

**NEW HAMPSHIRE LOTTERY® COMMISSION
14 INTEGRA DRIVE, CONCORD, NEW HAMPSHIRE 03301
MINUTES OF COMMISSION MEETING
NOVEMBER 6, 2014 9:30 AM**

PRESENT:

Debra Douglas, Chairman
Paul J. Holloway, Commissioner
Doug Scamman, Commissioner
Charles McIntyre, Executive Director
Diane Campbell, Administrative Assistant
Lynda Plante, Deputy Director
Katie Brown, Business Systems Analyst
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
Curtis Barry, The Dupont Group
Jim Bouley, Dennehy & Bouley
Dennis Miller, Scientific Games International

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

1. ACCEPTANCE AND SIGNING OF PREVIOUS MINUTES:

Commissioner Scamman made a motion, seconded by Commissioner Holloway, to approve the October 9, 2014 commission meeting minutes. So voted, unanimous.

2. COMMISSION VOTE TO ADOPT Sw 600 RULES FOR PRIZE CLAIMS:

Commissioner Scamman made a motion, seconded by Commissioner Holloway, to adopt the Sw 600 Rules for Prize Claims. So voted, unanimous.

3. COMMISSION VOTE TO ADOPT Sw 300 RULES FOR SALES AGENTS:

Director McIntyre updated the Commission on the status of the rulemaking process for the Sw 300 Rules for Sales Agents. Director McIntyre stated that the Joint Legislative Committee on Administrative Rules (JLCAR) has approved the rules for adoption as amended, but with their recommendation that the Commission initiate rulemaking to address requirements in the application packet that are not already contained in statute or rule.

Chairman Douglas expressed her dissatisfaction with the inefficiency of the rulemaking process, largely due to the significant amount of time and resources involved for the Lottery. Commissioner Holloway made a motion, seconded by Commissioner Scamman, to adopt the Sw 300 Rules for Sales Agents. So voted, unanimous.

4. COMMISSION APPROVAL OF SCIENTIFIC GAMES CONTRACT EXTENSION:

Commissioner Holloway made a motion, seconded by Commissioner Scamman, to approve the contract extension for the Scientific Games International contract. So voted, unanimous.

5. COMMISSION APPROVAL OF GYK CONTRACT EXTENSION:

Commissioner Holloway made a motion, seconded by Commissioner Scamman, to approve the contract extension for the GYK contract. So voted, unanimous.

6. FINANCIAL REPORT:

Director McIntyre stated that the Lottery's net profit was down year to date by \$1.8 million as of September 30, 2014. Transfers to Education year to date are approximately \$278,000 below plan. A discussion was held on weekly sales report comparisons. Director McIntyre stated instant ticket sales were doing well. A brief discussion was held on instant ticket sales by price point. Director McIntyre stated that the \$5.00 "\$100,000 No Tax" instant ticket was selling extremely well and that the "no tax" messaging is a motivating factor for individuals purchasing lottery products.

Commissioner Holloway noted that the Lucky for Life game sales were steadily declining as indicated in the weekly sales reports. Ms. McCann stated a Lucky for Life game change would occur in January, 2015 with more states joining in the game and a new advertising campaign and point of sale advertising.

A discussion was held on subscription sales during the holidays. Director McIntyre stated that subscriptions would not be promoted as usual during this holiday season, due to the Powerball game change planned for April, 2015. Commissioner Holloway expressed his concern that even with the Powerball jackpot higher compared to last year for the same period, Powerball sales were down approximately \$6 million. Director McIntyre responded that Powerball sales were down significantly across the United States, but that New Hampshire was still ranked #4 in per capita sales. Jackpot fatigue has contributed to the decline in Powerball sales.

