

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

November 7, 2008

Present: Vermont: Alan Yandow, Hadley Melendy and Mary Cassani
New Hampshire: Richard J. Campbell, Rick Wisler, Maura McCann,
Robert Preston
Maine: Orland McPherson, Dan Gwadosky, Lisa Rodrigue, and Rich
Sperlazzi
NL Partners: Chris Nichols, Jennifer Cartmell and Russ Leonard
Griffin, York, Krause: Mel Woodbury
Scientific Games: Karl Fortman, Mary Wdowin, Diane Connell, Amy
Hill and Liz Dimmick

The meeting was called to order at 10:37 a.m.

ACCEPTANCE OF THE OCTOBER 3, 2008 MINUTES

A motion was made by Commissioner Campbell to accept the October 3, 2008 minutes as distributed. Motion was seconded and voted in the affirmative.

FINANCE COMMITTEE – Mary Cassani

Gross revenues for Tri-State through September 2008 have decreased \$2,344,428, or 12.57% compared to last year. Of this decrease, Megabucks sales are down \$1,801,372, or 18.82%; Daily Numbers sales are up \$221,458, or 3.83%; Paycheck sales are down \$584,556, or 24.69%; and the Fast Play games are down \$179,958, or 19.55%.

Total Expenses through September 2008 are down from last year \$1,367,436.

Net Profit through September 2008 decreased from last year \$1,093,991, or 15.89%.

Compared to what we have budgeted, our sales are behind forecast a total of \$588,210. Due to decreased sales, cost of sales is also under budget by \$383,113. All three states have so far under spent their operating budgets this year a total of \$603,404, \$607,155 was under spent in the advertising line item.

All contingency funds are in the positive at the end of September and expired unclaimed prizes are approximately \$1.3 million.

In October, Paycheck was hit several times but there was money in the guaranteed jackpot to cover them.

Commissioner Campbell asked if there was a review of the investments. The answer was yes, and the Commission decided to purchase a Treasury Bill for three months for a million dollars.

Mary indicated she had heard through the Chittenden Bank that Dryfus Mutual Fund was approved for the insurance for the money market account; therefore, funds in the Money Market are insured. The balance of the money is in a Treasury Bill.

MARKETING COMMITTEE – Maura McCann

The press clip was distributed.

Maura shared New Hampshire's point-of-sale material for the new Weekly Grand game and will share their radio and television spots with the commission next month. The other states were asked to bring in copies of their point-of-sale material, etc. to share next month.

DEVELOPMENT COMMITTEE – Hadley Melendy

Weekly Grand is scheduled to begin in February and the Powerball changes are scheduled for January 2009. All three states are working on radio, television and point-of-sale material and introductory game information.

Megabucks: The Operations Committee is waiting for the Development Committee. Details are still being worked out. The committee's goal is to have the Business Plan pertaining to Megabucks in the meeting packet for next month. Rules are being reviewed and will be in next month's packet as well.

Holiday Promotion: Maine and New Hampshire are conducting a promotion called Dashing through the Dough. This will run December 21–27, 2008.

Pick 3/Pick 4: Game change scheduled for fall of 2009.

DRAW COMMITTEE REPORT – Maura McCann

With the TS Weekly Grand game, part of the prize structure is awarding a \$5 instant win. It has been discussed at previous meetings to have Gaming Laboratories International (GLI) test the software that is currently in the gaming system that will award this prize. This test was recently conducted by GLI. The cost to conduct the test was \$6,500. If funds are approved, the commission will receive a letter from GLI that certifies that the software piece in the gaming

system does randomly award the \$5 instant win. The test data does pass our standard test.

Maura requested authorization to pay GLI \$6,500 for the work done to determine whether or not that instant win prize was random or not.

MOTION

A motion was made by Commissioner McPherson to approve \$6,500 to be paid to Gaming Laboratories Inc. for their work on the random prize award for the upcoming Tri-State Weekly Grand game. A letter of certification of random award will be furnished. Motion was seconded and voted in the affirmative.

Additional draw equipment: Maura spoke with other lotteries requesting additional draw equipment and has heard back from only two lotteries that they do not have any draw equipment available. The commission has existing draw equipment that could be reconfigured to meet our needs.

OPERATIONS REPORT – Rich Sperlazzi

The committee has met three times since the last commission meeting. A meeting is scheduled for next week with the state people to flush out the SRS. Every two weeks the committee is meeting with SG and the entire group to keep this process on track.

This past month there has been Powerball and Weekly Grand testing. Minimum MUSL standards were discussed, the installation of the ICS equipment was discussed, a distribution email list was developed, and staff finalized all promotion specs.

SCIENTIFIC GAMES – Liz Dimmick

SG's software testing on the new Powerball games and Weekly Grand for all three lotteries is going smoothly and is on schedule. There have been some minor problems which have been resolved.

ACCEPTANCE OF COMMITTEE REPORTS

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

OTHER BUSINESS

Proposed modifications to Pick 3 and Pick 4 games.
Minimum bet is \$.50.

Pick 3 and Pick 4: Single digit bet: This would allow a player to place a minimum of a .50 cent bet on one number in their Pick 3 and/or Pick 4 ticket. In return, the player wins a \$2.50 prize on a .50 cent bet. \$1 bet wins a \$5 prize.

Pick 4 Only: Middle pair bet on a Pick 4 ticket: Similar to the front pair and back pair bet for either Pick 3/Pick 4 - the middle pair bet allows a player to bet on the middle pair of numbers via a Pick 4 number. To win, a player's numbers must come up in exact order. A \$1 bet wins \$50.

MOTION

A motion was made by Commissioner Campbell to adopt the proposed Pick 3 and Pick 4 game modifications as presented. Motion was seconded and voted in the affirmative.

Tri-State Trademark Attorney Cost Limit: Director Wisler requested raising the \$3,000 limit for our trademark attorney to \$5,000. This would be due to all the game changes proposed for this year.

MOTION

A motion was made by Commissioner Campbell to increase the limit to \$5,000 for our trademark attorney. Motion was seconded and voted in the affirmative.

Director Yandow asked the committees to be sure to have action items included in the packets so commissioners and directors have an opportunity to become familiar with them prior to the meeting when action is requested.

NASPL is working on an issue regarding the use of credit cards by member lotteries primarily for subscriptions. VISA and MasterCard have decided to change merchant codes for lotteries from governmental services to gambling thus banks can now charge surcharges at an amount determined by the bank. The banks are now able to charge their customers a cash advance fee resulting in two additional charges for our customers. It was recommended that the lotteries review their credit card use rules and notify the customers that they may be subject to these charges.

A motion to adjourn was made by Commissioner Campbell, seconded and voted in the affirmative.

The next regular meeting is scheduled for Friday, December 5, 2008, at the New Hampshire Lottery Commission in Concord, NH.

Orland McPherson, Vice Chair