

TRI-STATE LOTTO COMMISSION

Commission Meeting Minutes

Via Teams

February 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
		LJ Berube, NH Lottery
Calvin Rinck, Scientific Games	Jeff Savage, Intralot	Jeff Newman, GYK Antler
Darrell Frecker, Scientific Games	Kristen Pare, Intralot	Taylor Bengtson, GYK Antler
Steve Mason, FuseIdeas	Ryan Sahr, Intralot	Molly Tobin, GYK Antler

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

1. ACCEPTANCE OF MINUTES FROM NOVEMBER 5, 2021

Motion was made by Commissioner Flanagan to accept the November 5, 2021, meeting minutes with a clarification of the meeting date, seconded by Commissioner Douglas. So voted, unanimous.

2. FINANCE COMMITTEE

Financial Report

- Finance Chair Sylvia Buzzell presented the financial report for the first half of fiscal year 2022. **Gross revenues** were lower than forecast \$3.29 million, with Gimme 5 lower by \$27 thousand, Megabucks sales down by \$2.12, daily numbers combined of \$459 thousand, and Fast Play was lower by \$681 thousand. Due to this overall decrease in sales, the cost of sales was lower than forecast \$2.18 million, and operating expenses were lower \$1.26 million. Advertising expenses were lower than forecast \$847 thousand and the RFP consulting expenses were lower \$310 thousand.
- **Net profit** for the quarter was higher than forecast \$193 thousand due to lower than expected operating expenses. Compared to last fiscal year, **sales** for the first half of the fiscal year were higher \$625 thousand due mostly to an increase in Fast Play sales of almost \$1.57 million and Gimme 5 of \$125 thousand and decrease of Megabucks of \$789 thousand. Cost of sales were also higher \$799 thousand as a direct result of the increase in sales. Operating expenses were \$28 thousand higher than last year, due to a decrease in advertising expenses of \$123 thousand and decrease in licensing fees of \$100 thousand.

- Net profit for fiscal year to date 2022 was lower than last year nearly \$162 thousand. There was \$2.48 million in expired unclaimed prizes at the end of the quarter and all contingency funds are in the positive.
- Commissioner Flanagan inquired why advertising is lower: is it a billing cycle issue or just lower spending. Ms. Buzzell responded that it might be attributable to both; she and Lisa Rodrigue do expect that it will increase due to the launch of Big Country Cash advertising.

People's United Bank Signers

Ms. Buzzell requested the approval of the Commission to add Vermont Deputy Commissioner Andrew Collier and Marketing Manager Skip Whitman as signers to the People's United bank account. This ensures that there is staff available to sign off on bank activity, and fills the gaps where people have moved on. They also do not have access to accounting, so there is separation of duties. Commissioner Douglas moved to accept Mr. Collier and Mr. Whitman as signers, seconded by Commissioner Flanagan, approved unanimously.

Update on Other Items

- The request for quotes for Tri-State accounting auditing services was released in December and quotes were received. The team has not had time to review them, but expects to make a recommendation at the April meeting.
- Ms. Buzzell updated the Commission on the transition of duties; Mr. Wenner and his team are now doing most of the daily accounting tasks, and are working to move the monthly and quarterly duties over time.
- Commissioner Flanagan asked when our current auditing contract expires; Ms. Buzzell responded that it would be the end of June. The new contract would start in July; due to concerns with how late in the fiscal year April would be to award a contract, Mr. Wenner inquired if we should discuss sooner. Commissioner Douglas agreed and we will hold a March meeting.

3. MARKETING AND PRODUCT DEVELOPMENT COMMITTEE

- The Committee has reviewed the recommended Megabucks game changes from vendors Intralot and Scientific Games. They would like to add a Monday night drawing and \$1 Fast Play add-on for Megabucks. Commissioner Douglas inquired whether the added cost was factored in for ICS and draw staff by adding a third day. Commissioner Flanagan expressed concern over how this will attract new players; and will existing players want to spend money for an extra day, have we reached a saturation point with so many games. Ms. Rodrigue noted that regular customers won't miss a draw for fear their favorite numbers would come up, and keeping Fast Play, the "local" game, as a bonus. Commissioner Douglas expressed apprehension over the recommended changes as leadership has not had a chance to study the impact of this on draw duties and expense in New Hampshire, vendor conversion in Vermont, and general expense of rebranding and reprinting draw slips and collateral. The change was slated for March, 2023. She requested the discussion be tabled, and Commissioner Flanagan seconded; discussion was tabled.

