

TRI-STATE LOTTO COMMISSION
New Hampshire Lottery Commission
Concord, NH

June 5, 2009, 10:30 a.m.

Present: **Vermont:** Tom Scala, Alan Yandow, Mary Cassani, Hadley Melendy, Carole Lacasse
New Hampshire: Richard Campbell, Rick Wisler, Maura McCann, Kassie Strong, Irene Nadeau and Debra Douglas
Maine: Orland McPherson, Dan Gwadosky, Richard Sperlazzi, and Lisa Rodrigue
NL Partners: Chris Nichols, Russ Leonard and Jen Cartmell
Scientific Games: Moe Pepin and Liz Dimmick
Griffin York & Krause: Rose Longo-White and Mel Woodbury

The meeting was called to order at 10:38 a.m.

Chair Scala introduced Debra Douglas who is a new member of the New Hampshire Lottery Commission.

ACCEPTANCE OF THE MAY 1, 2009 MINUTES

A motion was made by Commissioner Campbell to accept the May 1, 2009 minutes as distributed. Motion was seconded and voted in the affirmative.

FINANCE COMMITTEE REPORT: Mary Cassani

Gross revenues for Tri-State through April 2009 have decreased \$7,761,871, or 12.77% compared to last year. Of this decrease, Megabucks sales are down \$5,126,754, or 17.44%; Daily Numbers sales are up \$202,451, or 1.08%; Weekly Grand combined with Paycheck sales are up from Paycheck sales last year \$582,987, or 8.39%; the Fast Play games are down \$709,415, or 23.11% from last year. Also, last year's total included \$2,711,140 in Raffle sales; no Raffle was offered this year.

Total Expenses through April 2009 are down from last year \$4,933,173. This represents a decrease in cost of sales of \$5,376,665 and an increase in operating expenses of \$443,492 primarily in advertising and the Battelle contract.

Net Profit through April 2009 decreased from last year \$3,194,262, or 15.66%.

Compared to what we currently have budgeted, our sales are behind forecast a total of \$616,456. Due to decreased sales, cost of sales is also under budget by \$456,533. All three states have under spent their operating budgets this year a total of \$754,451; \$529,522 was under spent in the advertising line item.

All contingency funds were back in the positive at the end of April. Expired unclaimed prizes were \$1.66 million.

Berry, Dunn, McNeil and Parker performed site testing in all three states the week of May 11th. Mary is not aware of any issues that may have arose from that testing. The auditors plan to be back in the Vermont office the week of July 27th.

The Finance Committee met May 27th and finalized the budget for FY10. The budget consists of individual state sales estimates, advertising expenses and other state specific items such as the Battelle contract and site visits for Maine. Shared expenses were based on previous years' actual expenses. The Finance Committee requests that the Commission approve the proposed budget for FY10.

MOTION

A motion was made by Commissioner McPherson to accept the proposed budget for FY10 as proposed by the Finance Committee. Motion was seconded and voted in the affirmative.

MARKETING COMMITTEE – Maura McCann

The new game, Megabucks Plus, goes on sale July 26. Maine and Vermont lotteries shared their marketing materials. New Hampshire is currently going to the printers with their material. New Hampshire is already receiving subscriptions to the new Megabucks Plus game and have already received \$151,000 in subscriptions. The majority of their subscriptions are at the \$200 mark. All three states are planning to conduct subscription drawing promotions and will be working on their television and radio spots within the next few weeks.

DEVELOPMENT COMMITTEE – Hadley Melendy

Hadley gave the results of a Pick 3/Pick 4 promo for Double Draw Dollars which ended last weekend. New Hampshire saw an increase of 15%, Maine an increase of 27% and Vermont 48%. Vermont did radio advertising as well.

Scientific Games has received software for Maine and New Hampshire and Vermont's is on its way.

The Maine Lottery has the ability to do Raffle promotions. Vermont and New Hampshire were scheduled for this ability in November with the Pick 3/Pick 4 release; however, it is now scheduled to be downloaded in the July release.

The Fast Play game, Jumbo Bucks, is scheduled to begin in August. The holiday game will be one that has been previously released and, in the first quarter of next year, there will be a new game developed for Fast Play.

There has been a lot of product development this past year which will not be able to be done in the coming year because of system conversion. The committee would like to do a promotion for Weekly Grand in the fall and one for Pick3/Pick 4 when the game is released with the enhancements. There are discussions on replacing the game Weekly Grand.

The committee would like to request \$1.2 million be set aside from expired, unclaimed prize money for promotional use in FY10.

MOTION

A motion was made by Commissioner Campbell to set aside \$1.2 million from expired, unclaimed prize money for promotional use in FY10. Motion was seconded and voted in the affirmative.

Hadley expressed her appreciation and thank you to her counterparts and the Scientific Games staff for all their assistance this past year in her role of chair of the Development Committee.

DRAW COMMITTEE – Maura McCann

Annual Preventative Maintenance: Maura has received two quotes for such service: Garron Lottery Products at a price of \$2,150 and Smartplay International at a price of \$2,125. Maura would recommend to accept the quote from Smartplay at \$2,125.

MOTION

A motion was made by Commissioner Campbell to accept the quote from Smartplay International at \$2,125. Motion was seconded and voted in the affirmative.

OPERATIONS COMMITTEE – Rich Sperlazzi

Everything is on time and going along fine for the various game launches. The committee has all been busy with Tri-State and individual game launches this past year. Rich expressed his thanks to everyone for the fine cooperation.

SCIENTIFIC GAMES – Liz Dimmick

Liz too expressed her thanks to everyone for all their hard work on all the SRSs. The teamwork has been wonderful.

ACCEPTANCE OF THE COMMITTEE REPORTS

MOTION

A motion was made by Commissioner McPherson to accept the committee reports as presented. Motion was seconded and voted in the affirmative.

OTHER BUSINESS

Contract for Trademark Services: Director Wisler presented information on a recent RFP for Legal Trademark Services. Six proposals were submitted, reviewed and scored. The McLane, Graf, Raulerson & Middleton law firm is being recommended to the commission. Their contract hourly rate is \$150 which is a significant discount from their normal rate of \$300 an hour. The contract would be capped at \$5,000.

MOTION

A motion was made by Commissioner Campbell to contract with McLane, Graf, Raulerson & Middleton for trademark services capped at \$5,000. Motion was seconded and voted in the affirmative.

Reschedule Meeting Dates for August and September: The August meeting date has been rescheduled for Thursday, August 6. The New Hampshire Lottery will get back to Carole regarding the September meeting date. The date of September 11th is tentative at this time.

Tri-State Commission Officers for FY10:

Orland McPherson, Chair
Richard Campbell, Vice Chair
Thomas Scala, Commissioner

Director Yandow noted there is a meeting scheduled for next week between the three Tri-State Directors and other New England Powerball directors and two Mega Millions states, Massachusetts and New York, to discuss the issue of potential cross-selling of tickets.

The next commission meeting is scheduled for 10:30 a.m. Friday, July 10th, at the New Hampshire Lottery Commission in Concord, NH.

A motion to adjourn was made at 11:10 a.m.

Thomas Scala, Chair