

## **TRI-STATE LOTTO COMMISSION**

Commission Meeting Minutes

New Hampshire Lottery Headquarters, Concord NH

August 9, 2019

PRESENT: New Hampshire: Debra Douglas, Chairman; Charlie McIntyre, Executive Director; Maura McCann, Katie Brown, Jim Duris, Kelley-Jaye Cleland, and Carmela Nolin  
Maine: Orland McPherson, Commissioner; Gregg Mineo, Director; Lisa Rodrigue, and Michael Boardman  
Vermont: Ed Flanagan, Commissioner; Gary Kessler, Deputy Commissioner; Sylvia Buzzell  
Guests: Calvin Rinck and Darrell Frecker with Scientific Games; Lyndlee Hayes and Taylor Yianakopolos with GYK Antler; Michelle Paul, Jeff Savage, and Kristen Paré Intralot; Steve Mason with Fuseldeas; and Jim Acton.

Chairman Douglas called the meeting to order at 10:30 a.m.

### **1. ACCEPTANCE OF MINUTES FROM MAY 10, 2019**

Motion was made by Commissioner Flanagan, seconded by Commissioner McPherson to accept the May 10, 2019 minutes as submitted. So voted, unanimous.

### **2. FINANCE COMMITTEE**

- Sylvia Buzzell, Finance Chair pro tem, presented the Commission's finance report. Gross revenue through June was higher than forecast by \$3.5 million. Megabucks sales were up \$1.4 million; Gimme 5 was up \$315 thousand; daily number sales were down \$941 thousand; but Fast Play was up \$2.7 million. Due to the overall increase in sales, the cost of sales were higher than forecast by \$2.7 million, and operating and advertising expenses were lower. \$1.5 million over forecast due to the increase of sales of Fast Play and Megabucks, and lower expenses.
- Year to date sales were up \$1.3 million; cost of sales were up \$1.1 million; operating expenses up \$968 thousand due to increased advertising over the year before, and the Vermont Lottery's RFP consultant.
- Net profit was lower than the year before by \$688 thousand due to those advertising and consulting.
- 1.7 million in unclaimed expired prizes at the end of June. Gimme 5 low-tier contingency fund was \$11 thousand lower than needed; so money from the Gimme 5 guaranteed funds were used to zero it out. Megabucks guaranteed funds were used to zero out Fast Play contingency funds which were down just over \$1,500.
- Auditors finished their field work in July with no issues; they are waiting for SSAE reports from each state from the vendors. They will be at the fall meeting to present their report.
- Chairman Douglas asked for clarification of the difference between operating expenses; Ms. Buzzell clarified that they were higher than forecast, but lower than the previous fiscal year.
- Commissioner Flanagan expressed concerns that the number of Gimme 5 winners would yield an alarming deficit in the guaranteed funds account. Ms. Buzzell noted that the Finance Committee would be discussing it.

### **MARKETING AND PRODUCT DEVELOPMENT COMMITTEE**

- Maura McCann reported for the Committee. The Commission's priority is The Big Spin instant game with an interactive component that would play on monitors at retailers. "The" Big Spin would be a separate event in FY 2021, possibly at a venue in Gilford, New Hampshire. Because of the expenses associated with the game, the Committee would like to add a line item to the budget for the current and next fiscal year to cover the integration costs and Big Spin event. The states need to decide by September 6; and the Committee could report at the October meeting on the firm marketing costs and revenue projections, as well as the vendors' ability to integrate the draw show.

- The New England Patriots grand prize second chance drawing is coming up on August 28. The season ticket packages were awarded and are on their way to the winners. The Chalk Talk make-good will include autographed items for the states to distribute as desired.
- Scientific Games performed a preliminary sales impact to increasing Gimme 5 to five days a week. They calculate a lift in sales of \$300-\$500 thousand; the associated costs of draw staff and auditing would be just under \$8,000. This does not include hard costs of play slips or website updates. Director Mineo noted that the Cash for Life states will be meeting at NASPL; the outcome of any changes to that game may impact similar products in other jurisdictions, including Gimme 5. We will revisit this pending that discussion.
- Big winners this summer include New Hampshire's first Mega Millions winner of \$168 million; and there have been Gimme 5 jackpots wins in Vermont, Maine, and a shared jackpot in Vermont and New Hampshire. New Hampshire had a \$2.4 Megabucks winner in June, claimed by the Houdini Nominee Trust.
- Maine is in the process of launching a loyalty reward through Fast Play. The Granite State jackpot at multiple price points went back on sale in New Hampshire. Vermont is in the middle of their summer tour of Cash Craze. Maine is participating in the Dick Clark New Year's Rockin' Eve Powerball promotion.
- Unclaimed expired prize money must be requested by the member states by September 1 each year; this is to be returned to the players in the form of prizes. Ms. Buzzell confirmed that the amount available is \$2.4 million. The group would like to ask for 50% of that to be divided, proportionate to sales, between the states. Ms. McCann requested a motion for \$1.2 million of unclaimed prize money to be used in Fiscal Year 2020. Commissioner Flanagan so moved, and was seconded by Commissioner McPherson; there was no discussion and all were in favor, motion carried.

### **3. NEXT MEETING**

- Lisa Rodrigue reported that the October meeting will take place in Portland on October 24 and 25 at the Regency Hotel. Signup sheets will be sent out to track attendance. A select group of vendors will be invited to present on the first day and the Commission will meet on the second.

### **4. DRAW REPORT**

- Ms. McCann reported that draw monitor Erica Brisson has moved on; and a new monitor, Ryan Eddy, has been hired and is trained and ready to go.
- Funding for the draw equipment annual maintenance and new drawing balls will be requested at the October meeting. Upon discussion, it was decided that the annual cleaning should be a permanent line item.

### **5. SCIENTIFIC GAMES**

- Darrell Frecker asked whether the Commission has a final commitment date from the vendors for the Big Spin draw show at retail. Ms. McCann asked that they keep their states informed of their expectation to support the draw show; but there is a backup plan if the need arises.
- Mr. Frecker presented a commemorative instant ticket to retiring Commissioner McPherson.

### **6. INTRALOT**

- Kristen Paré of New Hampshire Intralot introduced Michelle Paul, new site manager of Vermont. In New Hampshire, release 3 will launch soon with new Fast Play games for the Keno MPs. A holiday discount promotion is in the works for release 4 in November. This will include additional new Fast Play games, and they are continuing to recruit Keno retailers across the state. Eddy Dewey has been promoted and they are seeking to fill his position.
- Ms. Paul greeted the group and gave a brief summary of her industry background.

**7. OTHER BUSINESS**

- Ms. McCann presented a request on behalf of Tri-State draw employees across the three states and in their varied positions. These employees, including jackpot manager, ICS and lockdown representatives, and draw employees, have not had an hourly wage increase since 2008. The request is to raise wages 12%, approximately a \$2,000 increase in payroll per month, or 1% overall cost per year. The state directors suggest phasing it in; and the Commission will vote on it at the October meeting with possible retroactive pay to this date.
- Director Mineo noted that at the upcoming Maine Lottery Commission meeting, Commissioner McPherson's successor will be named.

**8. ACCEPTANCE OF COMMITTEE REPORTS**

Commissioner McPherson made a motion to accept the committee reports. Commissioner Flanagan seconded and motion passed unanimously.

Chairman Douglas sought a motion to adjourn at 11:28 a.m. Motion was made by Commissioner McPherson and seconded by Commissioner Flanagan. So, voted, unanimous.

  
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Debra Douglas, Chairman

Respectfully submitted, Carmela Nolin