

TRI-STATE LOTTO COMMISSION

Commission Meeting Minutes

New Hampshire Lottery Headquarters – Concord, NH

June 11, 2021

PRESENT: New Hampshire: Debra Douglas, Commissioner; Charlie McIntyre, Executive Director; Maura McCann, Kelley-Jaye Cleland, Jim Duris, Lynda Plante, and Carmela Nolin
Maine: Julie Sheehan, Commissioner; Gregg Mineo, Director; and Lisa Rodrigue
Vermont: Ed Flanagan, Chairman; Sabina Haskell, Deputy Commissioner; Sylvia Buzzell; and Brian Evans
Jeremy Kyzer, Calvin Rinck, and Darrel Frecker of Scientific Games; Jennifer Wankling and Byron Peterson of PollardBanknote; Fivi Rondiri of Alchemy3; Steve Mason of Fuselideas; Taylor Yianokopolos and Hayden Stills with GYK Antler; and Matthew Benoit of IGT

Chairman Flanagan called the meeting to order at 10:00 a.m. via Teams videoconference. No changes were requested to the agenda, and the meeting commenced.

1. ACCEPTANCE OF MINUTES FROM APRIL 9, 2021

Motion was made by Commissioner Douglas, seconded by Commissioner Sheehan to accept the April 9, 2021 meeting minutes as submitted. So voted, unanimous.

2. FINANCE COMMITTEE

Financial Report

- Finance Chair Sylvia Buzzell reported on the Commission's finances through April: gross revenues were higher than forecast by \$12.8 million, with Megabucks lower by \$875 thousand, Gimme 5 sales higher by \$1.12 million, Pick 3 sales up \$1.1 million and Pick 4 up \$830 thousand. Fast Play was the leader by far, up \$10.61 million for the month. Due to the increase in sales, cost of sales was higher than forecast \$10.34 million; and operating expenses were lower than forecast \$2.11 million, with advertising costs lower than forecast by \$1.4 million, and RFP consultant costs lower \$575 thousand.
- Net profit for April was up \$4.52 million over forecast due to higher sales in Fast Play and lower than expected operating expenses. Compared to last April, year to date sales are up \$14.43 million, made up of Fast Play sales' increase of \$11.16 million, and combined increase of \$3.72 million across Gimme 5, Pick 3 and Pick 4. Cost of sales were higher by \$11.45 million, as a direct result of the increase in sales. Operating expenses were higher by \$705 thousand, due to the \$100 thousand licensing fee for Maine's New England Patriots Fast Play game, and increased advertising expenses of \$323 thousand. Net profit for this fiscal year is \$2.18 million over last fiscal year.
- There was \$2.9 million in Expired Unclaimed Prizes at the end of April; and all contingency funds were in the positive except for Gimme 5 low tier fund, which was in the negative just over \$38 thousand. The balance of the Gimme 5 guaranteed prize fund was at just over \$582 thousand in April.

- Ms. Buzzell re-introduced Don Wenner, the Vermont Lottery's new Financial Manager. He has been hired full-time and will take on Tri-State finances after a training period.

Investment Portfolio

- Jim Duris provided an update on the investment management services Request for Proposals (RFP). Of the ten institutions that submitted responses, we followed up with five for pricing and fee structure details. Based on these results, Mr. Duris recommended the selection of US Bank on behalf of the committee. Commissioner Douglas requested to see the specific scoring, but moved in favor of this recommendation. Commissioner Sheehan seconded, all in favor, motion carried. Chairman Flanagan inquired how long a transition from People's United would take, and the understanding is that it should be done by the end of the first quarter of fiscal year 2022.

