

TRI-STATE LOTTO COMMISSION

Jackson Gore Inn

Ludlow, VT

June 2, 2016

PRESENT: Maine: Orland McPherson, Chair; Gregg Mineo, Executive Director; Lisa Rodrigue, Michael Boardman
New Hampshire: Debra Douglas, Commissioner; Charlie McIntyre, Executive Director; Cindy Baron, Maura McCann
Vermont: Ed Flanagan, Commissioner; Greg Smith, Executive Director; Jeff Cavender, Mary Cassani, Mary Stridsberg
Guests: Rose Longo-White and Ashley Spicer with GYK Antler, Steve Mason with Fusedeas, Pete Donahue and Amy Warner with Alchemy 3, Russ Leonard, Chris Nichols, Theanna Twitchell and Heather Bowman with NL Partners, Calvin Rinck and Jack Foley with Scientific Games, Jeff Lipps, Kristen Pare' and Cara Salvatore with Intralot

The meeting was called to order at 9:05 am.

ACCEPTANCE OF MINUTES FOR APRIL 15, 2016

MOTION

Commissioner Douglas made a motion, seconded by Commissioner Flanagan, to accept the April 15, 2016 minutes as distributed. So voted, unanimous.

FINANCE COMMITTEE – Mary Cassani

Patrick Talcott and Celia Cazayoux from the Peoples United Bank presented three different potential investment options for the Tri-State portfolio. These three proposals are options to consider for the current portfolio if aligned with our investment policies. The commissioners will consider these options and determine if a change from our current approach is in the best interest of Tri-State.

The FY17 budget was presented to the Commission for approval. Various line items of the budget were discussed. As is the case each year, if any matters develop that require funding that were not contemplated by this budget, a request for change will be brought before the commission.

MOTION

Commissioner Flanagan made a motion, seconded by Commissioner Douglas, to approve the FY17 budget effective July 1. So voted, unanimous.

Gross revenues for Tri-State through April were higher than forecast by \$1M or 2.2%. Due to the overall increase in sales, cost of sales were also higher than forecast by 1.7%. Operating expenses and advertising expenses were both lower than forecasted.

Net profit through April was higher than forecast by \$1.6M due to overall higher sales and lower than expected operating expenses. Net profit through April was higher than last year by 2.8% and higher than

budget by 11.3%. Net profit represents 33.3% of sales so far in FY16 compared to 34.5% at this time in FY15.

The finance committee recommended changes to Policy #2 Contingency Funds and Megabucks Game rules that will improve the financial position of the game and our ability to fund jackpot prizes. Each aspect of the recommendation was explained and all questions were answered.

MOTION

Commissioner Douglas made a motion, seconded by Commissioner Flanagan, to approve the recommended changes to Policy #2 Contingency Funds. So voted, unanimous.

MOTION

Commissioner Flanagan made a motion, seconded by Commissioner Douglas, to approve the changes to the Megabucks Rules to reflect the changes to the contingency funds in Policy #2. These changes will become effective upon passage. So voted, unanimous.

There are no recommended rule changes for Gimme 5 at this time.

The auditors from MacPage were present at the Vermont Lottery office for the last 3 days performing their pre-audit. They did not find any issues and they will be back in July for the full audit. No issues are expected.

MARKETING AND PRODUCT DEVELOPMENT – Lisa Rodrigue

The venue for the Tri-State grand prize drawing is being finalized and will take place on July 3rd. There are 15 finalists who will each win money ranging in amounts from \$5,000 up to the grand prize of \$250,000.

The Marketing and Product Development Committee is working on the next Tri-State instant scratch ticket. It will likely be another licensed property.

A meeting was had with the Directors to discuss guidelines and plans for the upcoming fiscal year. The upcoming year shows promise to be an exciting year with lots of things going on.

DRAW COMMITTEE – Maura McCann

The current draw room is being looked at to possibly add some noise reduction equipment. The amount of noise that comes from the room during the day can be a disruption to the other staff members in the building.

INTRALOT – Jeff Lipps

Just finished the May release which included the new Progressive game called Roll em, as well as the new Pick 3 and Pick 4 logos. In mid-May a Touch Play swap was done which helped boost sales.

There is a new Marketing Manager for Intralot Vermont. Her name is Cara Salvatore.

Intralot is ready for the Vermont Megabucks promotion on June 16th.

The new General Manager for Intralot New Hampshire will be starting on Monday the 13th.

ACCEPTANCE OF COMMITTEE REPORTS

MOTION

Commissioner Flanagan made a motion, seconded by Commissioner Douglas, to accept the committee reports as presented. So voted, unanimous.

OTHER BUSINESS

The RFP went out for the legal consulting services. There were three responses, and based upon review, price and past experience, it is recommended to move ahead with a two-year contract with McLane Middleton along with a two-year extension.

MOTION

Commissioner Douglas made a motion, seconded by Commissioner Flanagan, to approve the contract proposal with McLane Middleton for two years with a two-year extension. So voted, unanimous.

Debra Douglas was appointed Chair of the Tri-State Commission for the coming year.

The dates for the October Tri-State meeting will be October 13th and 14th this year in Maine.

The next meeting of the Tri-State Commission will be on August 12th, 2016.

MOTION

Commissioner Douglas made a motion to adjourn at 10:08 am. Motion was seconded by Commissioner Flanagan. So voted, unanimous.



Orland McPherson, Chair