

NEW HAMPSHIRE LOTTERY® COMMISSION
14 INTEGRA DRIVE, CONCORD, NEW HAMPSHIRE 03301
MINUTES OF COMMISSION MEETING
MAY 20, 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
Robert Preston, Games Manager
Irene Nadeau, On-line/Operations Manager
Cindi Murphy, Lottery Field Supervisor
Kelley-Jaye Rosberg, Games Manager
Maura McCann, Marketing Director
John Papile, Intralot
Kristen Pare', Intralot
Steve Blanchard, Intralot
Tammy Vaillancourt, Administrative Services
Jim Bouley, Dennehy & Bouley
Rose Longo-White, Griffin, York & Krause (GYK)
Travis York, GYK
Ed Dupont, The Dupont Group
Frank Graeff, MDI
Mary Widowin, Scientific Games
Dennis Miller, Scientific Games

Chairman Douglas convened the Commission meeting at 9:32 a.m.

1. ACCEPTANCE AND SIGNING OF PREVIOUS MINUTES:

Commissioner Holloway made a motion, seconded by Commissioner Scamman, to approve the April 17, 2014 commission meeting minutes, with one correction noted. So voted, unanimous.

2. RULES PUBLIC HEARINGS @ 9:35AM-Sw 200 RULES OF PRACTICE AND PROCEDURE; Sw 600 RULES OF PRIZE CLAIMS; AND Sw 300 RULES FOR SALES AGENTS:

Chairman Douglas opened the rules public hearings for public comments for Sw 200 Rules of Practice and Procedure; Sw 600 Rules of Prize Claims; and Sw 300 Rules for Sales

Agents. No comments were received during the public hearings. Chairman Douglas closed the public hearings.

3. APPROVAL OF RENEWAL OF RETAILER BONUS COMMISSIONS:

Director McIntyre requested commission approval of the update for the retailer bonus commissions and incentives program, to accurately reflect the value of the second tier prize for the Lucky for Life game which was increased from \$25,000 to \$25,000 a year for life; resulting in an increased value of the retailer incentive for selling a winning second tier prize ticket from \$25 to \$4,220. Commissioner Holloway made a motion, seconded by Commissioner Scamman, to approve the updated renewal of the retailer bonus commissions and incentives, reflecting the increase in the incentive to \$4,220 to be paid to a retailer who sells a winning 2nd tier prize for Lucky for Life. So voted, unanimous.

Director McIntyre stated he had been in contact with the head of the NH Grocers Association to discuss the possibility of the Lottery increasing the maximum amount of the retailer incentive paid to a retailer for selling a winning jackpot ticket. Director McIntyre indicated that he would propose in an upcoming legislative session, an increase in the incentive paid to retailers for selling winning jackpot tickets from 1% of the jackpot prize capped at \$30,000 to a cap of \$75,000.

4. COMMISSION APPROVAL OF FINAL PROPOSAL FOR THE READOPTION WITH AMENDMENT OF RULES PART He-W 404 NEW HAMPSHIRE LOTTERY INTERCEPT FOR COLLECTION OF CHILD SUPPORT ARREARS:

Director McIntyre briefed the Commission on a request received from Health and Human Services, for Lottery Commission approval of the final proposal of their amended rules regarding New Hampshire Lottery Intercept. Commissioner Scamman made a motion, seconded by Commissioner Holloway, to approve the final proposal for the readoption with amendment of Rules Part He-W New Hampshire Lottery Intercept for Collection of Child Support Arrears. So voted, unanimous.

5. COMMISSION APPROVAL OF NEW HAMPSHIRE MOTOR SPEEDWAY SPONSORSHIP FOR CALENDAR YEAR 2014:

Maura McCann updated the Commission on the proposal received from the New Hampshire Motor Speedway. Some of the plans include lottery ticket sales at the July and September races; a new Lottery banner advertising the Lottery's over \$1.6 billion to Education; an on-stage event to award \$1 million; and an on-stage event to also recognize a New Hampshire "teacher of the year". Commissioner Holloway stated that the title "Teacher of the Year" could cause possible confusion, as there was already an award titled "Teacher of

the Year” through the public education system. A discussion was held on alternative ideas for recognition relating to the public Education system. Director McIntyre stated that other ideas would be reviewed for the recognition award, in their negotiations with the New Hampshire Motor Speedway, and this would most likely be presented to the Commission for their approval at the next Commission meeting.

