

NEW HAMPSHIRE LOTTERY® COMMISSION
14 INTEGRA DRIVE, CONCORD, NEW HAMPSHIRE 03301
MINUTES OF COMMISSION MEETING
FEBRUARY 11, 2014 9:00 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
Len Mannino, Security Director
Maura McCann, Marketing Director
Lynda Plante, Deputy Director
John Papile, Intralot
Terry Patterson, Intralot
Kristen Pare', Intralot
Jim Bouley, Dennehy & Bouley
Rose Longo-White, GYK
E.J. Powers, GYK
Michael Stevens, GYK
Tammy Vaillancourt, Administrative Services
Tristin Craigue, The Dupont Group

Chairman Douglas convened the Commission meeting at 9:07 a.m.

1. ACCEPTANCE AND SIGNING OF PREVIOUS MINUTES:

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

2. FINANCIAL REPORT:

Kassie Strong, Chief Financial Officer, stated that the January transfer to Education was \$7 million. The budget plan was \$7 million. Ms. Strong announced year to date the Lottery was under plan \$400,000 in transfers. The December 2013 actual profit was \$6.1 million. Transfers year to date were \$38 million. Gross revenues through December were down \$1.4 million. Sales for Instants were down \$1.9 million; Powerball was down \$3 million; Mega Millions was up \$3.4 million; MUSL games were up \$400,000; Tri-State Games were up \$700,000; Lucky for Life was down \$600,000. Cost of sales expenses were down \$2.2 million. Administrative expenses were up approximately \$800,000. Year to date net profit through December was \$36 million. Quarter 2 surplus property money paid to

the Lottery for sales of vans was just over \$6,000. Money for delinquent accounts collected by the Department of Justice was approximately \$2,600.

Chairman Douglas inquired about the status of expanding the Lucky for Life game group to other states Lotteries. Director McIntyre updated the Commission on the status of interest expressed by other states in joining the Lucky for Life game group and also changing the prize structure to offer a larger top prize. Director McIntyre stated that a meeting would be held next week to determine when the new Lucky for Life game would launch, possibly this October.

A discussion was held on lottery sales at the liquor stores. Director McIntyre commented positively on the results of his recent meeting with NH Liquor Commissioners. Director McIntyre indicated the meeting resulted in agreed upon changes that should hopefully help to improve lottery sales at the liquor stores.

A discussion was held on the top ten revenue producing retailer chains. Among those mentioned were Circle K and Nouria Energy. Also noted for significant sales increases was Bunny's Superette of Manchester. The retailer bonus incentive program has been a contributing factor for the increased sales.

Commissioner Holloway asked for an update on the expired, unclaimed prize fund. Director McIntyre responded that the \$2 million in expired, unclaimed prizes will go to the bottom line, since they were not Tri-State unclaimed prizes. A discussion was held on income and expenses to date.

The results of the two week subscription discount promotion offered in December, 2013 were reviewed and compared to the previous year results. The Commission determined it would be beneficial to evaluate the cost effectiveness of offering subscription discounts during the two week period in December to determine whether to continue with the discount promotion. Director McIntyre indicated he felt the decrease reflected in the 2013 Powerball subscription sales from the year before, had more to do with the size of the Powerball jackpot than the discounts.

3. INTRALOT CONTRACT EXTENSION:

Commissioner Scamman made a motion, seconded by Commissioner Holloway, to accept Director McIntyre's recommendation to proceed with the Intralot contract extension for Governor and Council approval. So voted, unanimous. Chairman Douglas requested a change be made to the draft contract extension. Director McIntyre stated the draft contract extension would be forwarded to the Attorney General's office for approval, prior to being presented to Governor and Council.

4. INTRALOT REPORT:

John Papile of Intralot updated the Commission on the results of the recent failover test of the New Hampshire Lottery's gaming system. Mr. Papile stated the 2013 W-2Gs and 1099s had been completed in January. Mr. Papile stated that they were currently working on Release #2 scheduled for May, 2014, along with fifteen changes for report requests and four new Fast Play games. Approximately \$22.2 million in tickets were shipped via TelSell from December through February, 2013 as compared to approximately \$24.3 million in tickets through the TelSell ordering system for the same period in 2013.

5. ADVERTISING:

Maura McCann introduced E.J. Powers and Michael Stevens who will be working with the advertising agency and the Lottery. Ms. McCann stated that planned highlights for the Lottery's 50th anniversary celebration had been placed in the Commissioner's binders. Ms. McCann stated information compiled from SocialSphere's research and the Replay program would be used to microtarget audiences. Director McIntyre stated it was the next phase in operations in terms of better utilizing the Lottery's dollars. Approximately 280,000 people have registered on the Replay website, with approximately 103,000 people opting in to receive Replay emails.

Michael Stevens discussed goals and estimated timeframes for optimizing the New Hampshire Lottery's Replay database. Mr. Stevens stated that he had worked on weekly, monthly and quarterly Replay reporting since 2006. The database optimization will hopefully allow the Lottery to microtarget specific advertising to specific audiences. The plan of action for the database optimization includes assessing the data infrastructure to allow for rebuilding of the Replay database and for more detailed reporting; modification of the Replay website; implementing reporting and analytics; and developing a communication model to better target and market to people.

Chairman Douglas inquired about the status of the mobile application. Ms. McCann stated she recently received the link to review. Director McIntyre responded that this will be considered more of a mobile website than a mobile application. Director McIntyre stated that four states currently have legalized on-line gaming. The states are Delaware, Nevada, New Jersey and Minnesota.

6. OTHER BUSINESS:

Director McIntyre provided an update on pending bills in the 2014 legislative session. Director McIntyre stated that multiple casino bills and a keno bill were listed for inclusion in this legislative session.

Commissioner Holloway made a motion, seconded by Commissioner Scamman, to go into executive session to discuss a personnel matter. A roll call vote was taken. Commissioner Holloway stated "Aye"; Commissioner Scamman stated "Aye"; Chairman Douglas stated "Aye". No commission action was taken during the executive session.

Debra Douglas, Chairman

Paul J. Holloway, Commissioner

Doug Scamman, Commissioner