

TRI-STATE LOTTO COMMISSION

Commission Meeting Minutes

Via Teams

March 11, 2022

PRESENT:

Julie Sheehan, Chairman, Maine	Ed Flanagan, Commissioner, VT	Debra Douglas, Commissioner, NH
Gregg Mineo, Maine Lottery	Sylvia Buzzell, VT Lottery	Charlie McIntyre, NH Lottery
Michael Boardman, Maine Lottery	Don Wenner, VT Lottery	Maura McCann, NH Lottery
Lisa Rodrigue, Maine Lottery	Skip Whitman, VT Lottery	Katie Brown, NH Lottery
	Andrew Collier, VT Lottery	Kelley-Jaye Cleland, NH Lottery
		James Duris, NH Lottery
		Carmela Nolin, NH Lottery
		Lynda Plante, NH Lottery
Calvin Rinck, Scientific Games	Cara Salvatore, Intralot	Taylor Bengtson, GYK Antler
Darrell Frecker, Scientific Games	Jared Durdon, Intralot	Jeff Newman, GYK Antler
Steve Mason, FuseIdeas	Dominic Timbas, Intralot	Molly Tobin, GYK Antler
Jennifer Wankling, PollardBanknote	Jeff Savage, Intralot	
	Kristen Pare, Intralot	
	Ryan Boover, Intralot	

Chairman Sheehan called the meeting to order at 9:05 a.m., via Teams videoconference.

1. ACCEPTANCE OF MINUTES FROM FEBRUARY 11, 2022

Motion was made by Commissioner Douglas to accept the February 11, 2021, meeting minutes, seconded by Commissioner Flanagan. So voted, unanimous.

2. FINANCE COMMITTEE

Financial Report

- Finance Chair Sylvia Buzzell presented the financial report for fiscal year 2022 through January. **Gross revenues** were lower than forecast \$3.68 million, with Megabucks sales down by \$2.52 million, Gimme 5 sales were higher by \$9 thousand, daily numbers were lower a combined \$597 thousand, and Fast Play was lower by \$574 thousand. Due to this overall decrease in sales, the cost of sales was lower than forecast \$2.41 million, and operating expenses were lower \$1.51 million. Advertising expenses were lower than forecast \$936 thousand and the RFP consulting cost was lower \$368 thousand.
- Net profit** for the quarter was higher than forecast \$561 thousand due to lower-than-expected operating expenses plus the gain on the sale of investments by US Bank in converting custodial accounts. US Bank liquidated our investments and moved us to ETF. Commissioner Douglas and Commissioner Flanagan asked to see the transaction costs for liquidating those accounts, and Ms. Buzzell will forward them after the meeting. Compared to last fiscal year, **sales** through the month of January were lower \$1.167 million. Fast Play sales increased \$658 thousand and Gimme 5 rose \$160 thousand; Megabucks decreased \$1.45 million, Pick 3 was down \$392 thousand, and Pick 4 also fell \$150 thousand. Costs of sales were lower \$476 thousand as a direct result of the decrease in sales. Operating expenses were \$149 thousand higher than last year, due to an increase in advertising expense of \$116 thousand.

- **Net profit** for fiscal year to date 2022 was lower than last year almost \$509 thousand. There was \$2.596 million in expired unclaimed prizes at the end of the half, and all contingency funds are in the positive except for Gimme 5 low tier, which is \$2,105 under, not uncommon due to weekly fluctuations in sales.
- Commissioner Flanagan questioned what the net profit would be if the investment fund sell-off were not included in the total, Ms. Buzzell confirmed that if we had left out the \$300 thousand, we'd still be ahead \$250-\$260 thousand. He then noted that gas prices are on the rise and asked the lotteries how that may impact the sales of our products. Ms. Buzzell related that with every 10% increase in gas prices, lottery sales drop 1%. Discussion followed and related back to a similar gas price hike years ago.

Finance Recommendation for New Audit Contract

Don Wenner reported on the results of the three submissions received out of the twenty solicited for the Tri-State auditor contract. The committee reviewed the responses and agreed that staying with Wipfli is in the best interest of Tri-State. Wipfli has been good to work with and understands Tri-State's business, which is crucial as Vermont is also going through the heavy lift of conversion. Commissioner Flanagan inquired if their price would increase if we added new games or products. Both Mr. Wenner and Ms. Buzzell noted that the contract price is "not to exceed" cost. The member states provide their system and organization controls (SOC) audits for any individual games that impact Tri-State (such as iLottery sales); so they are incorporating that into their overall report. Motion was made by Commissioner Flanagan to approve entering into a contract with Wipfli for two years with an option to renew for one year two times. Seconded by Commissioner Douglas; all in favor, motion carried.

3. MARKETING AND PRODUCT DEVELOPMENT COMMITTEE


- Lisa Rodrigue reported for the Committee and introduced Megabucks game changes. As the subject was informally tabled at the last meeting, no vote is required to resume the subject. Ms. Rodrigue continued that Maine has internally reviewed the recommendations to add a third draw on Monday. No response or input had been received by the other member states. Discussion followed for several minutes:
 - Commissioner Douglas, Director McIntyre, and Ms. Cleland of NH Lottery voiced concerns over impact to draw execution, balancing, and staff costs; subscriptions, adding Fast Play, and migrating the game to iLottery.
 - Ms. Rodrigue and Director Mineo of Maine Lottery acknowledged those concerns, but wish to see movement to set a deployment date.
 - Commissioner Flanagan of Vermont Lottery suggested that the member states should decide on this sooner rather than later.
 - Further discussion between the states' Commissioners resulted in a motion by Chairman Sheehan to discuss this at the May meeting and resolve in which direction to take the game. Seconded by Commissioner Flanagan, all were in favor.

4. OTHER

- The next meeting will take place on May 20 in Whitefield, New Hampshire.
- The contract will be ending in June for draw auditor in New Hampshire. Ms. McCann noted that in all the years we've put it out to bid, only one firm has responded to requests for proposals. Ms. McCann requested that instead of posting an RFP, we continue with the current firm on a month-to-month basis, with a 30-day cancellation clause. Commissioner Douglas so moved and was seconded by

Commissioner Flanagan, and motion passed unanimously.

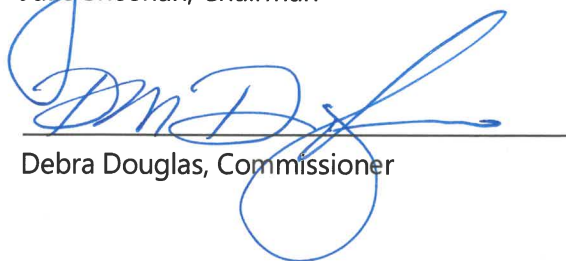
Chairman Sheehan entertained a motion to adjourn; so moved by Commissioner Douglas and seconded by Commissioner Flanagan; meeting adjourned at 9:59 a.m.



Julie Sheehan, Chairman



Ed Flanagan, Commissioner



Debra Douglas, Commissioner

Respectfully submitted, Carmela Nolin