6. FINANCIAL REPORT:

Kassie Strong, Chief Financial Officer, stated that the May transfer to Education for April profit was \$6.4 million; the budget plan for the month was \$6.5 million; year to date transfers were under plan by \$745,000. Gross revenues through April were up \$3.1 million; Instant sales were up \$3 million; Powerball sales were down \$5.4 million; Mega Millions sales were up \$5.1 million; MUSL total game sales were down \$286,000; Tri-State game sales were up \$1.7 million and Lucky for Life sales were down \$1.1 million.

Ms. Strong reported cost of sales expenses were up \$701,000, which was prizes due to the increase in sales. All other cost of sales expenses were down. Operating expenses were up approximately \$478,000. Year to date net profit through April was \$61.3 million, up \$1.3 million from last year. Transfers year to date were \$62.5 million.

The Commission expressed their concern over declining fiscal year to date lottery sales at the Liquor stores, as sales were behind by approximately \$629,000 compared to last year. Fiscal year to date game sale comparisons were discussed. Robert Preston stated that new larger player advertising displays (PADS) would most likely be installed in some of the larger state liquor stores, which would hopefully increase player awareness of the Lottery . The most recent weekly sales report was reviewed. Director McIntyre updated the Commission on proposed changes to the Lucky for Life game, to be effective January 15, 2015.

7. INTRALOT REPORT:

John Papile of Intralot expressed his appreciation to the Lottery for agreeing to the Intralot contract extension to 2020. Mr. Papile stated a software release was done for four new Fast Play games. Mr. Papile presented a new customer display unit that will connect to the MicroLot lottery terminal and also new wraps for the checkers and terminals, to improve advertising and make the Lottery more visible to the players. Mr. Papile announced that instant sales have exceeded \$4 million for 12 consecutive weeks.

8. ADVERTISING:

Maura McCann discussed the mid-May Marketing Initiatives. Ms. McCann stated the Lottery’s 50th Anniversary Promotion was going well, with the next event planned for May 30 at the Berlin IGA Foodliner from 3:00 p.m. to 6:00 p.m. New vehicle decals were

installed on the lottery vans. Ms. McCann updated the Commission on the \$10 Caesars ticket and the enthusiastic response received from players registering on the second chance drawing website for a chance to win a trip to Caesars Palace in Las Vegas, Nevada. Ms. McCann presented samples of June bitmap advertising to go on the bottom of the draw game tickets.

Travis York of GYK stated the 50th anniversary initiative continued to be strong. Mr. York stated the ad agency was working on getting the Replay database in a position to leverage more effectively. Mr. York provided an update on their collaborative efforts with SocialSphere, Inc. on this project, which included Replay player segmentation and offering more random surveys for quantitative research.

9. OTHER BUSINESS:

Director McIntyre updated the Commission on the Governor's freeze on hiring, purchasing, and out of state travel. Director McIntyre recommended to the Commission that the Lottery's college tuition reimbursement program be suspended until further notice, with the exception of one employee request which has already been submitted for Governor and Council approval on May 23, 2014. Commissioner Scamman made a motion, seconded by Commissioner Holloway, to suspend the Lottery's college tuition reimbursement program with the exception of one pending request, until further notice. So passed, with Commissioner Holloway and Commissioner Scamman voting in the affirmative, and Chairman Douglas voting in the negative.

Director McIntyre presented 30 year longevity certificates to Maura McCann and Cindi Murphy and congratulated them on their many years of devoted state service. Director McIntyre announced to the Commissioners that Cindi Murphy would be retiring at the end of this month as the Lottery's Sales Manager, and expressed his gratitude to Cindi Murphy for the 30 plus years of her dedication to her job and to the New Hampshire Lottery. Director McIntyre also commended Cindi for her special skills that she demonstrated while in her position at the Lottery, noting her primary focus being the Lottery's best interests.

Dennis Miller of Scientific Games presented the Lottery with a commemorative picture in recognition of the New Hampshire Lottery's 50th anniversary.

10. NEXT MEETING:

Chairman Douglas made a motion, seconded by Commissioner Holloway, to schedule the next NH Commission meeting for June 10, 2014 at 10:30 a.m. So voted, unanimous.

Commissioner Holloway made a motion, seconded by Commissioner Scamman, to adjourn the commission meeting at 10:55 a.m. So voted, unanimous.

Debra Douglas, Chairman

Paul J. Holloway, Commissioner

Doug Scamman, Commissioner