

**NEW HAMPSHIRE LOTTERY® COMMISSION**  
**14 INTEGRA DRIVE, CONCORD, NEW HAMPSHIRE 03301**  
**MINUTES OF COMMISSION MEETING**  
**DECEMBER 22, 2011 9:00 A.M.**

**PRESENT:**

Debra Douglas, Chairman  
Paul J. Holloway, Commissioner  
Doug Scamman, Commissioner  
Charles McIntyre, Executive Director  
Diane Campbell, Administrative Assistant  
Maura McCann, Programs Information Officer  
Georges Roy, Administrator III  
Robert Preston, Games Manager  
Len Mannino, Security Director  
Irene Nadeau, on-line Games Manager  
Travis York, Griffin, York & Krause, Inc. (GYK)  
Rose Longo-White, Griffin, York & Krause, Inc.  
Liz Steinhardt Pollock, Griffin, York & Krause, Inc.  
Patrick Griffin, Griffin, York & Krause, Inc  
Jim Bouley, Dennehy & Bouley  
John Papile, Intralot  
Terry Patterson, Intralot  
Kristin Pare, Intralot  
Curtis Barry, The Dupont Group  
Ed Dupont, The Dupont Group

Chairman Douglas convened the Commission meeting at 9:00 a.m.

**1. ACCEPTANCE AND SIGNING OF PREVIOUS MINUTES:**

Commissioner Holloway made a motion, seconded by Commissioner Scamman, to approve the November, 2011 Commission meeting minutes. So voted, unanimous.

**2. COMMISSION APPROVAL OF INITIAL PROPOSAL FOR SW 700 RULES FOR EMPLOYEE RECOGNITION PROGRAM:**

Commissioner Scamman made a motion, seconded by Commissioner Holloway, to approve the initial proposal for Sw 700 Rules for Employee Recognition Program. So voted, unanimous.

**3. COMMISSION APPROVAL OF POLICY REGARDING RETAILER BONUS PROGRAM:**

Director McIntyre stated this was essentially the same program that was approved through HB2 in terms of increasing the retailer bonus by 5% on every additional

dollar sold by quarter for the next six months. The program has been well received by the retailers. Commissioner Holloway stated that sales were up 7.3% and questioned whether a model had been done to reflect the increase in sales, and the increase in payout and lower bottom line and emphasized the importance of the lottery being in a profitable position with more money going to the bottom line.

Commissioner Holloway made a motion, seconded by Commissioner Scamman, to approve the retailer bonus program with a request that it be monitored very closely. So voted, unanimous. Director McIntyre agreed that the program would be monitored and stated that by the terms of HB2, the Lottery was required to provide a quarterly report on this program to Fiscal. The report would be shared with the Commission prior to its delivery to the Fiscal Committee.

#### **4. FINANCIAL REPORT:**

Georges Roy, Administrator III, reported that the November net profit transfer was \$4,501,507. Irene Nadeau, provided an update on subscription sales. Ms. Nadeau stated since November 9<sup>th</sup>, a total count of 2,765 subscriptions were sold, for a value of \$354,046. If a refund was done today, the amount would be \$266,000 for the \$1.00 Powerball game. A breakdown was provided to the Commission including internet sales, mail ins and pre-paid subscriptions at retailers. A 10% discount was offered on all subscription purchases starting on December 11, which will run through December 24. Ms. Nadeau reported on subscription sales as compared to last year at this time. The discounted subscriptions have been well received for an estimated increased purchase value of \$100,000 to date with a few days remaining for the promotion.

Mr. Roy stated that the LBA auditors left the Lottery toward the end of November after approximately seven months of conducting the fiscal audit, but were still in contact with lottery employees. An opinion letter from the LBA auditors was expected soon, for inclusion in the Lottery's Comprehensive Annual Financial Report (CAFR). A discussion was held on year end game sales compared to last year for the same period.

The Megabucks Plus game sales have declined year to date by 20%. Maura McCann stated that the Tri-State Marketing and Product Development Committee would be reviewing ideas for possible enhancements to the game. Surveys will be conducted in Maine, New Hampshire and Vermont seeking information from the players about the Megabucks Plus game. The New Hampshire Lottery will be conducting their surveys through the NH Lottery Replay website.

#### **5. INTRALOT REPORT:**

John Papile stated that new game testing had begun and was going well for the Powerball game price point change to \$2.00. Mr. Papile stated that a signed specification for

the Lucky 4 Life game was ready and two prototype final versions of play-slips completed for review. Director McIntyre provided an update on the Lucky 4 Life game. Mr. Papile announced the status of two promotions, the Merry Money Promotion and the 10% subscription discount promotion. Approximately \$9.2 million worth of instant tickets were shipped through Tel Sell as of yesterday compared to \$7.3 million for the same time last year. The weeks' sales are ahead of last week by approximately \$260,000.

