

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

March 5, 2010

Present: **Maine:** Orland McPherson, Chair; Dan Gwadosky, Lisa Rodrigue, Michael Boardman, Denise Garland
New Hampshire: Richard Campbell, Vice Chair; Georges Roy, Kassie Strong, Irene Nadeau
Vermont: Tom Scala, Alan Yandow, Mary Cassani, Hadley Melendy, Carole Lacasse
Guests: Rose Longo-White, Mel Woodbury with Griffin York & Krause; Russ Leonard, Alex Crosby, Chris Nichols, Jennifer Cartmell with NL Partners; Liz Dimmick, Moe Pepin with Scientific Games; John Papile, Terry Patterson with Intralot

The meeting was called to order at 10:30 a.m.

ACCEPTANCE OF THE FEBRUARY 11, 2010 MINUTES

A motion was made by Commissioner Campbell to accept the February 11, 2010 minutes as distributed. Motion was seconded and voted in the affirmative.

FINANCE COMMITTEE REPORT: Mary Cassani

Gross revenues through January 2010 have increased \$8,426,420, or 22.7% compared to last year. Of this increase, Megabucks sales are up \$7.9 million, or 45.44%; Daily Numbers are down \$782,000, or 5.68%; Weekly Grand sales compared with Paycheck sales are up \$1.4 million, or 33.41%; the Fast Play games are down \$102,000, or 6.16%.

Total expenses are up over last year \$5.2 million. This represents an increase in cost of sales of \$4.9 million and an increase in operating expenses of about \$300,000, primarily in advertising and the Battelle contract.

Net Profit increased from last year about \$3 million, or 25.03%.

Compared to what we currently have budgeted, our sales are ahead of forecast a total of \$6.3 million. Due to the increase in sales, cost of sales are also over budget by \$3.6 million. So far the total operating budgets have been under spent this year a total of \$290,000.

The Weekly Grand guaranteed jackpot contingency fund was hit again in February. At the end of January, the jackpot contingency fund was in the negative \$425,000. If this latest winner goes ahead with their plan to choose an annuity option, the Finance Committee has decided to utilize the strips purchased last September for the

Megabucks Plus winner who changed their mind and took the cash option. There was a discussion on the availability of funds for jackpot winners in the contingency fund. There is money in the contingency fund for low-tier prizes. Mary will check with the auditors to see if those funds could be utilized to offset a negative contingency.

The rest of the contingency funds are in the positive. There is \$1.27 million in expired, unclaimed prizes as of the end of January.

None of the states decided to revise their sales figures or advertising spending for fiscal 2010. Therefore, there are no revisions to the budget at this time.

MARKETING COMMITTEE: Maura McCann

SG has offered to go back and look up Weekly Grand sales, prizes and when it was hit to see just how the game is performing. The sales are just not at the level they were; the game has leveled off. The committee is looking at other games with the assistance of SG and Intralot.

Lisa explained promotions the Maine State Lottery will be conducting. There will be a Weekly Grand raffle utilizing the random number generator. Plans are to give away 50 Nintendo Wii consoles, 50 \$500 cash prizes and 100 \$100 cash prizes. The radio spot advertising this promo was played for the commission.

Vermont and New Hampshire shared their radio and television spots for Mega Millions with the commission.

DEVELOPMENT COMMITTEE: Lisa Rodrigue

The committee met yesterday. There was a great deal of discussion on our contingency fund.

The Weekly Grand survey was reviewed and it is obvious that this is the prize they are playing for. The committee is looking to see how they can tweak the game. Depending on how the game is changed and what is done to the game, plans are to make the change during early 2011.

Promotions for the remainder of the year were reviewed. Plans are to utilize some funds from the expired, unclaimed prize fund and, if necessary, utilizing their advertising budgets to help supplement the promotions. A September promotion is being discussed. Megabucks will be 25 years old in September and plans are to conduct a month-long promo utilizing instant wins. Plans are to do television spots and calling upon some of the past Megabucks winners to participate. There will be a daily raffle in December for two weeks for smaller prizes and, at the conclusion of the two weeks, there will be a grand prize drawing for everyone who didn't win during the two-week promotion.

There are also plans to conduct a Pick 3/Pick 4 Double Draw dollars promo. Plans are to conduct four Tri-State promotions.

Maine will not be launching Mega Millions on April 4 as previously stated. Due to budget discussions, Maine is not sure when they will be able to implement Mega Millions. The play slip has been completed, point-of-sale material is in the works, they are working on the SRS which is almost done and SG is conducting testing.

Maine may have to drop the Fast Play games when they do go with Mega Millions.

It was suggested that the states keep an eye on Megabucks Plus sales. Since Vermont and New Hampshire started Mega Millions, sales have dropped. Sales are still up 40+% in Maine.

The committee continues to meet every Thursday.

DRAW COMMITTEE: Maura McCann

Maura purchased the new camera, microphone, pc, etc. for the draw room. She will have the IT staff install the new equipment once everyone is comfortable with it.

OPERATIONS COMMITTEE: Lisa Rodrigue

The committee meets monthly as there is not a lot going on at this time. The new Fast Play game was launched smoothly in all three states. Sylvia expects there will be a little more work for the committee after yesterday's Development Committee meeting. Things should pick up due to the promos coming up.

SCIENTIFIC GAMES: Liz Dimmick

SG gave their presentation on new ideas yesterday to the Development Committee. Things are moving along well.

ACCEPTANCE OF THE COMMITTEE REPORTS

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

OTHER BUSINESS

At the February New Hampshire Lottery Commission meeting, the commission voted, upon successful negotiations with the ad agency of Griffin York and Krause, to exercise the one, two-year renewal option for the New Hampshire Lottery. The New Hampshire Lottery is now bringing the contract to the Tri-State Commission to exercise the two-year renewal option with Griffin York and Krause for Tri-State advertising.

MOTION

A motion was made by Commissioner Campbell to accept the two-year renewal option with Griffin York and Krause for Tri-State Lotto advertising services for the New Hampshire State Lottery. Motion was seconded and voted in the affirmative.

Mark Wright, Trademark attorney, with McLane law firm in Manchester, NH: For this fiscal year, Tri-State has a line item budgeted at \$5,000 for work being done on behalf of Tri-State trademark services. Due to the trademark issue being listed under Vermont, where in actuality they are owned by Maine, New Hampshire and Vermont, a great deal of work was involved in bringing this trademark under each state. The \$5,000 allotted for this has been depleted, thus there is a need to request \$3,000 additional dollars to complete this work.

MOTION

A motion was made by Commissioner Campbell to add \$3,000 to the Trademark Attorney to complete his trademark work. Motion was seconded and voted in the affirmative.

Maura expressed her thanks to everyone for their participation in Rick Wisler's retirement party. Alan expressed his thanks and appreciation for all the work involved in putting together the event.

Director Yandow asked that the Development Committee take a look at the games we currently have and to consider the right mix of games if a national game comes up. Is there a level when there isn't enough money to go around.

The next meeting is scheduled for April 2nd at the New Hampshire Lottery Commission.

A motion to adjourn was made at 11:27 a.m.

Orland McPherson, Chair