

**TRI-STATE LOTTO COMMISSION**  
Commission Meeting Minutes  
New Hampshire Lottery Headquarters  
14 Integra Drive  
Concord, NH 03301

June 10, 2022 10:30 AM

Present:

Julie Sheehan, Commission Chair, ME Lottery  
Ed Flanagan, Commissioners VT Lottery  
Katie Brown, NH Lottery  
Richa Yadav, NH Lottery  
Charlie McIntyre, NH Lottery  
Sylvia Buzzell, VT Lottery  
Don Wenner, VT Lottery  
Michael Boardman, ME Lottery  
Ryan Sahr, Intralot  
Kristen Pare, Intralot

Debra Douglas, Commissioner NH Lottery  
Lynda Plante, NH Lottery  
Kelley-Jaye Cleland, NH Lottery  
Maura McCann, NH Lottery  
Jim Duris, NH Lottery  
Skip Whitman, VT Lottery  
Lisa Rodrigue, ME Lottery  
Gregg Mineo, ME Lottery  
Dominic Timbas, Intralot  
Ken Donaldson, US Bank

Chairman Sheehan called the meeting to order at 10:40 AM.

**1. ACCEPTANCE OF MINUTES FROM MAY 20, 2022**

Motion was made by Commissioner Flanagan to accept the minutes from May 20, 2022, seconded by Commissioner Douglas. So voted, unanimous.

**2. FINANCE COMMITTEE**

Joining the meeting from US Bank, Kenneth Donaldson provided an update on the Tri-State financial portfolio. The portfolio was transferred from People's United Bank to US Bank.

Overall, the start to the year has been an anomaly. All six major indexes have posted negative returns through May 2022.

Inflation and the Feds reaction has been driving performance. The Fed raised interest rates 0.25% in March and an additional 0.50% in May and have signaled they are committed to further increases to curb inflation. When interest rates go up bond prices go down resulting in the negative performance for the fixed income portion of the portfolio.

YTD the portfolio was down 5.15% net of fees vs the portfolio's benchmark index that fell -4.54%. Commissioner Douglas asked how much was lost trimming the equities. Underperformance YTD was largely from an overweight to equities we came into the year with as well as the individual stocks transferred into the account and held prior to the amendments made to the IPS on January 7, 2022. In January equities returned -7.32% vs the S&P -5.17%. YTD equities are down -14.62% vs -12.76% for the S&P 500.

Commissioner Flanagan asked about the length of bonds held by Tri-State and making them shorter? Mr. Donaldson said the ETFs are in proportion to the benchmark index with a 2% allocation to Treasury Inflation Bonds and a 2% allocation to a Floating Rate Bond fund to slightly lower the overall duration. Might sell SCHP to buy a 1 to 3 years index to further lower the portfolio duration as the duration on the index is 2.5 to 3 years.

The market does recover from draw downs. Biggest driver in the markets near term is inflation, how the Fed responds, and the markets absorb it.

Commissioner Flanagan asked about disposable income? Mr. Donaldson said personal balance sheets are strong, but inflation is starting to impact it. Employment remains strong

Portfolio Value as of May 31, 2022 was \$6,862,513  
\$74,354 projected annual income (from dividends and interest)

Mr. Donaldson will give us the next quarterly update at the fall.

Sylvia Buzzell gave the finance report and provided an overview of the FY 23 Tri-State budget. Ms. Buzzell said there is not a great deal of change from the FY 22 budget. Budgeted sales are down slightly from the previous year. The payout for Fast Play was reviewed. The average payout continues to be 75% so we've kept the Prize Expense budget at that level.

The increase in the License Fees line item is due to a portion of the Big Country Cash fee being paid in FY 23 rather than FY 22 as expected.

For the draw monitors, the audit hourly rate for compensation will increase in the coming year. Other Tri-State expenses may increase specific to a review for a pay raise for Tri-State employees as well as the direction for the Tri-State drawings in the coming years.

The consulting/legal state specific line item has increased by \$195,000 specific to the New Hampshire Gaming Consultant and the RFP consulting line item has increased \$125,000 due to Vermont's conversion taking longer than originally anticipated and for the.

Commissioner Flanagan moved to approve the Fiscal Year 23 budget, seconded by Commissioner Douglas. Voted unanimously.

There was brief discussion on a Tri-State employee pay raise. Three years ago, a 12% pay raise was awarded as it had been a number of years since this was addressed. The newly formed compensation committee which consists of the Finance Committee and the Chair of the Commission will discuss and come back to the Commission with a recommendation.

### **3. MARKETING AND PRODUCT DEVELOPMENT COMMITTEE**

Lisa Rodrigue gave the Marketing and Product Development Committee report. First up for discussion was the request for expired, unclaimed Tri-State prize money. Currently the fund stands at \$2.7 million. The Tri-State Product Development group requested the use of \$1.5 million of the \$2.7 million in Fiscal Year 23. The distribution of the \$1.5 million will be prorated by sales in each state. Some of those dollars will be used to cover the player expenses for Big Country Cash and other state and Tri-State promotions. Lisa Rodrigue made a motion to request \$1.5 million for use of promotions per the Tri-State policy for Fiscal Year 23. Commissioner Douglas moved to approve the motion with Commissioner Flanagan seconding the request.

The next order of business was to define the date of the change to the Tri-State Megabucks game with the addition of the Monday drawing. All three states have agreed to the first Monday drawing on September 18, 2023. Leading up to that date, there will be a draw countdown in all three states. Subscription changes will need to be made, etc.

Ms. Rodrigue further discussed the presentations made by vendors in the May Meeting. The committee will ask each state to review those presentations and to choose their top three choices. The Committee plans on selecting the next two Tri-State scratch tickets from the May presentations.

#### **4. DRAW REPORT**

Maura McCann asked for the Fiscal Year 23 annual Tri-State draw audit contract to be signed.

#### **5. ACCEPTANCE OF COMMITTEE REPORTS**

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

#### **6. NEXT MEETING**

Next meeting will be held in person at NH Lottery headquarters in Concord on August 12 at 10:30 a.m.

#### **7. OTHER**

Committee appointments were made for the coming year. The Vermont Lottery will have Don Wenner on Finance, Skip Whitman on Marketing and Product Development and Brian McLaughlin on the Draw Committee.

No changes made for representation in both Maine and New Hampshire so those currently on committees will remain.

The Virtual Meeting Policy was briefly discussed. New Hampshire was thanked for the work on the policy done by a law student intern on staff. Commissioners Sheehan and Flanagan asked for more time to review that policy and it will be once again discussed at the August meeting.

Chairman Sheehan entertained a motion to adjourn; so moved by Commissioner Douglas and seconded by Commissioner Flanagan; meeting adjourned at 11:57 a.m.

*Julie Sheehan*

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Julie Sheehan, Chair