

NEW HAMPSHIRE LOTTERY® COMMISSION
14 INTEGRA DRIVE, CONCORD, NEW HAMPSHIRE 03301
MINUTES OF COMMISSION MEETING
JUNE 25, 2013 10:00 AM

PRESENT:

Debra Douglas, Chairman
Paul J. Holloway, Commissioner
Doug Scamman, Commissioner
Charles McIntyre, Executive Director
Diane Campbell, Administrative Assistant
Irene Nadeau, Games Manager
Kassie Strong, Chief Financial Officer
Len Mannino, Security Director
Patrick Griffin, Griffin, York & Krause (GYK)
Rose Longo-White, GYK
Maura McCann, Marketing Manager
Lynda Plante, Deputy Director
Jim Bouley, Dennehy & Bouley
John Papile, Intralot
Curtis Barry, The Dupont Group

Chairman Douglas convened the Commission meeting at 10:00 a.m.

1. ACCEPTANCE AND SIGNING OF PREVIOUS MINUTES:

Commissioner Scamman made a motion, seconded by Commissioner Holloway, to approve the May 30, 2013 commission meeting minutes as amended. So voted, unanimous.

2. FINANCIAL REPORT:

Kassie Strong, Chief Financial Officer, reported that May's profit was \$8,591,000 which brought the year to date total to \$68,584,000, for a \$6.9 million increase compared to last year. Ms. Strong stated that total sales were up \$23.6 million; instant ticket sales were up \$14 million; multi-state lottery sales were up \$7.3 million; Tri-State game sales were up \$2.4 million; and Lucky for Life sales were up \$4.6 million. Transfers are up \$6.9 million over last year. Ms. Strong stated the FY 13 net revenue projection would most likely be \$73.2 million, taking into account a \$4.6 million transfer this Friday, and before any fiscal year entries are accounted for.

Commissioner Holloway expressed his deep concern over the significant decline in Liquor Store lottery sales from 2004 to current. In 2004, the liquor stores ranked as the Lottery's second place retailer in lottery sales, but currently they have fallen to about eighth place. Emphasis was placed on the importance of increasing lottery sales at the liquor stores,

especially since they are one of the Lottery's largest retail chains. A brief discussion was held regarding possible methods for improvement, cooperation from Liquor store employees/management, and meetings to be scheduled. Chairman Douglas stated this should be treated as an action item and requested that Director McIntyre prepare an informational package for presentation at future meetings. Director McIntyre stated he would schedule a meeting with Joe Mollica at the Liquor Commission to discuss cooperative ways to help increase lottery sales at the liquor stores. Director McIntyre stated he would update the Commission relative to this before the next Commission meeting.

Director McIntyre updated the Commission on the retailer bonus program. A discussion was held on the importance of the Lottery staying current and relevant in an ever changing competitive environment, with other states offering casinos, keno and advanced forms of technology with internet gaming. Pat Griffin of GYK stated that market research conducted for the Lottery has indicated lottery players wish to have expanded gaming options, but the Lottery is unable to react to some of their wishes, due to restrictions. The most current weekly sales report was reviewed, noting the \$5.00 and \$20.00 instant ticket price points were doing very well.

3. COMMISSION APPROVAL OF SALES REP BONUS LEVELS FOR FY 14:

Director McIntyre provided an update on the number of lottery sales representatives who had qualified per quarter for the commission bonus program during FY 13. This program has been successful with instant ticket sales increasing by approximately \$17 million for FY 13 with a total of \$32,000 being awarded in bonuses to the sales representatives.

Commissioner Holloway made a motion, seconded by Commissioner Scamman, to approve a 6% quarterly and yearly 1st level sales rep bonus level for FY 14 and a 9.6% quarterly and yearly 2nd level sales rep bonus level for FY 14. So voted, unanimous.

4. INTRALOT REPORT:

John Papile stated a software release was scheduled for August 4 for the Lucky for Life and Mega Millions game changes and three new Fast Play games. Director McIntyre updated the Commission on the upcoming Mega Millions matrix change which allows for players to select 5 numbers from 1 to 75 and a MegaBall number from 1 to 15.

5. TRI-STATE REPORT:

Maura McCann reported on agenda items from the last Tri-State Commission meetings held on June 13 and June 14 in Vermont. Presentations were made by a number of vendors on instant ticket ideas, promotional concepts, and Megabucks Plus creative concepts. Ms. McCann stated that a Tri-State Product Development Group meeting would be held on June 26 to review the topics presented at the Tri-State meeting. Chairman Douglas stated the presentations were very informative. Chairman Douglas updated the Commission on a discussion that was held regarding financial reporting.

6. ADVERTISING:

Ms. McCann reported on the late June marketing initiatives. The Mega Millions game change, effective as of October 19, 2013, will allow players to select 5 numbers from 1 to 75 and one Mega Ball number from 1 to 15. Larger Mega Millions jackpots will be offered, and the second prize level will be increased from \$250,000 to \$1 million. Players who “mega-ply” their ticket for an additional \$1 will have a chance to win up to \$5 million. Point of sale (POS) materials are expected to be available in September.

Ms. McCann stated the second preliminary Set for Life drawing of 5 finalists was held on June 17. The Grand Prize drawing will be held at the New Hampshire Motor Speedway (NHMS) in Loudon on Sunday, September 22 before the Sylvania 300 NASCAR Sprint Cup Race begins.

Ms. McCann stated that the POS materials for a new 2013 Patriots instant ticket has been delivered and provided to the sales staff for distribution. Also, POS materials have been approved for the Wheel of Fortune instant game scheduled to launch on June 28.

Ms. McCann presented four proposed television spots which were received from the West Virginia Lottery and customized by the ad agency for the New Hampshire Lottery’s use. Ms. McCann also presented a new corporate television spot highlighting the Lottery’s \$1.5 billion revenue for Education. Commissioner Holloway requested that a change be made to this spot before it airs. Rose Longo-White displayed new lottery advertising at Bunny’s Superette in Manchester which included very prominent lottery signage and a store makeover.

7. OTHER BUSINESS:

Len Mannino, Security Director, updated the Commission on the status of the courier service.

8. NEXT MEETING:

Commissioner Scamman made a motion, seconded by Commissioner Holloway, to go into executive session to discuss a personnel matter at 12:00 p.m. A roll call vote was taken. Commissioner Holloway stated "I", Commissioner Scamman stated "I", and Chairman Douglas stated "I". The executive session concluded at 12:45 p.m. with no commission action taken.

Debra Douglas, Chairman

Paul J. Holloway, Commissioner

Doug Scamman, Commissioner