

TRI-STATE LOTTO COMMISSION
New Hampshire Lottery Commission
July 9, 2010, 10:30 a.m.

Present: New Hampshire: Debra Douglas, Chair; Charles McIntyre, Maura McCann, Irene Nadeau, Kassie Strong
Vermont: Tom Scala, Vice Chair; Alan Yandow, Carole Lacasse
Maine: Orland McPherson, Dan Gwadosky, Lisa Rodrigue, Tim Poulin
Guests: Darrell Frecker, Scientific Games; Kristen Pare', Jennifer Flanders, John Papile, Sherry Soard with Intralot; Alex Crosby, Russ Leonard, Chris Nichols with NL Partners

The meeting was called to order at 10:35 a.m.

ACCEPTANCE OF THE JUNE 4, 2010 MINUTES

Motion

A motion was made by Commissioner McPherson to accept the June 4, 2010 minutes as distributed. Motion was seconded and voted in the affirmative.

FINANCE COMMITTEE – Mary Cassani

There was a review of the May financials. Gross revenues for May 2010 increased \$12,396,953, or 20.81% compared to last year. Of this increase, Megabucks sales are up \$13,547,391, or 50.07%; Daily Numbers sales are down \$790,196, or 3.73%; Weekly Grand sales compared with Paycheck sales last year are down \$251,013, or 2.88%; and the Fast Play games are down \$109,229, or 4.13%.

Total Expenses are up over last year \$7.2 million. This represents an increase in cost of sales and a decrease in operating expenses.

Net Profit increased from last year just over \$5 million, or 26.39%.

Compared to what we currently have budgeted our sales are ahead of forecast a total of \$11.4 million. This variance is almost exclusively Megabucks Plus. Total operating budgets have been under spent this year a total of \$321,268. All three states have under spent their advertising budgets so far this year.

The Weekly Grand contingency fund was in the negative the end of May \$705,000. The game had no jackpot winners in June. With the additional money being contributed for June, it is estimated that the fund is now in the negative \$589,000. All other contingency funds were in the positive at the end

of May. Expired unclaimed prizes were just over \$1.2 million the end of May. Since Weekly Grand at June 30th has a negative contingency, expired unclaimed prize funds will be used to cover the shortfall and will be left with approximately \$715,000 at June 30th.

The FY11 Proposed Budget was reviewed. There were no questions or comments.

MOTION

A motion was made by Commissioner Scala to accept the proposed FY11 budget as proposed. Motion was seconded and voted in the affirmative.

MARKETING COMMITTEE – Maura McCann

Maura introduced Charlie McIntyre who is the new Executive Director of the New Hampshire Lottery.

Three promotions are planned for FY11. Planned for September is a celebration of the 25th anniversary of Tri-State Megabucks. Plans are to run a two-week promo which will be an nth ticket promotion with a \$25.00 instant win. This will be supported with pos, radio, bite map, etc. Maine and New Hampshire plan to conduct the annual holiday promotion. Plans are to conduct a raffle drawing. Depending on how games change after the first of the year, this will dictate what promotions will be conducted the second half of the next fiscal year.

The Maine State Lottery shared some spots they plan to run. Their lottery will be 35 years old this year. They have some big plans scheduled for September.

DEVELOPMENT COMMITTEE – Lisa Rodrigue

Weekly Grand Survey update: The committee is finalizing the questions. The web-based survey will run for two weeks with results available in August. Plans are to make a decision and a recommendation for the September meeting.

MOTION

A motion was made by Commissioner McPherson to request \$500,000 be set aside from expired, unclaimed prize money for promotional use in FY11. Motion was seconded and voted in the affirmative.

The Weekly Grand game pays out at 51.3% and currently only 50% is being allocated to the prize pool.

MOTION

A motion was made by Commissioner Scala for the Weekly Grand game to allocate 51.3% toward the prize pool and to be effective July 1, 2010. Motion was seconded and voted in the affirmative.

There was a discussion on the Fast Play games being self-funding.

MOTION

A motion was made by Commissioner McPherson to make the Fast Play games self funding and payout at the 60% level rather than the 50% as is currently being done. Motion was seconded and voted in the affirmative.

Lisa expressed her thank you to all the committee members for all their hard work. It was very much appreciated.

DRAW COMMITTEE – Maura McCann

The new draw auditors, Howard and Company, out of Raymond, NH started July 1st. They performed the draw audits eight years ago.

Annual maintenance for the draw room equipment. A quote has come in from Smartplay International to perform the annual draw equipment maintenance at a cost of \$2,125.

MOTION

A motion was made by Commissioner Scala to approve \$2,125 for one preventative maintenance call on all draw room equipment. Motion was seconded and voted in the affirmative.

OPERATIONS COMMITTEE – Lisa Rodrigue

The committee did not conduct their monthly call this month as New Hampshire and Vermont have been busy with their conversions. There hasn't been much for the committee to work at this time.

The committee will be busy again when or if anything happens to the Weekly Grand.

The committee expects to go back to their monthly meetings next month.

SCIENTIFIC GAMES – Darrell Frecker

Darrell pointed out that things are going along fine and a thank you was extended to Intralot. Things seems to be going along smoothly and there have been no issues. Congratulations were extended to New Hampshire and Vermont on what seems to have been a successful conversion.

SG has been working along with the Development Committee on the Weekly Grand survey.

INTRALOT, USA – John Papile

Deployment of the WinStations in New Hampshire are 85% complete and expect to be at 100% next week. Intralot has also started to roll out the Dual Jackpot signs, Powerball and MegaMillions, ahead of schedule.

ACCEPTANCE OF COMMITTEE REPORTS

MOTION

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

OTHER BUSINESS

There was a discussion on the standing committees with the Tri-State Commission. There will be four standing committees with the combining of the Marketing and Development committees, Draw, Finance and Operations. The Directors plan to announce the committee memberships at next month's meeting.

It was noted that next month's meeting will be **Thursday**, August 5, due to a furlough day for the Maine State Lottery (Maine State government has mandatory shut-down days.)

A decision was made to conduct a two-day meeting in September in Maine. Plans are to meet Thursday and Friday, September 9 and 10.

A motion to adjourn was made at 11:20 a.m.

Debra Douglas, Chair