

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

APRIL 2, 2010

Present: Maine: Orland McPherson, Dan Gwadosky, Lisa Rodrigue, Tim Poulin
New Hampshire: Richard J. Campbell, Bill Bartlett, Jr., Maura McCann, George Roy, Kassie Strong, Irene Nadeau
Vermont: Tom Scala, Alan Yandow, Mary Cassani, Hadley Melendy, Carole Lacasse
Guests: Darrell Frecker, Moe Pepin with Scientific Games; Mel Woodbury with Griffin, York & Krause; Alex Crosby, Chris Nichols, Jennifer Cartmell with NL Partners; John Papile, Kristen Pare, Jennifer Flanders with Intralot

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

ACCEPTANCE OF THE MARCH 5, 2010 MINUTES

A motion was made by Commissioner Campbell to accept the March 5, 2010 minutes as distributed. Motion was seconded and voted in the affirmative.

FINANCE COMMITTEE – Mary Cassani

Gross revenues through February have increased \$9,086,941, or 21.42% compared to last year. Of this increase, Megabucks sales are up \$9,042,647, or 46.03%; Daily Numbers sales are down \$693,947, or 4.49%; Weekly Grand sales compared to Paycheck sales last year are up \$812,190, or 14.93%; the Fast Play games are down \$73,949, or 3.94%.

Total Expenses through February 2010 are up over last year \$5,569,745. This represents an increase in cost of sales of \$5,290,481 and an increase in operating expenses of \$279,264 caused primarily in advertising and the Battelle contract.

Net Profit through February increased from last year \$3,348,932, or 23.91%.

Compared to what we currently have budgeted, our sales are ahead of forecast a total of \$7,358,843. Due to the increase in sales, cost of sales are also over budget by \$4,248,055. So far the total operating budgets have been under spent this year a total of \$328,357.

There was a discussion on the Weekly Grand guaranteed jackpot contingency

fund. This fund is actually in a negativity of \$695,300. If the jackpot is hit again before the end of the fiscal year, this contingency fund could be in the negative \$1,295,300. Any negative contingencies must be zeroed out at fiscal year end, thus using \$1,295,300 of the estimated \$1.4 million in expired, unclaimed prizes at June 30th. Right now this contingency fund is in the negative \$1,069,000. All other contingency funds were in the positive at the end of February. Expired, unclaimed prizes were just over \$1.32 million at the end of February.

Vermont and New Hampshire did decide to revise their budgets for operating expenses in the Battelle contract line item as we are both planning on utilizing Battelle in the testing phase of the Intralot systems.

MOTION

A motion was made by Commissioner Scala to approve the proposed revised budgets for Vermont and New Hampshire. Motion was seconded and voted in the affirmative.

Barry, Dunn, McNeil and Parker will be performing the annual audit. They plan to be in Maine on May 10, in New Hampshire May 11, and in Vermont the remainder to the week.

MARKETING COMMITTEE – Maura McCann

The Maine Lottery shared their Megabucks Plus promotion radio spot as well as their Power Play X 10 spot.

DEVELOPMENT COMMITTEE – Lisa Rodrigue

Maine ran a Weekly Grand promo for two weeks in March. Their sales in the two week period went up 44%. They'll continue to watch sales from this point on.

There were discussions at the Smart Tech meeting on a \$5.00 national game. Implementation would be in 12 – 18 months. Game concepts are being tested.

Maine plans to implement Mega Millions sales May 9, 2010. Point-of-sale material and television and radio spots will be shared next month.

Mega Millions will require all states to offer the Megaplier option effective January, 2011. With all states offering the Megaplier option, the second prize of \$250,000 will be \$1 million with any Megaplier option.

There have been discussions on enhancements to the Weekly Grand game but nothing has been decided upon as yet. The goal is to have three games to test by the June meeting.

Fast Play: This is a 60% payout game. Ten percent of the prize fund for this game comes from expired, unclaimed prizes because some states were not able to pay out 60% when Add-A-Play was first implemented. Now that all three states are able to pay the 60% payout, the committee would like to make the game self-funding so we would not have to dip into the expired, unclaimed prizes.

Expired, unclaimed prizes fund: We have less than \$700,000 (or will have by the end of June). The committee suggests setting up a special promotional line item in the Tri-State budget. The committee will draft a plan for the commission on the funding of promotions for FY11.

Promotions for the year were discussed. Megabucks will be 25 years old in September. Plans are for a Megabucks Plus anniversary promo, a holiday promo and a Pick 3/Pick 4 promo.

DRAW COMMITTEE – Maura McCann

Tri-State Draw Audit RFP: Two bids were received: Anderson & Cloues (current incumbent) and Howard & Company (a previous incumbent). Discussion followed on the two bids. The bids came in at a difference of \$60 a week.

MOTION

A motion was made by Commissioner Campbell to award the contract to Howard & Company and to use their three qualified staff members and if they cannot meet the contract demands, the contract would be awarded to Anderson & Cloues, second place bidder. Motion was seconded and voted in the affirmative.

OPERATIONS COMMITTEE – Lisa Rodrigue reporting for Sylvia Buzzell

The committee meets the first Wednesday of each month. Vermont and New Hampshire are testing for the conversion and everything appears to be going smoothly.

SCIENTIFIC GAMES – Darrell Frecker

SG is working on information for the Development Committee. Moe indicated that the conversion appears to be moving along smoothly and testing is going along fine.

ACCEPTANCE OF COMMITTEE REPORTS

Motion

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

OTHER BUSINESS

Mr. Bartlett noted that Commissioner Campbell has resigned after 11 years with the New Hampshire Lottery Commission. The Commission noted, with appreciation, all that he has done for the New Hampshire Lottery and the Tri-State Lotto Commission.

The commission requested Carole Lacasse to make arrangements for the commission to meet in Vermont for their June meeting.

A motion to adjourn was made at 11:34 a.m.

Orland McPherson, Chair