

TRI-STATE LOTTO COMMISSION

Commission Meeting Minutes

New Hampshire Lottery Headquarters – Concord, NH

April 9, 2021

PRESENT: New Hampshire: Debra Douglas, Commissioner; Charlie McIntyre, Executive Director; Maura McCann, Kelley-Jaye Cleland, Jim Duris, Katie Brown, Lynda Plante, and Carmela Nolin
Maine: Julie Sheehan, Commissioner; Gregg Mineo, Director; Michael Boardman; and Lisa Rodrigue
Vermont: Ed Flanagan, Chairman; Gary Kessler, Deputy Commissioner; and Brian Evans
Guests: Darrell Frecker and Jack Hetzler of Scientific Games; Taylor Yianakopoulos, Anna Diffley, and Hayden Stills of GYK Antler; Michelle Paul, Ryan Sahr, Steve Beck, Cara Salvatore, Jeff Savage, and Kristen Paré of Intralot; Jennifer Wankling and Brian Braun of Pollard Banknote; and Steve Mason of Fuselideas.

Chairman Flanagan called the meeting to order at 10:01 a.m. via Teams videoconference. No changes were requested to the agenda, and the meeting commenced.

1. ACCEPTANCE OF MINUTES FROM FEBRUARY 12, 2021

Motion was made by Commissioner Douglas, seconded by Commissioner Sheehan to accept the February 12, 2021 meeting minutes as submitted. So voted, unanimous.

2. FINANCE COMMITTEE

Financial Report

- Jim Duris gave the finance report in the absence of Sylvia Buzzell with results through February. Gross revenues were higher than forecast \$9.23 million. Megabucks was lower \$779 thousand, Gimme 5 was up \$910 thousand, Pick 3 and Pick 4 sales were both higher \$723 thousand and \$496 thousand respectively. Fast Play sales were up \$7.88 million. Due to this increase in sales, cost of sales was up \$7.54 million over forecast; and operating expenses were lower than forecast \$1.78 million, as advertising costs were lower than forecast \$1.21 million, and RFP consultant costs were lower \$452 thousand.
- Our net profit for February was up \$3.42 million over projected due to overall higher sales in Fast Play and lower than expected operating expenses. Compared year over year, our sales are up \$9.85 million, comprised of Fast Play sales' increase of \$8.25 million, Gimme 5's sizeable increase of \$1.17 million, and Pick 3 up \$710 thousand. Cost of sales were higher \$8.04 million, as a direct result of the increase in sales. Operating expenses were \$444 thousand higher, due to an increase in advertising expenses of \$323 thousand and the licensing fee for Maine's New England Patriots Fast Play game of \$100 thousand. Net profit so far this fiscal year is \$1.28 million over last fiscal year.
- Expired Unclaimed Prizes was \$2.86 million at the end of February; and all contingency funds were in the positive except for Gimme 5 low tier fund, which was in the negative just over \$17,507. The balance of the Gimme 5 guaranteed prize fund was at just over \$509,000 in February.

- At the conclusion of the financial report, Commissioner Douglas remarked that Megabucks continues to decrease month over month; we keep putting resources and time into the game without gain. Maura McCann remarked that she would have an update on Megabucks during the Marketing and Product Development Committee update.

Investment Portfolio

- Jim Duris moved on to an update on the investment services Request for Proposals (RFP). Ten institutions submitted responses, but the states have not begun scoring them due to scheduling issues. Mr. Duris contacted the banks to let them know of the delay. Chairman Flanagan asked if the list would be shortened before the next meeting. Mickey Boardman believes that they will be able to finish it up within the next few weeks. Commissioner Douglas would like an update as they get closer, as the Commission will need to vote to accept the recommendation; Charlie McIntyre confirmed it must be voted on at a meeting that is posted at least two days beforehand. Mr. Duris asked if Peoples United should still plan on presenting in June. Chairman Flanagan instead would like the new institution to be introduced at the meeting.

