

VERMONT LOTTERY COMMISSION
Berlin, VT
January 20, 2016

PRESENT: Commissioners: Karen O'Hagan; Vice Chair, Ed Flanagan, Michel Consejo, Lindsay Kurrle
Staff: Greg Smith; Executive Director, Mary Cassani, Jeff Cavender, Phillip LaCoss,
Mary Stridsberg
Guests: Theanna Twitchell and Russ Leonard with NL Partners, Jeff Lipps and Jeff Savage
with Intralot

The meeting was called to order at 10:35 am.

AN CHANGE TO THE AGENDA WAS MADE FOR A PERSONNEL ISSUE ADDED TO THE EXECUTIVE SESSION, AND THE LEGAL ISSUE REMOVED.

ACCEPTANCE OF MINUTES FROM DECEMBER 16, 2015

A motion was made by Commissioner Consejo to accept the December 16, 2015 minutes as distributed. Motion was seconded by Commissioner Flanagan and voted in the affirmative.

MARKETING AND SALES – Jeff Cavender

The last two weeks were record setting sales for the Lottery. The Powerball jackpot for the month of December started at \$100M and ended the month at \$356M by New Year's Eve. As a result of the recent jackpot run, Powerball has reached its target sales for the year already.

There was a Megabucks jackpot winner of 1.3M in Milton. The winners have come forward but have not yet claimed the win.

Beta testing has begun for the new mobile app for our \$5 Super Cool Cashword instant ticket. This will give players added value in addition to the increased top prize of \$20,000. The app and the ticket will both be released March 4th.

The Lion's Share TV spot was shown.

BUSINESS OFFICE REPORT – Mary Cassani

Total sales for December 2015 were higher than last December and higher than projected mostly in the instant ticket product. YTD sales were ahead of last year by \$6.1M (6%) particularly in scratch tickets and Fast Play games. YTD sales were lower than projected by \$1.4M (2.5%).

Net profit for December was higher than last year and higher than projected. Net profit YTD was higher than last year and lower than expected. The actual YTD net profit represented 19.4% of sales; last year YTD net profit was 19.0% of sales; and expected net profit YTD was 19.3% of sales.

SECURITY OFFICE REPORT – Phillip LaCoss

Investigated an agent employee theft matter with the So Long 15' Promo.

January releases went out on time and February is going as planned and is scheduled to ship in time.

DIRECTORS REPORT – Greg Smith

State economist contacted Greg regarding Powerball sales and expected profits. He was inquiring if with the high jackpot, would there be any improvement in funds from the Lottery. Greg told him that the volume of recent Powerball sales would produce approx. \$1M in profits from that game. By the end of the fiscal year we may expect to see our profits exceed our projection by approx. \$400K towards the Education Fund. His comments were stated as "will exceed" when he announced it at the monthly board meeting of the Emergency Board.

Intralot's systems did a great job handling the increased sales of the Powerball game, and no issues were reported.

There is currently a Powerball Rules change in the process scheduled to be effective in April. This is not enough time for the change that takes effect with the selling of tickets beginning on January 31, 2016. Therefore, we will be filing an emergency rule to cover the gap in time to avoid not being able to sell Powerball tickets.

All rules changes must be formally voted on and approved by the Commission prior to the filing of the rule.

MOTION

A motion was made by Commissioner Kurrle to approve the changes to the Powerball Rules that were approved by the MUSL group in October 2015. Motion was seconded by Commissioner Consejo and voted in the affirmative.

The agent incentive for the quarter of Oct.-Dec. is almost complete. Over half of our agents will be receiving a bonus this quarter. This is the 8th quarter we have done the incentive program, with this being the second highest number of agents ever to receive the bonus.

The website for agents to use for downloading their weekly financial and inventory reports should be finished by Sunday and ready for use once we have tested the live product.

Pollard Banknote is holding a conference during the second week of February that Greg and Sylvia will be attending.

The Department of Liquor Control had a summer study done that looked through their entire operation, from who employs and how long they can serve as their Executive Director or Commissioner. The governing of their board, their operations, warehousing, and how much they pay for their leasing. Since they are so close in nature to us, it would benefit us to stay knowledgeable on the changes that may occur during this Legislative session.

The Vermont Retail Grocers Association will have their Legislative day at the State House on February 16, 2016.

INTRALOT – Jeff Lipps

Intralot has been visiting the Touch Play Console agents to survey Touch Play gamers and non-Touch Play gamers in an effort to understand how they are playing, and how they interact with the games. They are in the process of compiling all of this data to share with the Lottery.

Focused on agent relations the last two weeks with the record Powerball jackpot. This included more call center staff, more ticket stock and more field service visiting sites.

This week will see the conclusion of the agent website testing to be released on Sunday.

NL PARTNERS – Theanna Twitchell

Currently working on Lion's Share which is launching soon. This will be supported with TV, radio, print and digital.

Working on creative for our 4th game campaign called Roll em for Fast Play.

Also working on some new Licensed Property tickets that will be coming out, which are Wheel of Fortune and Ghostbusters.

ACCEPTANCE OF REPORTS

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

MOTION

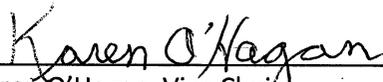
A motion was made by Commissioner Kurrle to move into executive session at 11:58 am to discuss a personnel issue. Motion was seconded by Commissioner Consejo and voted in the affirmative.

MOTION

A motion was made at 12:34 pm to move out of executive session. Motion was seconded and voted in the affirmative.

MOITON

A motion was made by Commissioner Flanagan to adjourn at 12:35 pm. Motion was seconded by Commissioner Kurrle and voted in the affirmative.



Karen O'Hagan, Vice Chair