concern in reporting game sales/profit, etc. There must be a better method of presenting the financial statements, possibly using excel. This has been highlighted more this year by the ending of Weekly Grand without having a replacement game to offset revenue. Please prepare a few different versions of financial comparison to show the commission at the next meeting that compare Actual to Last Year and Forecast.

DRAW COMMITTEE – Maura McCann

The carpeting in the Draw Room has been replaced, first time in 15 years.

Everything is going well with the Gimme 5 draw.

Mickey Boardman recently witnessed all the activity that actually goes on on a Wednesday evening in the Draw Room while conducting all the drawings for Megabucks Plus, Gimme 5, Pick 3 and Pick 4.

Revised Draw Room Drawing Procedures have been written and will be distributed for review. When they are complete, they will be distributed to all interested parties.

SCIENTIFIC GAMES – Darrell Frecker

There were some great presentations yesterday, saw a lot of new products and opportunities and areas and ways to increase sales -- a very interesting show of ideas. Scientific Games is looking forward to working with everyone as these products, etc. develop.

A thank you was expressed to the Vermont staff for all their efforts in pulling together this meeting. It's a great opportunity for all the lottery staff and vendors to work together.

INTRALOT – Bruce Anderson

Staff is busy working on all the games for the Fall -- Lucky for Life and Mega Millions changes, pad changes as well as a raffle game. Most of the specs are done. Staff is also working on some MUSL Rule 2 updates.

This has been a very beneficial meeting and we're extremely anxious for the road ahead.

INTRALOT – John Papile

John expressed his thanks for the great meeting and the great discussions yesterday on possible games, etc.

ACCEPTANCE OF REPORTS

MOTION

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

OTHER BUSINESS

Reappointment of Orland McPherson:

Tim Poulin was pleased to announce the reappointment of Orland McPherson to the Maine State Lottery Commission. At this time he administered The Oath of Office to Orland. Congratulations, Orland!

Tri-State Lotto Commission Meeting in Maine:

The Maine meeting will be held October 11 (October 10 and 11) in Kennebunkport, Maine at The Colony Hotel.

Sales Staff Meeting:

There was a Sales staff meeting in New Hampshire earlier this year which turned out to be very beneficial to the Sales Reps and management. Staff learned from each other and compared notes on what has worked and what didn't work and why in several scenarios. Staff is seeking approval to conduct a meeting next year. The commission feels this is money well spent and agreed to support such a meeting.

FY14 Tri-State Lotto Commission Chair:

At this time, the gavel was turned over to Debra Douglas, the New Hampshire Lottery Commissioner, who will chair the commission for FY14.

Marketing and Development Committee Chair:

Per Policy No. 3: Standing Committees with the Tri-State Commission: Marketing and Development Committee, the chairperson shall be from the state of the current Tri-State Commission Chairperson. Maura McCann will be the new Chairperson for the committee.

The next commission meeting is scheduled for Friday, August 9, 2013, at the New Hampshire Lottery Commission in Concord, NH.

A motion to adjourn was made at 10:30 a.m. Motion was seconded and voted in the affirmative.

Orland McPherson, Chair