

TRI-STATE LOTTO COMMISSION
Minutes of Commission Meeting
June 2, 2023 – 9:00 a.m.

Commissioners:

Debra Douglas, Commission Chair, NH Lottery
Julie Sheehan, Commissioner, ME Lottery
Ed Flanagan, Commissioner, VT Lottery

Others in Attendance:

Charlie McIntyre, NH Lottery	Maura McCann, NH Lottery	Kelley-Jaye Cleland, NH. Lottery
Don Wenner, VT Lottery	Kelly Crockett, NH Lottery	Katie Brown, NH Lottery
Jim Duris, NH Lottery	Ken Donaldson, US Bank	Anthony DeAngelis, US Bank
Anna McDonough, Fuseideas	Erle Pierce, Commissioner NH Lottery	
Sylvia Buzzell, SGI	Tammy Pigeon, VT Lottery	Lisa Rodrigue, ME Lottery
Amy Tucker, VT Lottery	Calvin Rinck, SGI	Andrew Collier, VT Lottery
Darrell Frecker, SGI	Greta Larson, SGI	Paula Maltman, SGI
Jeff Newman, GYK Antler	Jeff Savage, Intralot	Ryan Sahr, Intralot
Michael Boardman, ME Lottery	Steve Mason, Fuseideas	Simran Gulati, Fuseideas
Kristin Pare, Intralot		

Commission Chair Douglas called the meeting to order at 9:03 a.m.

1. ACCEPTANCE OF MINUTES FROM APRIL 14, 2023

- Motion was made by Commissioner Sheehan for the **Acceptance of Minutes** from April 14, 2023, seconded by Commissioner Flanagan. So voted, unanimous.

2. FINANCIAL PRESENTATION by Ken Donaldson and Anthony DeAngelis:

- Ken Donaldson and Anthony DeAngelis from U.S. Bank presented a review of the current market and the Tri-State Lotto Commission Short-Term investment account. He explained that though the market has been off to strong start with the S&P up 9.17% through April 2023, they recommend caution and as a result the portfolio is underweight equities by 1%.
- Ken explained that there continues to be uncertainty around future Federal Reserve interest rate policy and the subsequent effects it will have on the economy.
- Inflation remains elevated and recent liquidity issues in the banking sector is resulting in banks tightening their lending which could further slow the economy. The labor market remains strong.
- As of April 30, 2023, the portfolio was valued at \$6,874,871 with 85.62% in Fixed Income, 9.06% in equities and 5.32% in money market yielding 4.69%. Year to date the portfolio has returned 2.93% gross of fees and 2.85% net of fees versus the account's benchmark return of 2.95%. Due to the strong equity market thus far this year, the slight underweight equities as well as the allocation to high yield have been slight detractors to performance.

- One of the topics of the market review was around the strong but weakening consumer. The Commissioners expressed an interest in receiving more frequent information on consumer strength as conditions may change since consumer spending could affect the Tri-State Lotto's revenue.
- Commissioner Douglas asked about fraud and safety. Anthony explained the bank has recently implemented new call back procedures for withdrawals or transfers to accounts not used before as well as now requiring all accounts have at least two authorized signers so a person not initiating the transfer can be called to confirm the request. Anthony also explained that because the Tri-State Lotto's assets are held in the trust department, they are segregated from the bank's assets and held in the Lotto's' name and therefore protected from any potential liquidity concerns the bank could ever experience. Ken and Anthony also explained the robust fraud prevention activities the bank engages in to protect its clients.

3. FINANCE PRESENTATION by Don Wenner, VT Lottery:

- **April YTD Results**
 - FY23 sales through April 30, 2023, ten months through the fiscal year. Were higher than the same period in FY22 by \$2.0 million or 2.78%. Overall higher sales were driven by Fast Play which recorded a sales increase of \$4.0 million or 12.55%. Sales for Megabucks, Daily Numbers, and Gimme 5 were down 6.00%, 4.27%, and 2.02% respectively.
 - The cost of sales through April were higher than the same period in FY22 by \$2.3 million or 4.6%. Operating expenses were lower than the same period in FY22 by \$258.0 thousand, driven primarily by lower advertising costs, partially offset by higher consulting costs related to Vermont gaming system conversion.
 - Net profit from operations through April \$20.6 million as compared to \$20.1 million during the same period in FY22.
 - Expired Unclaimed Prizes totaled \$2,957,004.13 at the end of April.
- **FY24 Budget**
 - The finance Committee is finalizing a draft FY24 Budget which we plan to distribute early next week. After allowing time for the Board to review and offer comments, the final budget will be submitted for formal approval vote during a subsequent remote meeting to be scheduled in June.
- **FY23 External Audit**
 - Pre-Audit planning completed with WIPFLI. Interim fieldwork to be done onsite in Vermont during June 7-9. The bulk of the financial audit will be done onsite in Vermont during July 17-19. Remaining audit requirements will be completed with WIPFLI by VT staff electronically. The final audit report will be targeted for review and approval vote at onsite meeting in November.
- **Fiscal-Year End Invoice Processing Deadline**
 - To facilitate timely year-end processing and alignment with the FY23 external audit, the deadline for processing vendor invoices for goods and services received in FY23 will be Friday, July 7. The same deadline will apply to staff requests for reimbursement of qualified expenses incurred in FY23.
- **Business Office Transition to New Hampshire Lottery**
 - Transition preparation continues. Seven formal online training sessions have been presented by VT staff to NH staff. The target date for NH to officially assume Business Office responsibilities was revised from July 1 to September 1. However, Vermont staff