- Ms. Rodrigue continued that the new scratch ticket Big Country Cash has been launched in Vermont, and has been on sale in Maine for a week; New Hampshire will launch in a few weeks. The first trip is expected to be in fall, 2022, and the second in spring of 2023; but the tour schedule is still being scheduled.
- Promotions are being planned for the rest of the year, our spending has been on the lower side this year, but is expected to increase with an upcoming Pick 3/Pick 4 promo.

4. DRAW REPORT

Maura McCann reported that our second draw representative just retired, leaving the team short-handed for that position. The draw monitors have stepped up to split the duties and now perform as monitor and representative on rotating shifts. Our draw auditor contract is coming to an end, and we'll need to put it out to bid for the next two years.

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

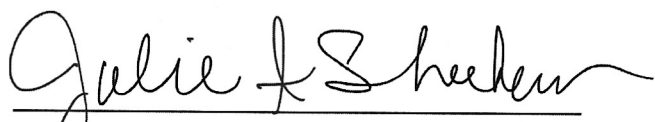
Next meeting will be held virtually on March 11 at 9:00 a.m., to allow the Finance Committee to make a recommendation for the audit firm, and further discussion about Megabucks. Following that will be April 8 at 9:00 a.m., also by Teams.

7. OTHER

- Chairman Sheehan requested that the Commission consider writing guidance for a virtual meeting policy. Commissioner Douglas noted that each state has a different policy; Director McIntyre suggested that the compliance team from each state meet to discuss their state's laws and policies. Commissioner Flanagan agreed it would be a good idea especially for the public to participate. New Hampshire will assign the initial research to their law intern to examine the Tri-State compact and each state's requirements.
- Ms. McCann requested a motion to approve an extension with our current trademark attorney for another two years. Commissioner Douglas so moved, seconded by Commissioner Flanagan; motion passed and the contract with McLane Middleton was extended to 2024.
- Kelley-Jaye Cleland, Chief Product and Program Officer, requested on behalf of New Hampshire staff that overtime for promotion oversight and monitoring be compensated by Tri-State. Chairman Sheehan asked Ms. Buzzell for guidance, who noted that it may be acceptable and treated like ICS operator overtime. Each state handles their promo overtime differently; Maine hasn't really looked into it; and Vermont hasn't approached it as a Tri-State expense. We will discuss this at a future meeting, Ms. Cleland will talk with Maine and Vermont.

- Gimme 5 enhancements were requested by Vermont for iLottery reports. While we can do much of it manually, any time a change like this is considered, there is a cost associated. New Hampshire vendor NPi recommended that we move to a business intelligence tool to analyze data and customize the necessary reports. The industry is moving toward a higher technological level and how we do business is changing. The Commission agreed that this is worthy of future discussion; including consulting with the next Tri-State auditor to determine if our reporting is acceptable.
- Ms. McCann and Ms. Rodrigue conducted some requests for quotes with different venues for the May meeting, and have decided on May 19 and 20, at the Mountain View Grand in Whitefield, New Hampshire. Instant ticket vendors will be invited to present on the 19th, and the Commission meeting will take place on the 20th.

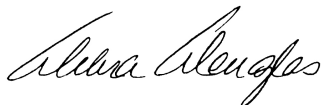
Chairman Sheehan entertained a motion to adjourn; so moved by Commissioner Douglas and seconded by Commissioner Flanagan; meeting adjourned at 10:05 a.m.



Julie Sheehan, Chairman



Ed Flanagan, Commissioner



Debra Douglas, Commissioner

Respectfully submitted, Carmela Nolin