

**NEW HAMPSHIRE LOTTERY® COMMISSION
14 INTEGRA DRIVE, CONCORD, NEW HAMPSHIRE 03301
MINUTES OF COMMISSION MEETING
OCTOBER 9, 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
Maura McCann, Marketing Director
Kristen Pare', Intralot
John Papile, Intralot
Rose-Longo White, GYK Antler
Travis York, GYK Antler
Patrick Griffin, GYK Antler
Curtis Barry, The Dupont Group

Chairman Douglas convened the Commission meeting at 9:30 a.m.

1. ACCEPTANCE AND SIGNING OF PREVIOUS MINUTES:

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

2. COMMISSION APPROVAL OF NEW DRAFT LEGISLATION:

Director McIntyre presented the draft legislation for a statute revision to increase the cap on the retailer bonus from 1% of the jackpot prize capped at \$30,000 to 1% of the jackpot prize capped at \$75,000. Director McIntyre stated the draft had been forwarded to the New Hampshire Grocer's Association and they were pleased with this change. Commissioner Scamman made a motion, seconded by Commissioner Holloway, to approve the new draft legislation to increase the cap on the retailer bonus from \$30,000 to \$75,000. So voted, unanimous.

3. REVIEW POWERBALL CHANGES:

Director McIntyre stated that the Multi-State Lottery Association (MUSL) had approved Powerball game changes at its recent meeting in Atlantic City. The changes include an increase in the odds of winning the jackpot from approximately 1 in 175 million to 1 in 285 million; making the multiplier feature part of the Powerball game so that the 3rd tier prize and below are automatically multiplied; and a new \$1 add-on draw feature. Director McIntyre stated that April 15, 2015 was the target date for the changes.

4. COMMISSION VOTE TO APPROVE THE OBJECTION RESPONSE FOR Sw 600 RULES FOR PRIZE CLAIMS:

Chairman Douglas made a motion, seconded by Commissioner Holloway, to approve the objection response for Sw 600 Rules for Prize Claims. So voted, unanimous.

5. FINANCIAL REPORT:

Kassie Strong, Chief Financial Officer, stated the September transfer to Education for August profit was \$5.5 million, which was the budget plan. Year to date, the Lottery has met the budget plan for both August and September. Ms. Strong reported that gross revenues through August were down \$1.9 million; Instants were up \$1.9 million; Powerball was down \$4.2 million; Mega Millions was up \$509,000; MUSL games together were down \$3.5 million; Tri-State games were almost even with last year, down \$45,000; and Lucky for Life was down \$300,000. Cost of sales expenses were down \$470,000 due to the decrease in sales. Administrative expenses were down \$240,000. Year to date net profit was \$11.5 million, down \$1.2 million from last year. Transfers year to date were \$11.7 million.

Ms. Strong provided an explanation of the accounts on the most recent income and expenses statement. Commissioner Holloway inquired about the status of the completion of the Fiscal Year 2014 Tri-State audit report and emphasized the importance of closing the fiscal year in a timelier manner. Commissioner Holloway asked Kassie Strong for clarification on certain items listed on the most recent balance sheet.

Commissioner Holloway voiced his concern to Director McIntyre over the continued steadily declining lottery sales trend at the liquor stores, noting that the sales have decreased by \$179,000 over last year.

6. INTRALOT REPORT:

John Papile of Intralot stated that in the past month approximately 60% of the terminal wraps have been installed at the stores. Mr. Papile announced that the new

Customer Display Units would be delivered on October 20 and the remaining wraps would be installed. Mr. Papile updated the Commission on the installations of the MicroLots and WinStations at the newly renovated rest areas in Hooksett on 93 Northbound and Southbound. Mr. Papile reported that forty-eight 32" large screen televisions had been installed at the retailer locations, with another 50 on order, as requested by the Lottery.

Mr. Papile announced that Katie Brown had been busy testing for the upcoming Monopoly game which was going well. For the month of September, Tell Sell shipped \$4.1 million more in tickets compared to last September. Mr. Papile stated that Tell Sell has shipped approximately \$938,000 more in the first six days in October this year compared to last year.

A brief discussion was held on the total number of lottery retailers in New Hampshire and the possibility of conducting a market study for the purpose of determining what the potential ticket sales are in the various regions of the state.

7. ADVERTISING:

Maura McCann discussed the October 2014 Advertising and Marketing Initiatives report. Ms. McCann stated that the holiday instant games would be going on sale on October 20. Ms. McCann stated that surveys were being conducted through Replay in conjunction with Social Sphere and stated over 6000 responses were received in a week. Patrick Griffin of GYK Antler remarked positively on the level of Replay player engagement. Travis York of GYK Antler stated that three different surveys were being conducted through the Replay site, to research the buying patterns of players to be used later in messaging to players. Replay players who completed the survey(s) earned Replay points. Mr. York updated the Commission on continued plans to maximize the cost effectiveness of the Replay database and promotions to be offered. Mr. York indicated that some of the advertising dollars were slowly being shifted to less traditional advertising channels.

Ms. McCann stated the September 21 high speed scratch off event at the New Hampshire Motor Speedway (NHMS) went well. Ms. McCann updated the Commission on the Market Basket Promotion which runs from 11 a.m. to 1 p.m. for a few days in October. During the promotion, Market Basket shoppers would bring their Market Basket receipts to the Lottery's mobile sales unit located in the parking lot to receive a free \$1 scratch ticket plus other lottery special deals.

Ms. McCann stated a Facebook promotion would be offered soon to support the Mustache Cash scratch ticket. The TEXT-4-TIX Promotion will start at the first UNH home hockey game on October 25 for a chance to win 4 tickets to an upcoming UNH Men's Hockey game, courtesy of the Lottery.

Ms. McCann presented the point of sale materials for the upcoming \$5 Monopoly Millionaire's Club game as well as a teaser spot to run on WBIN and the Lottery's Facebook page. Ms. McCann updated the Commission on the advertising package for the MONOPOLY MILLIONAIRE'S CLUB™ game. Director McIntyre stated the new national lottery draw game launching on October 19 will offer players three ways to become a millionaire. A brief discussion was held on the MONOPOLY MILLIONAIRE'S CLUB™ game.

8. NEXT MEETING:

Chairman Douglas made a motion, seconded by Commissioner Holloway, to schedule the next Commission meeting for November 6, 2014 at 9:30 a.m. So voted, unanimous.

Commissioner Holloway made a motion, seconded by Commissioner Scamman, to adjourn the commission meeting at 11:00 a.m. So voted, unanimous.

Debra Douglas, Chairman

Paul J. Holloway, Commissioner

Doug Scamman, Commissioner