

**NEW HAMPSHIRE LOTTERY® COMMISSION
14 INTEGRA DRIVE, CONCORD, NEW HAMPSHIRE 03301
MINUTES OF COMMISSION MEETING
DECEMBER 5, 2014 9:30 AM**

PRESENT:

Debra Douglas, Chairman
Paul J. Holloway, Commissioner
Doug Scamman, Commissioner
Charles McIntyre, Executive Director
Lynda Plante, Deputy Director
Katie Brown, Business Systems Analyst
Kassie Strong, Chief Financial Officer
Leonard Mannino, Security Officer
Maura McCann, Marketing Director
Kelley-Jaye Rosberg, Games Manager
Tammy Vaillancourt, Administrative Services
Kristen Pare', Intralot
John Papile, Intralot
Rose-Longo White, GYK
Travis York, GYK
Evan York, GYK

Chairman Douglas convened the Commission meeting at 10:30 a.m.

1. ACCEPTANCE AND SIGNING OF PREVIOUS MINUTES:

Commissioner Holloway made a motion, seconded by Commissioner Scamman, to approve the November 6, 2014 commission meeting minutes. So voted, unanimous.

2. SALEM OUTLET:

Director McIntyre requested Commission approval of the closing of the lottery retail office at the Salem Liquor Store outlet. Director McIntyre provided a sales and costs analysis report of the Salem lottery outlet for Fiscal years 2013 and 2014 and stated that sales have been declining significantly over this period. Commissioner Scamman made a motion, seconded by Commissioner Holloway, to accept Director McIntyre's recommendation of the closing of the Salem lottery outlet. So voted, unanimous.

3. TUITION ASSISTANCE PROGRAM:

Lynda Plante presented to the Commission the updated Lottery's tuition assistance program for Commission approval. A discussion was held on the importance of continuing college education for the Lottery employees, having a strong employment base and building

loyalty and increasing production. Recommendations were received for inclusions to the proposed draft, including a required length of employment for the employee to remain at the Lottery after successful completion of the course and the relevance of the requested course for earning their degree and being job related. The Commission indicated they would like the approval of each request submitted by an employee for education tuition reimbursement to be subject to final review by the Executive Director and/or Deputy Director. Commissioner Holloway made a motion, seconded by Commissioner Scamman, to approve the proposed updated tuition assistance program, conditionally, with a request that the final redraft be forwarded to the Commission for their review.

4 FINANCIAL REPORT:

Kassie Strong, Chief Financial Officer, stated that the November transfer to Education for October profit was \$7,264,904, which was \$864,904 over the budget plan of \$6.4 million for the month. Ms. Strong stated that the year to date net profit comparisons for October 2014 versus October 2013 indicate that this year was approximately \$1 million more than last year.

Mr. Strong reported that year to date gross revenues through October were down approximately \$136,000; instants were up \$5.7 million, Powerball was down \$6.7 million; Mega Millions was up \$1.4 million; Multi-State Lottery games combined were down \$5 million; Tri-State games were down \$185,582; and Lucky for Life was down \$592,000. Director McIntyre updated the Commission on upcoming game changes for Lucky for Life and Powerball.

Cost of sales expenses were up approximately \$850,000, due to prizes as a percent of sales being up 1.5% from increased instant sales and decreased Powerball sales, in addition to the new \$25 instant price point. Administrative expenses were down \$161,317. Year to date net profit was \$24.2 million, down \$814,471 from last year. Transfers year to date were \$24.2 million. The budget plan year to date was \$23.6 million. Ms. Strong stated that year to date the Lottery was over budget plan approximately \$586,000 for transfers to the Education Trust Fund.

Ms. Strong provided a Lucky for Life sales and winner summary for Fiscal Year 2014 and Fiscal Year 2015 to date.

5. INTRALOT REPORT:

John Papile of Intralot reported that the software for the Lucky for Life change was due on December 15 and would be delivered to Katie Brown on December 29. Mr. Papile stated that there were 128 customer display units left to be installed. Mr. Papile stated the terminal wraps were near completion, with 52 stores' terminals remaining for wrapping. An update was provided on Tel Sel, which has proven very successful, with an increase of \$2.7

million tickets being shipped November 2014, compared to November 2013. Mr. Papile stated that this resulted in instant ticket sales being 14% higher for this November compared to last November. Tel Sel for the first four days in December, 2014 was \$1 million more in shipping value compared to the first four days in December, 2013. A brief discussion was held on the impact that the recent power outages and the FairPoint strike issue had on sales.

6. ADVERTISING:

Maura McCann discussed the December, 2014 Advertising and Marketing Initiatives report. Included in the report was December advertising for the Lottery's website, player advertising display monitor slides and bitmaps for the bottom of online tickets.

Point of sale (POS) materials for the Lucky for Life game change were presented. Ms. McCann stated the lottery sales staff would be distributing the new POS to the retailers the beginning of January, 2015 in time for the game change in late January, 2015. Ms. McCann stated a new \$5 Margaritaville scratch ticket would be released soon, and door decals and posters, as shown in the initiatives report, have been developed to help promote the game.

Ms. McCann stated that a drawing was held on December 2 to draw eight New Hampshire Lottery players who would travel to Las Vegas, Nevada from January 8-12, 2015 to appear on the Monopoly television game show in Las Vegas, Nevada.

Travis York of GYK updated the commission on the marketing plan for the new calendar year. The marketing plan initiatives report was distributed to the Commission which included production and market timelines, and costs. An update was provided on promotional plans for the Lottery's first "scratch and sniff" ticket (bacon-scented) to be released January 5, 2014.

Mr. York discussed new plans for the Replay program and reporting methods. Mr. York indicated that GYK was focusing on being more aggressive with their tracking, measuring, analyzing and optimizing of the Replay database for reporting to the Lottery. Travis York introduced Evan York of GYK who was responsible for the reporting and analytics for GYK. Evan York stated approximately 85% of Replay players were from New Hampshire and 15% were from out of state. The new detailed reporting will be a beneficial research tool that would hopefully provide management with the ability to spot trends easily, and to gain insight from the data and to use the information to effectively message to specific audiences. Commissioner Holloway expressed the importance of maintaining the privacy of the Replay members and the importance of making sure that the reporting was being done for informational purposes and to analyze sales trends.

7. NEXT MEETING:

Chairman Douglas made a motion, seconded by Commissioner Holloway, to schedule the next Commission meeting for January 8, 2015 at 9:30 a.m. So voted, unanimous.

Commissioner Holloway made a motion, seconded by Commissioner Scamman, to adjourn the commission meeting at 12:30 p.m. So voted, unanimous.

Debra Douglas, Chairman

Paul J. Holloway, Commissioner

David Gelinias, Commissioner