Mr. Papile reported that an estimated 99% of sales at the Rite Aides in New Hampshire were from the Win Stations, averaging \$10,000 per week. The current Fast Play game, Jingle Jack, is averaging \$990 higher in daily sales than last year's Jingle Bell Bucks. Next year price point increases will be made to the Fast Play games, since the game sales are up approximately 15% year to date.

Planned advertising for the January 15<sup>th</sup> launch of the \$2.00 Powerball game was discussed. A collaborative national television and radio advertising spot was produced among 33 of the member states. Ms. McCann stated that GYK would be working on customizing the advertising spot to reflect New Hampshire scenes.

#### **6. TRI-STATE REPORT:**

Ms. McCann stated that she would provide a report on the December and January Tri-State Commission meetings at next month's New Hampshire Commission meeting.

#### **7. ADVERTISING:**

Ms. McCann stated the corporate (permission) television spot was almost finalized which will highlight the money the Lottery contributes to the state's Education Fund. The advertising spot will run over a six week period beginning in mid January. Pat Griffin stated there will be a 60 second and 30 second permission campaign spot which will provide the public with information regarding how the lottery's revenues benefit Education. Ms. McCann stated she would be forwarding DVDs of the advertising spot to the Commissioners.

Ms. McCann stated a new Fast Play game called Hot 100s, will go on sale January 15, 2012, followed by Super 777 in the Spring. Ms. McCann presented a new "Best Practices Brochure" which provides helpful information to the retailers to increase their Lottery ticket sales. Frames to highlight the new instant games on sale will be going on the Win Stations and ticket dispensers.

Travis York provided a Replay update for December. Players are averaging over ten minutes spent every time they visit [NHLotteryreplay.com](http://NHLotteryreplay.com). with close to 20,000 unique visitors every week to date. Mr. York stated that the number of Replay points earned have increased partly due from players entering the higher \$10 and \$20 price point tickets.

Mr. York stated that GYK was evaluating how to appropriately improve the Lottery's presence in the digital arena, and how to appropriately use social media to stay current in a more competitive environment. It was reported that there are approximately 250,000 players in the Replay database, with about 180,000 of the 250,000 being active registrants. Mr. York stated that there were about 1,000 new Replay registrants in December, averaging about 200 per week. The Commission expressed the importance of continuing to leverage the assets and expand the Replay program to maximize revenues.

Mr. York stated there are a number of things that GYK could be doing to truly benefit the Lottery, including marketing plan initiatives, such as enhancements and modifications to Replay, although funds are not currently available due to the current budget situation. Mr. York offered to summarize for Commission discussion at the next meeting, the major successes of the Lottery that they have seen; initiatives they have been able to do and see some results in; and initiatives that they would like to do in the future while establishing priorities. Director McIntyre stated he felt the most beneficial thing would be to have a QR bar code added to the lottery tickets so that players would be able to scan their tickets to check to see if it is a winner and enter into their Replay account. The Commission emphasized the importance of the New Hampshire Lottery staying current and relevant with technology advancements.

A brief discussion was held on the status of the legalization of internet gambling. Chairman Douglas recommended that Director McIntyre contact Jeff Meyers to discuss the need for mobile applications connected to our website. Mr. York indicated that there is a need to expand ways which the Lottery communicates with its players, to be as relevant as possible to the audiences that may wish to participate. Chairman Douglas suggested that Director McIntyre draft a letter regarding this subject to be presented when meeting with leadership. Commissioner Holloway reminded those in attendance that many different marketing ideas have been discussed, but he would like to see one concrete action taken for each meeting moving forward.

## **8. OTHER BUSINESS:**

Mr. Roy gave an update on the state audit report of the Lottery. Chairman Douglas expressed her displeasure with the period of time it takes to conduct the audit. A discussion was held regarding possibly outsourcing the fiscal audit of the Lottery. Chairman Douglas requested that an item be placed on next month's Commission meeting agenda asking for a status report of the audit. The CAFR report is expected to be presented to the Fiscal Committee next month.

**9. NEXT MEETING:**

Chairman Douglas stated the upcoming scheduled New Hampshire Commission meetings were January 19, 2012 at 9:00 a.m. and February 16, 2012 at 10:00 a.m.

Commissioner Holloway made a motion, seconded by Commissioner Scamman, to adjourn the meeting at 11:00 a.m. So voted, unanimous.

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Debra Douglas, Chairman

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Paul J. Holloway, Commissioner

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Doug Scamman, Commissioner