

**NEW HAMPSHIRE LOTTERY® COMMISSION
14 INTEGRA DRIVE, CONCORD, NEW HAMPSHIRE 03301
MINUTES OF COMMISSION MEETING
JULY 17, 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
Kelley-Jaye Rosberg, Games Manager
Maura McCann, Marketing Director
John Papile, Intralot
Kristen Pare', Intralot
Rose-Longo White, Griffin, York & Krause (GYK)
Travis York, GYK
Curtis Barry, The Dupont Group
John Della Volpe, SocialSphere
Jonathan Chavez, SocialSphere

Chairman Douglas convened the Commission meeting at 9:35 a.m.

1. ACCEPTANCE AND SIGNING OF PREVIOUS MINUTES:

Commissioner Scamman made a motion, seconded by Commissioner Holloway, to approve the June 10, 2014 commission meeting minutes. So voted, unanimous.

2. COMMISSION APPROVAL OF FINAL PROPOSALS FOR Sw 600 RULES FOR PRIZE CLAIMS; Sw 200 RULES OF PRACTICE AND PROCEDURE; AND Sw 300 RULES FOR SALES AGENTS:

Commissioner Scamman made a motion, seconded by Commissioner Holloway, to approve the final proposals for Sw 600 Rules for Prize Claims; Sw 200 Rules of Practice and Procedure; and Sw 300 Rules for Sales Agents. So voted, unanimous.

3. COMMISSION VOTE TO ADOPT RULE He-W 404 NEW HAMPSHIRE LOTTERY INTERCEPT FOR COLLECTION OF CHILD SUPPORT ARREARS:

Commissioner Holloway made a motion, seconded by Commissioner Scamman, to adopt Rule He-W 404 New Hampshire Lottery Intercept for Collection of Child Support. So voted, unanimous.

4. FINANCIAL REPORT:

Kassie Strong, Chief Financial Officer, stated she was working on Fiscal Year 2014 year end closing. Fiscal year 2014 transfers to Education totaled \$73.8 million, which was \$1.1 million above last year's transfers, but \$1.5 million less than the budgeted plan for Fiscal Year 2014. A discussion was held on the most recent State's Monthly Revenue Focus Report. Fiscal year sales comparisons were reviewed for the past few years. Commissioner Holloway expressed his concern over the declining sales trend during the past fiscal year and a continued decline to date. Director McIntyre indicated the recent retailer forum held at the Lottery proved to be a very productive meeting. Director McIntyre updated the Commission on the status of allowing the use of credit cards for Lottery purchases at the Liquor stores. The Commission requested that Director McIntyre meet with Administrative Services and the Liquor Commission as soon as possible to discuss this important topic, in an effort to expedite the approval of credit card use for lottery purchases, and to hopefully help offset declining sales and meet revenue projections. Lynda Plante, Deputy Director, presented the new Liquor Stores employee shirts with the Powerball logo on the sleeve, to help promote the game.

Kelley-Jaye Rosberg updated the Commission on the strongest performing \$5.00 instant games, currently the \$75,000 Frenzy, Make My Month, and Power 7's. A discussion was held on the Tri-State Commission budget.

5. TRI-STATE REPORT:

Maura McCann updated the Commission on the June 10th Tri-State Commission meeting held in Vermont. Vendor presentations were provided by Intralot and Scientific Games offering ideas for new games and marketing and advertising promotions. The vendors had worked together to arrive at recommendations for games changes to improve productivity of the Tri-State Gimme 5 and Megabucks Plus games. Ms. McCann stated that the Vermont Lottery offers a progressive Fast Play game that has been quite successful, and which New Hampshire may consider offering. Successful games from other states were presented as ideas for possible consideration.

Ms. McCann reported that the Tri-State \$10 Caesars instant ticket was selling well in all three states. The second chance drawings for Caesars are scheduled for August 18, 2014 and January 12, 2015 for a chance to win trips to Las Vegas in March, 2015. A Tri-State "For life" scratch ticket is under consideration.

6. INTRALOT:

John Papile of Intralot reported that the next release for requested report changes was scheduled this Sunday. Mr. Papile stated that Intralot was working on the October release for a Monopoly game and four new Fast Play games. Director McIntyre stated a launch date of October 19 was planned for the national Monopoly game. A meeting is scheduled soon for the member states to discuss the details of Monopoly and to decide on the night of the drawing. Four bids were provided by GYK in response to the request for bids for artwork for lottery terminal wraps. The contract was awarded to NH Print of Manchester, New Hampshire and the new decals are expected to be distributed to the retailer locations by the end of August.