Fiscal Year 2022 Budget

- Ms. Buzzell summarized the key points of the proposed FY 2022 budget, noting the \$17.7 million projected increase in overall sales, expected to be mostly comprised of \$13.8 million in Fast Play and \$1.6 million in Gimme 5. Cost of Sales would increase commensurate to the increase in overall sales, expecting to come in at \$14.32 million; and as we see the higher price points in Fast Play picking up momentum, the payout has been increased from 72% to 75%. Operating expenses should see a decrease of \$300 thousand in advertising, \$100 thousand decrease in licensing after Maine's one-time Patriots fee, and increase of \$16 thousand in ICS expenses due to the addition of Gimme 5 to New Hampshire's iLottery platform. Chairman Flanagan agreed that this largely falls in line with FY 2021, with a small increase; a short discussion about Megabucks and Fast Play followed. Commissioner Douglas moved to accept the proposed FY 2022 budget as presented, and Commissioner Sheehan seconded. All in favor, motion carried.

Checking Account and Corporate Resolution

- Ms. Buzzell requested a motion to authorize the Tri-State checking account signers for the coming year, which changed due to new personnel in Vermont. So moved by Commissioner Sheehan and seconded by Commissioner Douglas; all in favor, motion carried.
- As noted, Vermont Lottery's new finance officer Don Wenner will be taking over the Tri-State finances. Ms. Buzzell requested approval to add Mr. Wenner to the corporate resolution to authorize his access to the long term account for annuity payments. Motion made by Commissioner Sheehan and seconded by Commissioner Douglas; motion passed unanimously. Chairman Flanagan and Commissioner Douglas both asked if the annuity accounts will be moved to US Bank. Ms. Buzzell expects they will not be, and will stay with People's United as they are long term Treasury strips; and we only require US Bank to handle short term investments.

Ms. Buzzell concluded the finance report and thanked Maura McCann for taking over the Development Committee for her this year, as she wouldn't have been able to manage it in addition to finances.

MARKETING AND PRODUCT DEVELOPMENT COMMITTEE

- Maura McCann recapped the last phase of The Big Spin after Vermont and New Hampshire hold their last semi-finalist drawings. Each state will have a fourth drawing to select finalists for the spin event at the September 4 Tobey Keith concert at the Bank of New Hampshire Pavilion.
- Gimme 5 will be added to the iLottery platform in New Hampshire on July 19; Ms. McCann thanked Ms. Buzzell for her assistance in setting up the reporting requirements for Tri-State.
- The Megabucks survey is being finalized in preparation for sending it to each state's contacts databases next week. In addition to direct emails, we will add a QR code to Megabucks tickets to capture player feedback. Survey questions include their opinions of the game, possible changes, adding features and tie-in games, and thoughts on adding more states. Fast Play Tri-State progressive game development also continues.
- The next Tri-State game to follow the Big Spin is Alchemy3's Big Country Cash. The second chance prize for this game is a week touring with country music star Lee Bryce. We are negotiating the program fee with the vendor, which includes ticket art, point of sale creative, digital assets, and radio copy. Ms. McCann requested a motion for the intent of Tri-State to enter into a contract with Alchemy3 at the conclusion of negotiations. Commissioner Douglas so moved and Commissioner Sheehan seconded, which passed unanimously after a short discussion in which Chairman Flanagan asked if the artist would record a voiceover for us.

3. DRAW REPORT

Ms. McCann noted there is nothing to report from the draw room.

4. ACCEPTANCE OF COMMITTEE REPORTS

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

5. NEXT MEETING

The next Tri-State Commission meeting will be by teleconference on August 13, 2021 at 10 a.m. Chairman Flanagan passed the gavel to Commissioner Sheehan, who will serve as chair as of the next meeting. Commissioner Sheehan thanked Chairman Flanagan for his work and support this last year.

6. OTHER

The fall meeting is scheduled for November 4 and 5, in Kennebunkport, Maine. Lisa Rodrigue confirmed the plans will be finalized over the summer, and she appreciates attendees' prompt responses when the request for accommodations are sent.

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

Julie A. Sheehan

Julie Sheehan, Chairman

Respectfully submitted, Carmela Nolin