

NEW HAMPSHIRE LOTTERY® COMMISSION
14 INTEGRA DRIVE, CONCORD, NEW HAMPSHIRE 03301
MINUTES OF COMMISSION MEETING
OCTOBER 23, 2013 10:00 AM

PRESENT:

Debra Douglas, Chairman
Paul J. Holloway, Commissioner
Doug Scamman, Commissioner
Charles McIntyre, Executive Director
Diane Campbell, Administrative Assistant
Kassie Strong, Chief Financial Officer
Irene Nadeau, On-line Games Manager
Robert Preston, Games Manager
Len Mannino, Security Director
Travis York, GYK
Rose Longo-White, GYK
Maura McCann, Marketing Director
Lynda Plante, Deputy Director
John Papile, Intralot
Terry Patterson, Intralot
Kristen Pare', Intralot
Tristin Craigie, 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 September, 2013 commission meeting minutes. So voted, unanimous.

2. FINANCIAL REPORT:

Kassie Strong, Chief Financial Officer, stated that the October transfer to Education for the September profit was \$5.756 million. The budget plan for the month was \$6 million. However, year to date we are over the state plan by approximately \$103,000. The month of September ends the first quarter of fiscal year 2014. Gross revenues through September were up 1.5 million. Ms. Strong reported that instants were down approximately \$783,000; MUSL games were up \$2.5 million; Tri-State games were up \$205,000; and Lucky for Life was down approximately \$369,500. Cost of sales expenses were up only \$335,578. Our cost of sales expenses as a percent of sales were actually lower than last year by 1%. Last year they were 71.7% of sales and this year they were at 70.6% of sales; mostly due to the increase in sales being in Powerball versus Instants. Vendor fees and retailer bonuses are down.

Ms. Strong reported that year to date net profit through September was \$18.5 million, which was almost \$1 million more than last year. Quarter 1 Fiscal Year 2014 surplus property money totaling \$5,800 was paid to Lottery for sales of vans. Department of Justice money paid to Lottery for collections of delinquent accounts was \$4,900.

A discussion was held on the current sales status of the various instant tickets by price points. A discussion was held on decreased lottery sales trends at the Liquor stores and meetings to be scheduled and suggestions offered in an effort to improve sales. The Commission requested that Kassie Strong make an adjustment to a Tri-State financial report to include an extra column for more detail.

3. INTRALOT REPORT:

John Papile, of Intralot, stated that a release was done for changes to the Mega Millions game and the Mega Millions subscriptions, following successful user acceptance testing. Three advertising zones are now available on the Personal Advertising Displays. There are currently twelve Fast Play games on sale. Preparations are being made for release #1 for 2014 including the Powerball game changes, along with new Fast Play games.

4. TRI-STATE REPORT:

Maura McCann reported on the most recent Tri-State meeting held on October 11, 2013. Ms. McCann stated that presentations were made by Alchemy3, Intralot and Scientific Games relative to marketing and product development. Presentation topics included new game ideas, promotional apps, Fast Play games, and loyalty programs. Ms. McCann reviewed highlights from the mid October, 2013 marketing initiatives report. The 50th New Hampshire Lottery anniversary promotion is scheduled to launch in January, 2014. The Ultimate Tailgate Party promotion will run from November 4, 2013 through February 10, 2014 offering players who send in single \$10 or greater non-winning Powerball tickets a chance to win a trip to events in Canton, Ohio and Cleveland, Ohio. The Tri-State Megabucks Plus Monster Cash promotion will run the week of October 27 and will offer players a random chance to win \$50 instantly for purchases of \$10 or greater on a single Megabucks Plus ticket and a random chance to win \$20 instantly for purchases of less than \$10 on a single Megabucks Plus ticket.

Rose Longo-White of GYK updated the Commission on the sound-byte Lottery advertising program to be used in the top selling Liquor Stores. Ms. McCann showed highlights from September 22 Lottery events held at the New Hampshire Motor Speedway (NHMS) in Loudon, including the Set for Life final drawing and the "Hero In Life" essay contest. Also, new television commercials were previewed for the upcoming Powerball game change which will occur in January, 2014. Travis York of GYK reported on promotional plans and advertising for the New Hampshire Lottery's 50th anniversary

campaign which will begin in January, 2014 and will run throughout the year. Mr. York briefly discussed three primary events that are planned during the 150 day promotion. Goals of the campaign include increasing awareness of the Lottery; encouraging lottery ticket sales; expanding the lottery's player base; fostering loyalty; and rewarding players with prize giveaways. Mr. York reviewed how the success of the 50th anniversary campaign would be measured. The Commission requested that the Governor's office and state leadership be informed of the finalized plans for the upcoming 50th Lottery anniversary campaign.

Ms. McCann stated commercial production was done for the "Meet the Odds" Campaign, which is scheduled to launch on November 11.

5. OTHER BUSINESS:

Director McIntyre reported on the \$2,250,000 Megabucks Plus winning jackpot ticket sold in Conway for the October 2, 2013 drawing. An update was provided on the status of the keno bill. Director McIntyre stated Lottery revenue estimates were provided to Ways and Means at their meeting yesterday, which remain the same as the budgeted amount. Director McIntyre stated that he had received the large report from SocialSphere and would be reviewing the data from the demographic study for microsegmentation of the player base. Once completed, he will provide his report to the Commission. A multi-state meeting is scheduled next month to review possible changes to the Lucky for Life game. A discussion will be held at an upcoming Tri-State meeting on whether to allow additional states to join in as Megabucks Plus member states.

6. NEXT MEETING:

Commissioner Holloway made a motion, seconded by Commissioner Scamman, to schedule the next NH Commission meeting for November 13, 2013 at 10:00 a.m. So voted, unanimous. Commissioner Holloway made a motion, seconded by Commissioner Scamman, to adjourn the meeting at 12:03 p.m. So voted, unanimous.

Debra Douglas, Chairman

Paul J. Holloway, Commissioner

Doug Scamman, Commissioner