

TRI-STATE LOTTO COMMISSION
Lake Morey Resort
Fairlee, VT

June 4, 2010

Present: Maine: Orland McPherson, Dan Gwadosky, Lisa Rodrigue
New Hampshire: Debra Douglas, Georges Roy, Maura McCann
Vermont: Tom Scala, Alan Yandow, Mary Cassani, Hadley Melendy,
Carole Lacasse
Guests: Jim Brown, John Papile, Jennifer Flanders, Kristen Pare',
Molly W, Tim Groth, Intralot; Rose Longo-White, Griffin York &
Krause; Dennis Miller, Scientific Games; Jennifer Cartmell, Chris
Nichols, NL Partners

The meeting was called to order at 9:35 a.m.

ACCEPTANCE OF THE MAY 7, 2010 MINUTES

A motion was made by Commissioner Scala to accept the May 7, 2010 minutes as distributed. Motion was seconded and voted in the affirmative.

FINANCE COMMITTEE – Mary Cassani

Gross revenues through April 2010 have increased \$11,284,537, or 21.27% compared to last year. Of this, Megabucks sales are up \$11,814,448, or 48.68%; Daily Numbers sales are down \$609,347, or 3.23%; Weekly Grand sales compared with Paycheck sales last year are up \$118,487, or 1.57%; the Fast Play games are down \$39,034, or 1.65%.

Total Expenses are up over last year \$6,324,597. Net Profit increased from last year \$4,771,596, or 27.74%.

Compared to what we currently have budgeted our sales are ahead of forecast a total of \$10,081,943. The variance is almost exclusively Megabucks Plus. So far the total operating budgets have been under spent this year a total of \$798,594.

The Weekly Grand contingency fund is in the negative at the end of April \$838,325. The game had no jackpot winners in May. It is estimated that the fund is now in the negative \$704,049. All other contingency funds are in the positive at the end of April. Expired unclaimed prizes were just over \$1.2 million at the end of April.

Mary explained why jackpot management for the Megabucks Plus game has been very difficult to do. The mechanism that is used to fund the jackpot annuity is Treasury Strips for which the current interest rates have been very volatile, mostly in a declining fashion. With rates consistently falling every week when we do what is called a mock quote with the bank, we have had to be very conservative on the estimates. For this reason, the increases in the jackpots after each draw have been minimal compared to the size jackpot we have right now. Unfortunately, we don't expect this trend to change significantly in the near future.

MARKETING COMMITTEE – Maura McCann

Nothing to report at this time.

DEVELOPMENT COMMITTEE – Lisa Rodrigue

The committee met yesterday. Three options for the Weekly Grand game are offered for consideration. These options will be tested by web-base research. Plans are to conduct the tests in August.

The options will be: 1) adding a new draw night – the game will be offered on Monday, Wednesday and Friday; 2) Change the \$5 instant win feature to a weekly Raffle drawing – a raffle ticket will be generated with every bet purchased. The raffle number will be entered into a drawing every Friday night. One hundred dollar prizes will be given away. 3) Leave the game as it is but attach a promo to the game where there will be, i.e. quarterly drawings.

The Weekly Grand game currently pays out 51.3%. Mary is only putting 50% towards prizes. The additional 1.3% is coming from expired, unclaimed prizes. To change this payout to 51.3% would take action by the commission.

Fast Play games pays out at 60% with 10% from expired, unclaimed prizes. All states are now able to pay out 60%. This will now be an option for each state, Vermont and New Hampshire, to pay either from expired, unclaimed prizes or from their bottom line. This should be acted upon at next month's meeting.

There was a review of promotions for the next fiscal year. Plans are to conduct a promo for Megabucks 25th anniversary September 5 – 18. It will be an nth ticket \$25.00 instant win promotion. There will be basic point of sale, radio and byte map. There will be a Holiday raffle promo in Maine and New Hampshire. Any on-line ticket for \$5.00 or more will generate a raffle ticket. Plans are to conduct one more promo but not sure whether it will be Pick 3/Pick 4 or Weekly Grand, etc. A timeline will be developed after the August testing.

DRAW COMMITTEE – Maura McCann

Nothing to report at this time.

OPERATIONS COMMITTEE – Lisa Rodrigue for Sylvia Buzzell

The committee continues to conduct monthly teleconference meetings. Not much is going on due to the conversion for New Hampshire and Vermont.

Once a decision is made regarding the Weekly Grand game the committee will become more active.

Lisa expressed her thanks for every ones participation in yesterday's Development Committee's working session.

Director Yandow expressed his thanks to Lisa for all her hard work this past year chairing the Development Committee. It is a difficult task and very much appreciated.

SCIENTIFIC GAMES – Dennis Miller

Nothing to report at this time.

ACCEPTANCE OF THE COMMITTEE REPORTS

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

OTHER BUSINESS

Maura gave an update on the Pick 3 Trademark Agreement with Louisiana Lottery.

Permission has been granted for a two-year period to the Louisiana Lottery to use Tri-State Lotto Commission's Pick 3 trademark for an instant ticket.

Tri-State Commission Officers for FY11:

Debra Douglas, Chair
Thomas Scala, Vice Chair
Orland McPherson, Commissioner

The next commission meeting is scheduled for 10:30 a.m. July 9, 2010, at the New Hampshire Lottery Commission.

A motion to adjourn was made at 10:00 a.m.

Orland McPherson, Chair

DRAFT