

VERMONT LOTTERY COMMISSION
Berlin, VT 05602
February 17, 2016

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

The meeting was called to order at 10:37 am.

A CHANGE TO THE AGENDA WAS MADE ADDING A PERSONNEL ISSUE TO THE EXECUTIVE SESSION.

Due to some absences at this meeting we will delay acceptance of the minutes from January 20, 2016 until the next meeting in March.

MARKETING AND SALES – Jeff Cavender

The marketing department is currently in a period of transition. We have completed the holiday season and preparation for fall and winter is under way.

The two new staff members are beginning to come into their own in their new positions, and things are going well.

The Lottery staff will sell tickets and hold drawings for the Cash-n-ator at five Lake Monster games again this year. There are also plans to take the Cash-n-ator on tour, by doing promotions at a few of our agents with it.

We are preparing new advertising through digital radio for later this year. This is a trial to see audience reach and comparability to our current use of live radio.

Leap day loot is coming up at the end of the month on the 29th, with \$29.00 nth wins.

The RFP for the ad agency services are nearing completion. We expect to have it out in early March.

BUSINESS OFFICE – Mary C

Total sales for January of 2016 were higher than last January by \$5.5 million and higher than projected by \$4.6 million due to record Powerball jackpot. YTD sales were ahead of last year by \$8.6 million particularly in Powerball, scratch tickets and fast play games. YTD sales were higher than projected by \$3.2 million due to Powerball.

The net profit for January was higher than last year and higher than projected. Net profit YTD was higher than last year and higher than expected. The actual YTD net profit represented 21.5% of sales; last year YTD net profit was 19.9% of sales; and expected net profit YTD was 19.4% of sales.

SECURITY OFFICE REPORT

Phillip was called away for military training for four weeks. His duties were dispersed amongst the staff during his absence. Nothing further to report at this time.

DIRECTORS REPORT – Greg Smith

MUSL met three weeks ago and decided to delay the implementation of the current Powerball rules change currently in progress, assuming a new plan will be in place for July.

The media stories around the security fraud at MUSL is still ongoing. It has been discovered that fraud has taken place by the same security employee in five different states.

Legislative update:

- Met with house appropriations committee on the upcoming budget. They were generally supportive, and the Lottery asked for half of the reduction to last year's marketing budget back.
- Senate bill 252, which is the restrictive language on the Touch Play Consoles, will be voted on this Friday in Senate Econ & General committee.
- Senate bill 223, Daily fantasy sports bill, appears to be an attempt to positively affirm an existence of that in the state with an intention of raising some funds for the state. Rick Barnett with CARTER will be present to give them some input on what his expectations might be.

Currently working with Intralot on a multistate Progressive Game that would involve eight other states who sell them. We hope to determine if there will be enough interest to have these states come together to sell one game with a jackpot that is fed by all eight of them.

Contract updates:

- Milestone Entertainment has been approved and is ready to sign.
- The two-year contract extension with Pollard is currently going through state government to get the approval for that.

Altos and NL Partners, partnered in building and hosting our new website. A request to amend the contract for accounting and administrative efficiency in order to pay Altos directly instead of going through NL Partners for the next 36 months for hosting the site.

MOTION

A motion was made by Commissioner O'Hagan to authorize Greg to negotiate an amendment to the Altos and NL Partners partnership contract carving out the hosting funds into a new contract with Altos being the sole payee for those funds. Motion was seconded by Commissioner Flanagan and voted in the affirmative.

MOTION

A motion was made by Commissioner O'Hagan to allow Greg to negotiate a contract with IGT for two years, for licensed properties, not to exceed \$150,000 for up to three games. Motion was seconded by Commissioner Flanagan and voted in the affirmative.

INTRALOT – Jeff Lipps

The agent website finished on schedule and went live and in production. This has allowed Intralot to free up their development resources in the software department for the Roll em Fast Play Pro game that will be launching in May.

NL PARTNERS – Theanna Twitchell and Russ Leonard

The addition of Pandora internet radio to our media mix has been confirmed. There will be no reduction in the traditional radio ads, we will be just adding this in.

ACCEPTANCE OF REPORTS

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

MOTION

A motion was made by Commissioner Flanagan to move into executive session at 11:30 am to discuss a legal and personnel issue. Motion was seconded by Commissioner O'Hagan and voted in the affirmative.

MOTION

A motion was made at 12:35 pm to move out of executive session. Motion was seconded and voted in the affirmative.

MOTION

A motion was made by Commissioner O'Hagan to adjourn at 12:38 pm. Motion was seconded by Commissioner Flanagan and voted in the affirmative.



Martha O'Connor, Chair