will likely stay involved to some extent as needed until all processes are fully transitioned. Jim to present details in his report.

4. MARKETING AND PRODUCT DEVELOPMENT COMMITTEE – Maura McCann, NH Lottery Commission

- **Tri-State Product Development Committee**

- Tri-State Megabucks update for the game change in September. Game specifications have been reviewed/signed in Vermont, under review in New Hampshire and Maine, will be reviewing their game specifications shortly. New bet slips have been received in Maine and Vermont. New Hampshire will be receiving their test play slips shortly. New Hampshire has produced the television spot and POS has been approved. Radio will be produced as well as social media posts. Maine and Vermont will be discussing their creative shortly.
- Update on Tri-State scratch tickets. Big Country Cash scratch ticket project is now complete with the last GigTour at the beginning of May. Photos were provided to the Committee of players enjoying their concert experience. The following YouTube video was provided by GigTours:
<https://m.youtube.com/watch?v=HKIL6ya8EG4&feature=youtu.be>
- \$10 Tri-State Ultimate Dash scratch ticket will be launched on August 3, 2023 in Maine, September of 2023 in Vermont and on August 28, 2023 in New Hampshire. Aside from prizes that may be won instantly, the game will feature a \$1,000,000 prize during the Warehouse Dash. The Warehouse Dash may be won via a non-winning second chance drawing. The venue and dates for the Warehouse Dash have been selected. The dash will be held at Brick South at Thompson's Point located in Portland, Maine on September 29, 2023. Winners of the second chance drawing from all three states will be invited for a 3-day, two-night stay in Portland, Maine. All three states are exploring creative to support the game. Under review at this time is the contract with Scientific Games.
- \$10 Golden Spin scratch ticket offered by Alchemy 3 is anticipated to launch once *Ultimate Warehouse Da\$h* is close to selling out in Q4 of FY 2024. This game will feature a retail (and possibly a mobile) prize reveal similar to The Big Spin game. We continue to work with Alchemy 3 on this project.

- **Promotions:**

- Maine Lottery ran an "April Showers" Pick 3 and Pick 4 promo in April as well as a *Gimme 5* promotion in May, both for the chance to win \$25. Vermont ran a Gimme 5 promotion in May for the chance to win \$50 as well as a Pick 3 promotion and a separate Pick 4 promotion in May for the chance to win \$20. New Hampshire has been running a Tri-State Fast Play Promotion every Friday from 2 to 4 PM for the chance to win \$25. This promotion runs April, May, and June. New Hampshire also ran a retail and iLottery Cinco de Mayo promotion on Friday, May 5.
- The Powerball expansion with Australia as well as the game change to Mega Million is on our radar. Also on our radar is a potential merger of the Lucky For Life and Cash 4 Life games. The Maine Lottery will be offering a new draw game, Cash Pop in the fall. Vermont anticipates the approval of Sports Betting, awaiting Governor's signature.

5. DRAW COMMITTEE REPORT:

- With the year-to-year contract with Draw Auditors, ANDERSON & CLOUES, they have some back with an updated hourly rate of \$120 per hour for their services.

With the Commission not accepting the new rate, Maura McCann will have further discussions with them regarding the FY 24 rate.

6. NEXT MEETING:

- Next meeting will be held August 18, 2023, in Concord, New Hampshire.

7. OTHER BUSINESS:

- Committee assignments were made for Fiscal Year 24. For the Tri-State Marketing and Product Development Committee, Maura McCann from the New Hampshire Lottery will stay on as chair of that committee and be joined by Lisa Rodrigue of the Maine Lottery and Tom Remp, Amy Walker, Tammy Pidgeon of the Vermont Lottery. For the Tri-State Finance, as of July 1, 2023, the Chair will be Jim Duris of the New Hampshire Lottery, and will be joined by Mickey Boardman of the Maine Lottery and Don Wenner of the Vermont Lottery.
- The Tri State Chairmanship has passed to Commissioner Ed Flanagan of the Vermont Liquor and Lottery Commission, effective July 1, 2023.

Chairman Douglas entertained a motion to adjourn; so moved by Commissioner Sheehan and seconded by Commissioner Flanagan. Meeting adjourned at 10:33 a.m.



Debra Douglas, Commission Chair

Respectfully submitted, Kelly Crockett