

NEW HAMPSHIRE LOTTERY® COMMISSION
14 INTEGRA DRIVE, CONCORD, NEW HAMPSHIRE 03301
MINUTES OF COMMISSION MEETING
AUGUST 14, 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
Len Mannino, Security Director
Lynda Plante, Deputy Director
Katie Brown, Business Systems Analyst
Kelley-Jaye Rosberg, Games Manager
Maura McCann, Marketing Director
John Papile, Intralot
Rose-Longo White, Griffin, York & Krause (GYK)
Travis York, GYK
Ed Dupont, The Dupont Group
Jim Bouley, Dennehy & Bouley
Tammy Vaillancourt, Administrative Services

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 July 17, 2014 commission meeting minutes. So voted, unanimous. Commissioner Holloway requested that any future commission meeting discussions regarding the steadily declining lottery sales at the Liquor stores, and also proposed credit card use for lottery purchases at the Liquor stores, be included in the minutes.

2. COMMISSION APPROVAL OF MONOPOLY GAME INCLUDING MONOPOLY RULES:

Director McIntyre presented the Monopoly game and Monopoly rules to the Commission for their approval. Director McIntyre stated the rules have been reviewed by the New Hampshire Lottery's Assistant Attorney General; attorneys representing other state lotteries in the United States; and outside counsel for the Multi-State Lottery Association (MUSL). Based on the Attorney General's opinion, Director McIntyre recommended that the Monopoly game and rules to be presented to the Fiscal Committee for their approval,

hopefully in September. Commissioner Holloway made a motion, seconded by Commissioner Scamman, to approve the Monopoly Game including Monopoly rules. So voted, unanimous. A brief discussion was held regarding the possibility of increasing the retailer incentive for selling winning jackpot tickets, to be more consistent with the retailer incentives paid in other states.

3. FINANCIAL REPORT:

Kassie Strong, Chief Financial Officer, stated that the June, 2014 financials were completed and FY 14 year end was pending audit review and approval. Ms. Strong stated that the July net revenue transfer will be done on August 20. The estimated transfer for the five weeks in July is \$6.2 million.

A discussion was held on the cost effectiveness of the subscription program. Director McIntyre indicated that it appeared that the higher jackpots had more of a positive influence over holiday subscription sales than the discounts offered during last year's holidays. There was a discussion on the possibility of using the Replay database to communicate directly to subscribers or potential subscribers, as part of the Lottery's microsegmentation initiative.

Commissioner Holloway inquired if Powerball was performing the way the Multi-State Lottery Association had predicted since the last game change. Director McIntyre responded that he did not feel it had done as well as projected. Director McIntyre stated that Powerball and Mega Millions sales accounts for approximately 25% of the Lottery's net revenue. Travis York of GYK stated that another benefit of Powerball and Mega Millions other than sales, was the buzz that they generate for the Lottery and the new players that the games help bring to the Lottery.

Director McIntyre updated the Commission on an upcoming Tri-State "For Life" series of instant tickets that Maine and New Hampshire will be offering jointly. Director McIntyre stated that New Hampshire's instant sales were running \$2.99 per capita and Vermont's instant sales were \$2.20 per capita. Commissioner Holloway noted that New Hampshire's instant ticket sales were doing well, primarily as a result of the strong sales from the \$25 Granite Millions ticket. A discussion was held on the sales trends for various instant ticket price points. Kelley-Jaye Rosberg stated that the \$10 instant ticket sales were up year to date. Commissioner Holloway noted that the sales reports reflected that Lucky for Life was continuing to decline. Director McIntyre noted that a new consortium of nine states would be joining the Lucky for Life game group on January 15, with game changes made to allow for more winnings and a new top prize.

