

TRI-STATE LOTTO COMMISSION
The Colony Hotel
Kennebunkport, Maine
October 11, 2013, 9:30 a.m.

Present: New Hampshire: Debra Douglas, Chair; Charlie McIntyre, Maura McCann, Lynda Plante, Irene Nadeau, Kassie Strong
Vermont: Greg Smith, Jeff Cavender, Sylvia Buzzell, Mary Cassani, Carole Lacasse
Maine: Orland McPherson, Commissioner; Gerry Reid, Lisa Rodrigue
Guests: Heather Bowman,, Chris Nichols, Russ Leonard, Jenn Cartmell with NL Partners; Kelsey Benjamin with Griffin, York & Krause; Pete Donahue with Alchemy3; Pat McHugh, Sean Athey, Mary Wdowin, Dennis Miller, Doug Parker, Darrell Frecker, Susan Rolfs with Scientific Games; Fivi Rondiri, Terry Patterson, Jeff Lipps, Kristen Pare', John Pittman, Molly Walstein, Bruce Anderson, John Papile with Intralot

It was noted that Tom Scala was absent.

The meeting was called to order at 9:35 a.m.

ACCEPTANCE OF THE AUGUST 9, 2013 MINUTES.

MOTION

A motion was made by Commissioner McPherson to accept the August 9, 2013 minutes as distributed. Motion was seconded and voted in the affirmative

.BUSINESS Office: Mary Cassani

July and August financials were in the packet. Mary reviewed the August financials.

RFP for Auditing Services: Plans are to go out to bid for an auditing services contract. The contract will be for two years with an option for two one-year extensions. All applicants must be registered in all three states. A recommendation will be available by January 2014

Jeff Walla, Berry Dun McNeil & Parker – FY13 Audit Report

There were no audit adjustments nor any passed adjustments and only one very minor report reclassification.

Reports have been distributed to commissioners and directors. Audit process and timing: In May 2013 interim audit fieldwork was done and as well as local testing at each state lottery. In July the final year-end audit field work was conducted.

Overview of Financial Performance: Revenues decreased by \$7.1 million, or 12% vs a decrease of \$6.8 million, or 10% in the prior year. Operating expenses decreased by \$4.0 million, or 10% vs a decrease of \$4.2 million, or 9% in the prior year. Transfers to states decreased by \$3.1 million vs. a decrease of \$2.6 million in the prior year.

Management letter comments: No material weaknesses. Significant deficiencies: improper sale of annuity to two separate financing companies, advertising invoices lacked sufficient detail to easily track game or lottery; investments held by trustees – documentation of review of controls. Status of prior year comment: required documentation in Maine’s agent files – six of the 12 files tested did not contain all of the required documentation. The item lacking was the credit report. Prior year 2 of the 12 tested lacked this same documentation.

There were no disagreements with management during the course of the audit, and received excellent cooperation from Mary Cassani and her team along with the individuals in New Hampshire and Maine during the local testing.

MARKETING AND PRODUCT DEVELOPMENT COMMITTEE – Maura McCann

Yesterday there were presentations from Alchemy3, Intralot and Scientific Games.

Alchemy3: Pete Donahue discussed a couple promotions done by an app designed by Alchemy3. Holiday Bonus Bingo would be played on a computer device and another presentation was Summer Sizzler which West Virginia is conducting. Once a lottery has the “app”, it can be re-skinned to do additional promotions.

Intralot – Fivi Rondiri presented various marketing ideas. She reviewed the Fast Play product and pads. The pads will be available in all three states by mid November as Maine is currently in the process of installing them. Fivi noted that there is a forty-two second time frame to advertise to a customer via the pads. A customer is in a store for three to four minutes and in line to pay for less than a minute, thus this is a great place to install the pads – at checkout. Fast Play games: Viewed a number of advertising Fast Play game videos that run on the pads. She presented a demographic study that told us who plays which games – Fast Play games versus instant games. She reviewed with the group a \$10 High Roller game where every ticket is a winner with a minimum prize of \$2. There was a discussion on a cross promotion instant game and Fast Play, both called 10 Times (10X) the Money. On the instant side one could win an online \$2 10X the Money Fast Play ticket. Fivi will get back to us regarding the redemption rate and payouts for both games. Tapp It on the mps (multi-purpose machine): this is a board game, more ways to play. There was a discussion on social retailers and social establishments.

Scientific Games –

Pat McHugh discussed the acquisition of WMS. Scientific Games will eventually become two groups – lottery and gaming. He discussed the electronic instant ticket which will be coming out as well as internet gaming in Delaware – casino/slots/poker.

Jim Acton discussed their loyalty programs. He specifically discussed the need to grow the \$1 and \$2 tickets and cited a Georgia Lottery promotion which increased sales 5% – 10% when completed. He reviewed a possible Tri-State promotion and talked about the “scan” app weaving its way through the Apple acceptance process.

Susan Rolfs discussed the newest industry draw game products and discussed the Hit or Miss and All or Nothing games -- the hour glass games as they are referred to as the prize structure is shaped like an hour glass.

Intralot – For the Daily Number games, a Fireball has been added to this game in Illinois and a Wheel wager was also added to the Pick3/Pick4 games at the Hoosier Lottery.

Scientific Games - Dennis Miller spoke of align – offering an instant ticket run across multi-lotteries; multi-jurisdictions would mean bigger games and a larger top prize along with some cost savings.

Maura reviewed the Marketing and Product Development Committee update for August and September. The committee reviewed: World Poker Tour ((MDI, World Series of Poker (GTECH), Harrah's (GTECH), Caesar's (GTECH), Treasure Hunt (GEONOMICS, Fantasy Black Jake (Alchemy 3). A recommendation was forwarded to the Tri-State directors September 16th.

The Tri-State promotion, Monster Cash Week, is scheduled to run from October 27 to November 2, 2013.

The Megabucks Plus logo has been changed and will no longer include Plus -- back to Megabucks.

NL Partners played a number of new Maine Lottery spots.

DRAW COMMITTEE – Maura McCann

The annual machine maintenance is due this month with Smartplay.

There has been a problem recently with the fax machine and consideration is being given to scanning the documents rather than using the fax machine. Telecommations has been working on the issue.

SCIENTIFIC GAMES – Darrell Frecker

Retailer trainings are being conducted. Retailer terminal installs will be done by end of November. They will then move into the testing period. Everything is going along very well.

Darrell felt yesterday's presentations were very interesting and SG is looking forward to working with the Development Committee.

Staff is all set for the Mega Millions game change for the middle of November.

INTRALOT – Bruce Anderson

Continuing on path for software releases. The past several months have been very busy and staff is preparing for the software change in January for Powerball.

INTRALOT – John Papile

Staff has been busy on the various game testings. The last game change scheduled is for Powerball in January 2014.

ACCEPTANCE OF COMMITTEE REPORTS

MOTION

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

At this time Commissioner McPherson excused himself from the meeting as he has a prior commitment which is time sensitive.

The next meeting is scheduled for Friday, December 13, 2013 at the New Hampshire Lottery Commission in Concord, NH.

There was a motion to adjourn at 10:15 a.m.

Debra Douglas, Chair