3. MARKETING AND PRODUCT DEVELOPMENT COMMITTEE

- Maura McCann congratulated Maine on selling out their inventory of The Big Spin, and setting their third and final drawing. Vermont has just had their second drawing and New Hampshire will have theirs soon. In the event that Pollard can't travel in the fall to assist with the final event, they have already reached out to Alchemy 3 to stand in and support us.
- Game vendors presented new products to the Commission for the next big Tri-State game. The states like Big Country Cash and Golden Nugget from Alchemy 3, and Cash Vault from Pollard, with a January/February, 2022 launch. The states would still like to pursue a Tri-State Fast Play Progressive game, but there would be a lift between the two vendors' differing technology.
- A Megabucks survey is in planning that could be accessed through a QR code, but it would also be good to get direct feedback from players who don't play the game. Each state has their own database of players to mine from. Past research hasn't offered a clear path to improve or refresh the 36 year old game; we're hopeful this provides more direction.
- Fast Play sales are strong across states: Maine has launched a new \$2 progressive Blackjack game, and New Hampshire is working to add tiles to our game page to advertise the progressive jackpots. All three of our states are in the top ten per capita sales among the states that offer Fast Play.
- The current promotions in Vermont include a Pick 3/Pick 4 offer for a chance to win \$10 instantly. Maine is offering a Lotto America promo as well, with a chance to win \$25. New Hampshire will offer a Cinco de Mayo Gimme 5 promotion of buy-one, get-one. All states are using expired unclaimed prize money to fund these promotions.
- Finally, Vermont's vendor RFP is in process with the expectation that the vendor will be signed soon and conversion will be complete by May, 2022.
- Ms. McCann concluded with an update on plans for a fall meeting. With the assumption that staff can travel again, she has reached out to properties in Vermont and New Hampshire for the first week in November. Maine is also a possibility if we can find a location with a large conference space.

- Chairman Flanagan asked Ms. McCann if the venue for the Big Spin event has a plan for limiting capacity or will impose a vaccination requirement. She responded that the plan may evolve as the summer goes on and health and safety statistics change; and clarified that the Big Spin wheel is being built for Tri-State and will be owned by the Commission with cost split between the states.
- Commissioner Sheehan requested an update on Vermont's Big Spin television advertisement changes. Gary Kessler confirmed that GYK Antler edited the spot to conceal the products that sparked controversy. Chairman Flanagan congratulated the state of Maine for their impressive sales numbers for the month.

4. DRAW REPORT

Ms. McCann noted there has been a changeover in day draw staffing; our newest representative has learned quickly and is doing a great job. Another new employee will start training shortly as well.

5. ACCEPTANCE OF COMMITTEE REPORTS

Chairman Flanagan requested a motion to accept the committee reports. Commissioner Douglas so moved and Commissioner Sheehan seconded; motion passed unanimously.

6. OTHER

- Lynda Plante requested a motion to amend the budget for New Hampshire ICS to cover additional costs associated with Gimme 5 online sales. She explained that while new staff is not required, additional work hours will be needed to perform daily balancing duties. Commissioner Sheehan moved to accept the request, seconded by Commissioner Douglas; all in favor, motion passed.
- In the absence of Vermont Lottery staff, Chairman Flanagan put the request forward to extend the state's Tri-State advertising contract with Fuseldeas. Commissioner Sheehan moved to accept the contract extension, which was seconded by Commissioner Douglas. All were in favor, motion passed.

7. NEXT MEETING

The next Tri-State Commission meeting will be by teleconference on June 11, 2021 at 10 a.m.

Chairman Flanagan congratulated Gary Kessler on his upcoming retirement and thanked him for all the work he has done for the State of Vermont in his over 30 years of service. Mr. Kessler thanked the commission and noted that he will be on hand to help train his successor.

Commissioner Douglas moved to adjourn, seconded by Commissioner Sheehan, motion carried and meeting ended at 10:50 a.m.



Ed Flanagan, Chairman

Respectfully submitted, Carmela Nolin