4. INTRALOT REPORT:

John Papile, of Intralot, stated they were working on the October 19 release for Fast Play Games and they were hopeful the Monopoly game could be released about the same time. Director McIntyre updated the Commission on the Monopoly game and that 32 other states were expected to join in offering the game. Mr. Papile stated that the terminal wraps would be distributed the week of August 28. The new Customer Display Units (CDU) arrived at the warehouse on August 13, with the software expected to be installed in October, and the CDU's deployment to the retailers scheduled for October. Mr. Papile was pleased to announce that effective August 10, the TelSell department at Intralot was in regular contact with all retailers for instant ticket orders, and he was hopeful that this would result in a bump in instant ticket sales.

Chairman Douglas inquired about what effect the Market Basket boycott has had on the Lottery sales. Director McIntyre responded that Market Basket was the fourth largest chain in the Lottery's network and accounts for over \$4 million in sales yearly. Mr. McIntyre stated he felt that anything that takes a consumer out of their normal pattern as a consumer, causes the Lottery to lose sales and to spend more money at another grocery store for the same products and have less money for discretionary spending. Also, Market Basket lottery Winstations and terminals seem to be located in better locations than in some of the other grocery stores. Director McIntyre stated he firmly believed that the Market Basket boycott has had a negative impact on lottery sales.

5. TRI-STATE REPORT:

Maura McCann reported that at the August 8 Tri-State meeting, Scientific Games presented the instant ticket licensed property, called Margarita Ville, which the Lottery may consider offering in the future. Ms. McCann stated new television and radio creative was presented from Maine and Vermont Lottery. Ms. McCann stated one of the projects that Tri-State was working on was the "For Life" ticket for offering in both Maine and New Hampshire. A brief discussion was held on the advertising campaigns for upcoming games. Ms. McCann stated the first of two second chance drawings for the Caesars instant ticket was scheduled for August 18, to draw seven winners of a trip to Caesars Palace in Las Vegas, Nevada in March, 2015. Fast Play games are continuing to be worked on in New Hampshire. Ms. McCann stated that the Lottery's 50th anniversary promotion was wrapping up would end on September 12. The 30th anniversary of Tri-State Megabucks will be in 2015.

6. ADVERTISING:

Ms. McCann reviewed the mid-August Advertising and Marketing Initiatives with the Commission. The Tax Free Million Dollar drawing was held on August 12, during which the first eleven of twenty-one players selected will go to the Grand Prize drawing to be held at

the New Hampshire Motor Speedway on September 21, for a chance to win the one \$1 million tax free grand prize. The remaining ten players drawn have each won \$2,500. Ms. McCann discussed the details of the event planned for the \$5 Patriots Scratch ticket kick-off to be held on August 27 from 11 a.m. to 2 p.m. at the Seashell Stage in Hampton Beach.

An update was provided on the All Star Educator contest ending on August 22, which was being offered to all principals of New Hampshire schools, as part of the Lottery's sponsorship package with the NH Motor Speedway.

The Wheel of Fortune drawing will be held on August 15, where two lucky winners will be chosen to travel to Hollywood, California to audition for the Wheel of Fortune television game show.

Travis York of GYK reported on the recent planning session held with Director McIntyre and Maura McCann to discuss advertising initiatives. Mr. York stated that approximately 15% to 20% of the traditional television advertising during the political season would be shifted into more non-traditional channels such as social and digital channels. Mr. York stated that new conceptual ideas are being considered for advertising, such as a spokesperson or a new theme. Mr. York stated that a team was dedicated to the reporting and analytics project. A meeting would be held soon to discuss the project regarding aligning the Social Sphere data with the customer database and future communication efforts. Mr. York stated that a draft press release had been issued for review and approval which included positive news about the Lottery, resulting from the most recent SocialSphere study.

7. NEXT MEETING:

Chairman Douglas made a motion, seconded by Commissioner Holloway, to schedule the next Commission meeting for September 11, 2014 at 9:30 a.m. So voted, unanimous.

Commissioner Holloway made a motion, seconded by Commissioner Scamman, to adjourn the commission meeting at 10:30 a.m. So voted, unanimous.

Debra Douglas, Chairman

Paul J. Holloway, Commissioner

Doug Scamman, Commissioner