

NEW HAMPSHIRE LOTTERY® COMMISSION
14 INTEGRA DRIVE, CONCORD, NEW HAMPSHIRE 03301
MINUTES OF COMMISSION MEETING
MARCH 31, 2014 9:30 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
Robert Preston, Games Manager
Irene Nadeau, On-line/Operations Manager
Kelley-Jaye Rosberg, Games Manager
Maura McCann, Marketing Director
Lynda Plante, Deputy Director
John Papile, Intralot
Kristen Pare', Intralot
Jim Bouley, Dennehy & Bouley
Rose Longo-White, Griffin, York & Krause (GYK)
Travis York, GYK
Curtis Barry, The Dupont Group

Chairman Douglas convened the Commission meeting at 9:35 a.m.

1. ACCEPTANCE AND SIGNING OF PREVIOUS MINUTES:

Commissioner Scamman made a motion, seconded by Commissioner Holloway, to approve the February 11, 2014 commission meeting minutes. So voted, unanimous.

2. COMMISSION APPROVAL OF McLANE CONTRACT EXTENSION:

Commissioner Scamman made a motion, seconded by Commissioner Holloway, to approve the two year extension on the McLane contract for trademark and legal services with the New Hampshire Lottery, at a price limitation of \$7,500 each year for the two year period. So voted, unanimous.

3. COMMISSION APPROVAL OF INITIAL PROPOSALS FOR Sw 300, RULES FOR SALES AGENTS; AND Sw 203-205 & Sw 212 RULES OF PRACTICE AND PROCEDURE; AND Sw 600 RULES FOR PRIZE CLAIMS:

Commissioner Holloway made a motion, seconded by Commissioner Scamman, to approve the initial proposals for Sw 300 Rules for Sales Agents; Sw 203-205 & Sw 212

Rules of Practice and Procedure; and Sw 600 Rules for Prize Claims. So voted, unanimous. A discussion was held on changing the retailer bonus commissions through the legislative process.

4. FINANCIAL REPORT:

Kassie Strong, Chief Financial Officer, stated that the March transfer for the February profit to Education was approximately \$5.6 million. The budget plan for March was \$6 million. Transfers year to date were under plan approximately \$800,000, but the Mega Million's jackpot run in March and the lapse of an unclaimed \$1 million Powerball prize, would hopefully help to offset the loss. Ms. Strong reported that year to date gross revenues through February were down \$3 million; instants were down \$4.3 million; Powerball was down \$2.5 million; MegaMillions were up \$3.8 million; MUSL games were up \$1.3 million; Tri-State games were up \$1 million; and Lucky for Life was down \$900,000.

Cost of sales expenses were down \$4.3 million. Administrative expenses were up approximately \$588,000. Year to date net profit through February was approximately \$48.7 million, which was \$102,000 over last year. Ms. Strong stated the new Tri-State Financials for February were provided to the Commission. On February 14, 2014, the Tri-State Commission awarded the Tri-State Financial Audit contract to MacPage LLC from Maine.

The Commission expressed concern over the steadily declining sales at the Liquor Stores and how the significant loss of sales has a negative impact on the state. Director McIntyre updated the Commission on his discussion with Joe Mollica from the Liquor Commission.

Commissioner Holloway inquired whether any changes were planned for Lucky for Life and Powerball. Director McIntyre updated the Commission on the next National game called Monopoly, which is a \$5.00 game and is styled after a Canadian game called "Lotto Max". The Monopoly prize structure is designed so that when the jackpot reaches a specified maximum level, the money in the jackpot pool would flow down to the lower tier prize levels. Also under consideration is a game show component to the Monopoly game.

Director McIntyre stated that currently eleven additional states have agreed to join the original six member states to sell Lucky for Life, effective January, 2015. A discussion was held on the status of the advertising budget as listed in the February 2014 Status of Appropriated Funds Report. It was noted that a few changes had been made to the information listed in the report from last year.

Director McIntyre commended Kassie Strong as she was featured as the “person making a difference” in the upcoming Insights publication of NASPL. The Commission congratulated Kassie on her achievement.

5. INTRALOT REPORT:

John Papile of Intralot stated that Release 2 was in process and expected to be signed next Monday, delivered to Irene Nadeau by April 18, and deployed by May 18. The release included four new Fast Play games and seventeen report adjustments. Mr. Papile announced the successful completion of the two week Lucky for Life promotion that randomly awarded \$50 cash prizes. Testing was completed for the 50th anniversary promotion called “Lucky Tax Day” which will award a prize of \$1,040 every hour from 6 a.m. to midnight on April 15.

6. TRI-STATE REPORT:

Ms. McCann stated that a new \$10 Tri-State instant ticket “Caesars” offering a top prize of \$250,000 was expected to go on sale in New Hampshire on May 5 and in Vermont and Maine on May 1. The Caesars ticket offers players a second chance to win a trip for 5 nights and 4 days to Caesars Palace and other cash prizes, by entering their non-winning tickets on a designated website. Mr. Preston stated that taxes are included in the prize structure. Ms. McCann stated that Dennis Miller of Scientific Games made a presentation at the last Tri-State meeting on a proposed series of multiple price point “For Life” instant tickets, to be considered for sale at a later date. Vendor presentations may occur at the June Tri-State Commission meeting on ideas for the Gimme 5 and Megabucks Plus games.

7. ADVERTISING:

Ms. McCann discussed the late March advertising and marketing initiatives report. Ms. McCann discussed plans for the April 7, 2014 event at noon at the New Hampshire State House Plaza, to promote the launch of the new \$5.00 Boston Red Sox scratch ticket. Special appearances by Boston Red Sox player David Ortiz and Governor Hassan are planned for this event to introduce the new ticket. A full page advertisement of this event will be published in the Union Leader and a half-page advertisement in the Concord Monitor.

Ms. McCann stated the Lottery’s 50th anniversary promotion was going very well, offering players chances to win \$50 coupons through Replay; chances to win \$25 Granite

Millions tickets through Facebook; and running successful store promotions. Opportunities offered through the We Invented “Lucky” website were discussed.

Travis York of GYK updated the Commission on initiatives to better optimize the Replay database, using the research conducted by Social Sphere. Some of the goals will include improved communications with players, cleaning up the database, and verifying active email addresses.

Ms. McCann stated a Request for Proposal (RFP) had been issued for a Tri-State draw audit contract to begin July 1, 2014. Two proposals were received in response to the RFP and will be evaluated for a final decision of the contract award.

8. OTHER BUSINESS:

Director McIntyre stated the fiscal year 2013 LBA audit of the Lottery was presented to the Fiscal Committee recently and went well. Director McIntyre commended Lynda Plante on her efforts with accomplishing a successful audit working with the LBA auditors. Director McIntyre updated the Commission on Senate Bill 366 for a two casino bill sponsored by Senator D’Allesandro. A brief update was also provided for a recent Keno hearing held before the Senate Ways and Means Committee. Director McIntyre also discussed the bill filed by Senator Graham from South Carolina to not allow any gambling over the internet in the United States.

9. NEXT MEETING:

Chairman Douglas made a motion, seconded by Commissioner Holloway, to schedule the next NH Commission meeting for April 17, 2014 at 9:30 a.m. So voted, unanimous.

Commissioner Holloway made a motion, seconded by Commissioner Scamman, to adjourn the commission meeting at 10:45 a.m. So voted, unanimous.

Debra Douglas, Chairman

Paul J. Holloway, Commissioner

Doug Scamman, Commissioner