

VERMONT LOTTERY COMMISSION
Berlin, VT
September 21, 2016

PRESENT: Commissioners: Martha O'Connor; Chair, Karen O'Hagan; Vice Chair, Ed Flanagan, Lindsey Kurrle
Staff: Greg Smith; Executive Director, Mike Ferrant, Mary Cassani, Jeff Cavender, Mary Stridsberg
Guests: Jeff Savage and Cara Salvatore with Intralot, Molly Martin and Josh Barrett with FuseIdeas

The meeting was called to order at 10:30 am.

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

ACCEPTANCE OF MINUTES FROM AUGUST 17, 2016

A motion was made by Commissioner Kurrle to accept the August 17, 2016 minutes as distributed. Motion was seconded by Commissioner Flanagan and voted in the affirmative.

MARKETING AND SALES – Jeff Cavender

The \$5M Mega Millions winner came forward and he was willing to be interviewed and have photos taken. It was great to see a local resident win and we were pleased with his allowing us to go public with his win.

It has been a very busy summer for the marketing team. The team hosted six Lake Monsters games as well as a Cash-n-ator tour to some of our lottery agents.

The second installment of the Walking Dead ticket has arrived. This ticket will be supported through radio and TV. The TV and radio spots for the Walking Dead were shared with the Commission.

The new Tetris ticket will be debuting in October. There will be an online engagement piece for players to play for fun. The point of sale signage for this ticket will include seven different Tetris shapes that will be placed on the floor leading up to the counter where the tickets can be purchased.

Holiday tickets will be coming out in mid-October. The Holiday tickets will be introduced at the beginning of December. January's tickets will include Super Cooler Cashword which will also have an online element where players can play for prizes.

The two current open positions in Marketing and Sales have been filled. The Web Marketing will be Kelsey Hall who starts on October 3rd. Angela Newland has been hired to fill the position of Lottery Product Admin and Support Technician. She will begin here on October 6th.

BUSINESS OFFICE – Mary Cassani

Sales are doing very well and instant tickets sales are up. We are also up in YTD sales even though we have had one less week this fiscal than last. The net profit for August was higher than projected. The actual YTD net profit represented 20.2% of sales, and expected net profit YTD was 18.5% of sales.

SECURITY REPORT – Mike Ferrant

Last week the connection to the primary gaming system for Vermont from Intralot was shut off intentionally. The backup system coming from Ohio was tested. The test lasted for five days, from Sunday through Thursday. Our agents in the field were not affected and did not notice a difference from switching systems. There were a few internal issues with reports that were worked out and repaired. Going forward this test will be conducted twice a year to comply with MUSL requirements.

The fulfillment center in the warehouse was redesigned, completed by last Friday. These changes are expected to improve the flow of the warehouse and the filling of orders.

There will be a security training for all Lottery employees coming up in the near future. This training will be conducted on a yearly basis.

INTRALOT – Jeff Savage

The failover test last week was successful on Intralot's end. They are now better prepared in the event of a real emergency situation in the future if one should occur.

August's software release is complete. This release contained mainly operational improvements and back end changes. The next software release is planned for early December.

From August 28th through September 3rd there was a Fast Play Progressive promotion which brought in \$20,000 more in sales that week versus the previous week and the week after.

FUSEIDEAS – Josh Barrett

Fuse enjoyed working on the Walking Dead promotions with TV and radio spots. Next up will be winter and Holiday tickets, as well as Tetris.

The contract with Fuseideas was approved last week from the administration for both Vermont and Tri-State.

DIRECTOR'S REPORT – Greg Smith

With the change in Governor, the Administration has accelerated their process for putting together the budget. Our first pass budget for FY18 was submitted yesterday. Greg will be meeting with the Commissioner of Finance next Wednesday. The budget reflects a 1% increase.

The Powerball and Mega Millions rule changes will go into effect in mid-October. The rules process will not be completed by then so we will need to execute the emergency rule filing to cover the gap in time when it goes into effect, and when the process is completed.

The Tri-State finance committee is bringing forward a recommended change to the investment policy for Tri-State funds, which will impact Vermont's funds which we physically hold in our accounts that are names Tri-State accounts. This will be brought up at the next Tri-State meeting in October.

ACCEPTANCE OF REPORTS

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

MOTION

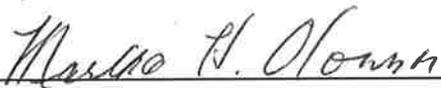
A motion was made at 11:08 am by Commissioner O'Hagan to move into executive session with no action expected at the conclusion. Motion was seconded by Commissioner Flanagan and voted in the affirmative.

MOTION

A motion was made to move out of executive session at 11:55 am. Motion was seconded and voted in the affirmative.

MOTION

A motion was made to adjourn at 11:56 am. Motion was seconded and voted in the affirmative.



Martha H. O'Connor, Chair