VERMONT LOTTERY COMMISSION
Berlin, VT
March 16, 2016

PRESENT: Commissioner: Martha O'Connor; Chair, Karen O'Hagan; Vice Chair, Ed Flanagan, Lindsey Kurrle
Staff: Greg Smith; Executive Director, Mary Cassani, Phillip LaCoss, Jeff Cavender, Mary Stridsberg
Guests: Chris Nichols with NL Partners, Jeff Lipps and Jeff Savage with Intralot

The meeting was called to order at 10:34 am.

AN ADDITION TO THE AGENDA WAS MADE FOR A CONTRACTUAL MATTER DURING THE EXECUTIVE SESSION.

ACCEPTANCE OF MINUTES FROM DECEMBER 2015, JANUARY AND FEBRUARY 2016

A motion was made by Commissioner O'Hagan to accept the December 2015, January and February 2016 minutes as distributed. Motion was seconded by Commissioner Kurrle and voted in the affirmative.

MARKETING AND SALES – Jeff Cavender

The third highest week ever in sales of instant tickets occurred the week ending March 12, 2016. The two $10 tickets, Lions Share and $1,000 Club are moving very fast. The Super Cool Cashword is also doing well in the early stages of its release. The $5 level of tickets passed $800,000 in weekly sales. This is only the second time this has ever occurred; the first time was in the Christmas season.

The agent reports portal went live last Friday. The agents are now able to access their reports through the portal instead of them being done here and sent to them. There have been 20 agents who have registered for so far.

The RFP for the advertising contract posted last Thursday. All submissions are due by April 22nd, and a decision will be made by the end of June.

BUSINESS OFFICE REPORT – Mary Cassani

YTD sales are higher than projected by 5.9% primarily due to the record Powerball jackpot. Cost of sales are higher due to higher instant ticket sales this year, agent bonuses on large PB prizes, and an increase in MUSL operating expenses. Net profit YTD is higher than last year by $2.6M (17.9%) and higher than projected by $2M (13.2%).

The audit contract with Davis & Hodgdon Associates will end in June 2016. There are two, one year extensions available. The business office is requesting that the Commission approve a one-year extension, bringing the end date of the current contract to June 2017.

MOTION

A motion was made by Commissioner O'Hagan to exercise a one-year extension on the contract with Davis & Hodgdon Associates. Motion was seconded by Commissioner Flanagan and voted in the affirmative.

A request was made to remove former employee Fran McAvoy and add new employee Danielle Jensen to the bank resolution as a check signer.

MOTION

A motion was made by Commissioner Kurrle to sign a resolution removing Fran McAvoy and adding Danielle Jensen as a check signer. Motion was seconded by Commissioner Flanagan and voted in the affirmative.

DIRECTOR'S REPORT – Greg Smith

A bill in the legislature, S252, which repeals the restrictive language for lottery and liquor licensing made it through the Senate. It is currently sitting in the House and it is probable that it will not move any further.

A discussion ensued regarding online gaming. The three models we have seen presentations about each have a key difference. Milestone's approach is to have a player purchase a ticket at a retailer for a specified amount of money, and then enter that ticket online to play the games. Grover Gaming approach has the purchase of the ticket in retail with the value of the purchase stored in the barcode for online play using that stored value. Any wins are loaded back onto the barcode for prize claiming in retail locations. Jumbo Interactive's approach is to be the online retailer with all transactions taking place online. The first two seem to be more in line with what we have offered in the recent past without challenging lottery statutes.

We have a contract with Pollard Banknote for our ticket printers. The current contract is for a three-year base period with two possible one-year extensions. Standard contracts are for no more than four years, and since specific approval was not gained for the additional year, the administration is not going to allow that fifth year. The current contract has been extended through January 2018. The RFP will go out sometime in 2017.

INTRALOT – Jeff Lipps

In January an intercept study on the Touch Play consoles began by talking to players and non-players on site. There was some good feedback obtained and shared with the Lottery, and they will be continuing to do that this month. The goal is to visit all sites and to speak with at least 200 players and non-players total.

Currently testing three new Touch Play games, which are scheduled for early April. A new Fast Play Progressive game is also in testing to be released in May.

There are interviews scheduled for the new Marketing manager for the end of this week and early next week. It is hopeful to be able to fill that position by the end of this month.

March 5th was the best day in sales for Touch Play Consoles yet, with $9,100. 70% of that came from the Fast Play game, with the other 30% coming from Touch Play games.

NL PARTNERS – Chris Nichols

When the iPad's were given to the Alburgh school, there was a three-minute video made during the presentation. This video will be turned into a 30 second PSA (public service announcement).

Working on TV and radio for the new Fast Play game called Roll em'.

"5 Alive" is the new promo coming up for Gimme 5. This promo will take place during Cinco De Mayo.

Also working on promotional for the new tickets coming out called "Mustache Cash, Wheel of Fortune, Ghostbusters, and Catch the Cash"

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 Kurrle to move into executive session at 11:24 am. Motion was seconded by Commissioner O'Hagan and voted in the affirmative.

MOTION

A motion was made at 12:23 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 reappoint Greg Smith as the Executive Director for another two-year term. Motion was seconded by Commissioner Kurrle and voted in the affirmative.

MOTION

A motion was made by Commissioner Kurrle to adjourn 12:33 pm. Motion was seconded by Commissioner O'Hagan and voted in the affirmative.

Martha O'Connor

Marth O'Connor, Chair