A discussion was held on the difficulty of getting air time for lottery advertising through traditional means, especially during the political campaign period. Travis York of

GYK stated that approximately 15-20% of the traditional media budget had shifted into non-traditional channels, such as social, on-line and digital channels. Mr. York updated the Commission on the status of the marketing plan for 2015, which was currently in the concept stage. Mr. York indicated that the marketing plan for 2015 would hopefully be finalized and presented to the Commission by the end of 2014. The Commission discussed the need for the Lottery to continue to adapt to new technologies and to stay current with evolving social trends, in order to attract the younger generation of lottery players.

The Commission noted that the recent climb in the Powerball jackpot had helped to offset declining lottery sales at the liquor stores, but currently liquor store sales were still down approximately \$126,000. Commissioner Holloway stated that even with the recent higher Powerball and Mega Millions jackpots, there was not adequate signage to promote the jackpots at the liquor stores located in the Portsmouth area.

Commissioner Holloway requested that Director McIntyre schedule a meeting for the Commissioners to meet with the Governor. Director McIntyre updated the Commission on the status of a change in the merchant code used for credit card purchases of lottery products. The Commission requested that Director McIntyre continue to keep the Commission updated on this subject.

7. INTRALOT REPORT:

John Papile of Intralot stated that approximately 83% of the terminal wraps had been installed at the retailer locations. Mr. Papile stated that release #4 for the Monopoly and new Fast Play games was successful. Mr. Papile expressed his appreciation to Katie Brown for her testing of these games. TelSel shipped \$3.8 million more in ticket value for October than October of last year, and also has done very well in August and September compared to the prior year. Director McIntyre stated that TelSel had increased inventory at all the lottery locations and has proven successful. Mr. Papile stated that they were working on Release #1 for 2015 which included the Lucky for Life game changes and four new Fast Play games.

8. TRI-STATE REPORT:

Maura McCann updated the Commission on the Tri-State Commission meeting held on October 24, 2014. Ms. McCann stated a Tri-State promotional schedule was developed for January, 2015 to September, 2015. The 30th anniversary promotion for the Megabucks game will be in September, 2015. A winner awareness campaign for the Gimme 5 game will begin on Monday for a month to help promote the game, through advertising on the bottom of the tickets and Player Advertising Displays (PADs).

Ms. McCann stated Tri-State instant tickets would be developed and a game was under consideration to launch in conjunction with the 30th anniversary of Megabucks in September, 2015, along with an on-line promotion. The Tri-State Commission discussed offering a progressive game in all three states with a jackpot prize.

9. ADVERTISING:

Ms. McCann reviewed the highlights in the November 2014 Advertising and Marketing Initiatives report. The Best Mustache of New Hampshire contest began on November 3 and runs through November 23 to promote the Mustache Cash instant ticket. Kelley-Jaye Rosberg stated that the Mustache Cash ticket sales were doing well. The Text-4-TIX promotion with the University of New Hampshire (UNH) has begun, offering fans an opportunity to win four tickets to an upcoming UNH Men's Hockey game courtesy of the New Hampshire Lottery.

Ms. McCann stated the Lottery was working in conjunction with the New Hampshire Council on Problem Gambling on developing a NH Council on Problem Gambling logo and a brochure for them and for distribution to lottery retailer locations.

New Hampshire Lottery promotions and point of sale materials for the holidays were discussed. Travis York stated that the past year was largely focused on the Lottery's 50th anniversary promotion. Mr. York stated that the creative advertising was being discussed for next year. A new campaign theme for lottery advertising would hopefully be determined soon and shared with the Commission thereafter.

Director McIntyre stated that the budget process for the next biennium had begun, with the Governor's budget hearings scheduled to begin next week. Director McIntyre updated the Commission on the schedule for the Lottery's budget presentation.

10. NEXT MEETING:

Chairman Douglas made a motion, seconded by Commissioner Holloway, to schedule the next Commission meeting for December 5, 2014 at 9:30 a.m. So voted, unanimous.

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

Debra Douglas, Chairman

Paul J. Holloway, Commissioner

Doug Scamman, Commissioner