

TRI-STATE LOTTO COMMISSION  
New Hampshire Lottery Commission  
Concord, NH  
Friday, August 9, 2013, 10:30 a.m.

Present: New Hampshire: Debra Douglas, Chair; Lynda Plante, Maura McCann, Irene Nadeau, Kassie Strong  
Vermont: Tom Scala, Vice Chair; Greg Smith, Jeff Cavender  
Maine: Orland McPherson, Commissioner; Michael Boardman, Tim Poulin  
Guests: John Papile, Kristen Pare', Terry Patterson, Bruce Anderson with Intralot; Chris Nichols, Heather Bowman with NL Partners, Darrell Frecker with Scientific Games

The meeting was brought to order by Commissioner Douglas at 10:35 am.

**ACCEPTANCE OF THE JUNE 14, 2013 MINUTES**

A motion was made and seconded and voted in the affirmative to accept the minutes for the last meeting commission meeting, June 14, 2013.

**Finance Committee** -- Greg Smith presented the Finance Committee Report in Mary Cassani's absence.

He commented that the financial statements were a good accounting tool for our accounting records, but not a very good management. tool. At the June meeting the commissioners asked for some draft financial statements to be prepared for review that were better presentations for reviewing the financial information. The layout, content and calculations of a draft statement were reviewed with various requests for columns showing differences from last year and budget, different percentage calculations, and notes. Additional drafts will be prepared and circulated for review before the next meeting in October.

The same draft was used to review the results of FY13 ending June 30, 2013. Sales were down \$7.1M to last year and \$6.4M to budget, almost all attributed to Megabucks Plus and Gimme 5 (Weekly Grand game ended in March 2012, having YTD sales of \$5.7M). Fast Play was the only game with improved sales. Net profit was below last year and budget, mostly in relation to the decline in sales. Actual net profit as a percent of sales was 31.6%, up over last year (31.4%) and down to budget (31.9%).

The budget was reviewed for FY14. Total sales are projected at \$59.9M, up from FY13 by \$5.7M. This is all attributed to a full year of Gimme 5 sales, which started in May 2013, and approximately a 20% increase in Fast Play sales. Megabucks Plus sales are budgeted to be lower than FY13 by \$1.6M and Pick 3 and Pick 4 are budgeted to increase slightly (just over 1%).

Each state commented on some of their individual expense lines, and the Consulting/Legal expense at \$45K was questioned by the commissioners. Some answers were provided but others remain. A full reporting on the content of that expense line will be provided to the commissioners before the next meeting.

#### MOTION

A motion to approve the FY14 budget as presented was made by Commissioner McPherson. Motion was seconded and voted in the affirmative.

#### **MARKETING AND PRODUCT DEVELOPMENT COMMITTEE – Maura McCann**

Maura discussed the content of the report included in the packet. Research is still being done on the instant ticket presentations from the June meeting. A Product Development committee meeting is scheduled for September 10 in New Hampshire to prepare a recommendation to the directors for the 2<sup>nd</sup> chance themes.

A Megabucks Plus promotion is planned for October. The commissioners raised a question about the effectiveness of recent promotions on sales. Responses included comments regarding promotions being about long-term interest and not just short-term boosts to sales. It has been 5-6 months since the last promotion in most states, and with sales declining, a suggestion was made to improve the frequency of promotions and possibly support with the TV ads being reviewed.

Some TV and radio commercials for Tri-State games and other games were presented by NL Partners for NH and ME.

Greg mentioned that both Vermont and New Hampshire are working on Fast Play specs for a progressive jackpot version of these games. A more thorough explanation will be provided once the details are finalized. No games will begin before May 2014 based on current plans.

Maura made the recommendation that the \$1M of expired unclaimed prize money be used this year for promotional plans using the normal distribution based on sales. Greg stated that Mary Cassani supported the recommendation and reminds us that these dollars can be retracted when needed for other purposes. There was a remaining balance of just over \$500K from the prior year's unspent expired unclaimed allocation. The \$1M for this year is in addition to the \$500K that rolled forward from last year.

#### **Draw Committee – Maura McCann**

Maura presented a request for approving the Smart Play maintenance agreement for \$2,125.

MOTION

A motion to approve the SmartPlay maintenance agreement for \$2,125.00 was made by Commissioner Scala, seconded by Commissioner McPherson and voted in the affirmative.

**Scientific Games** - Darrel Frecker

Scientific Games is busy working on Tri-State promotions for Maine, i.e. Powerball and Gimme 5 combination.

Tim Poulin reminded the commission that SGI has been awarded the gaming contract for Maine and will be busy upgrading equipment and programming through April 2014. Maine anticipates participating in Fast Play games starting in the first half of 2014.

**Intralot** - Bruce Anderson from Vermont

Staff is working on various programming and new games. This includes more Fast Play games in January and a raffle during the 4<sup>th</sup> quarter of 2013.

When Bruce described the tests being done for a change to Vermont's lockdown procedures, Commissioner Douglas asked to make sure New Hampshire's auditors knew about this in case there was any impact for New Hampshire. The Intralot facility in Vermont services both Vermont and New Hampshire.

Intralot – John Papile

John added that they were also working on the Lucky For Life game change for September 2013.

MOTION

Commissioner McPherson moved to accept the reports of the committees, motion was seconded and voted in the affirmative.

**Other Business** -- The slate of committee appointments was presented. The Operations committee was disbanded last year and can be eliminated (it was incorporated into the Product Development Committee). The Draw Committee was missing from the list, but added to include Maura McCann from New Hampshire, Mickey Boardman from Maine, and Mike Ferrant from Vermont. A corrected list will be distributed.

MOTION

A motion was made to accept the committee appoints as corrected. Motion was seconded and voted in the affirmative.

Maura said the Draw Policies and Procedures Manual was updated to include the Gimme 5 game. The New Hampshire Security Director has reviewed and approved the changes.

#### MOTION

A motion was made to accept the updated manual as presented. Motion was seconded and voted in the affirmative.

Tim Poulin informed us that he, Maura and Greg have been discussing the use of an outside service to perform User Acceptance Testing (UAT) for each lottery. A firm, named Hufferberger, Gassen LLC has done work for New Hampshire and Maine in the past. We are planning to discuss with them a proposal where they present pricing and a scope of work for UAT for any state in the Tri-State lottery. Each of the states has varying interest and need at this time. Hufferberger, Gassen LLC has experience with numerous lotteries in the United States. No response from them yet.

Greg noted that our next meeting is in Kennebunkport, Maine at the Colony Hotel, same place as last year. Rooming information will be distributed in the next few weeks.

The meeting was adjourned at 12:20 pm.

---

Debra Douglas, Chair