Mr. Papile stated as part of the Intralot contract extension, an additional person has been hired for the purpose of contacting the remaining retailers who were not using the TelSell for their instant ticket orders. Effective the week of August 10, these retailers will join the rest of the lottery retailers by placing their instant ticket orders through TelSell, when they are contacted weekly by the Intralot representative.

7. ADVERTISING:

Maura McCann updated the Commission on highlights from the July 2014 advertising and marketing initiatives. Approximately 400 Lottery Facebook fans entered into a High Speed Scratch off promotion connected with the July 13 Sprint Cup Race at the New Hampshire Motor Speedway (NHMS). The fans were asked to choose a driver who would scratch the "high speed scratch off" graphic found on Turn 1 at the speedway. Of the 400 Facebook fans entering the promotion, 63 of the fans chose the driver, Jimmie Johnson, who actually did scratch the graphic. Of those 63, ten lucky winners of \$500 each were selected using the random number generator in the draw room at the Lottery. The same graphic will be posted on Turn 1 at the NHMS for the September 21 Sylvania 300 Race.

The Harley-Davidson Street Glide® Motorcycle drawing will be held at the New Hampshire Lottery on July 18 at 11:00 a.m. to award two Harley-Davidson Street Glide® motorcycles, along with other motorcycle themed prizes. The second of three \$5 Boston Red Sox ticket second chance drawings will be held on July 24 at the New Hampshire Lottery. Ms. McCann reported that the June Lucky Summer Cash Kickoff promotion was very successful.

Ms. McCann updated the Commission on the Lottery's July 19 promotion with the Fisher Cats, in celebration of the Lottery's 50th year and the Fisher Cats 50th home game. On July 25, a promotion will be held at the Keene Swamp Bats vs the Mystic Schooners game in honor of the Lottery's 50th year and State Representative Larry Pickett of Keene. A brief discussion was held and concern was expressed over the fact that scammers have unfortunately adapted their methods to what the press recently published regarding second chance drawings.

Travis York of GYK stated a meeting was scheduled next week with the Lottery to discuss three broad topics including a recap of promotions and activities during the past fiscal year; strategy and creative concepts; and scheduling for advertising campaigns for Fiscal year 2015.

8. NEXT MEETING:

Chairman Douglas made a motion, seconded by Commissioner Holloway, to schedule the next NH Commission meeting for August 14, 2014 at 9:30 a.m. So voted, unanimous.

9. SOCIALSPHERE PRESENTATION:

Jonathan Chavez and John Della Volpe of SocialSphere presented results from the annual research tracking and market assessment conducted for the Lottery. This was accomplished through an internet survey interviewing 1000 New Hampshire residents from June 21, 2014 through July 8, 2014. Mr. Chavez stated that the goals included tracking attributes associated with the Lottery; understanding game spending patterns; testing messaging about the Lottery; and understanding advertising perceptions, promotions and technologies. Mr. Chavez stated that this was the third time this type of tracking has been done for the Lottery.

Mr. Chavez reported that the key findings included the following. The percentage of New Hampshire residents who reported they regularly play the lottery has increased from 2011 to current. The increase has been almost entirely driven by residents under the age of 35, but particularly between the ages of 25 to 34. Travis York stated GYK has been shifting a lot of resources into the digital and social networks and has made television advertising campaign changes which have proven to be attractive to the younger demographic. Most attributes associated with the Lottery have improved; such as the Lottery being perceived as a good value, providing valuable funding for Education and being innovative. When players were asked about prize percentage payouts, the percentage of players that felt the payouts have increased was higher than those that felt the payouts have decreased.

Weekly players were the most likely to feel that the payout has increased. Weekly players indicated that they were logging onto Facebook on a more regular basis. The general favorability rating of the Lottery as an organization compared to other state organizations showed an increase over the past few years. Mr. Chavez reviewed the findings for game preferences and spending trends, including frequency of play and demographics. Mr. Chavez stated the public's perception of the Lottery has improved.

John Della Volpe expressed that the results from the current research were very positive for the New Hampshire Lottery. Travis York commented on the Lottery's mobile-enabled website and web platforms. Director McIntyre indicated that the Lottery will be having follow-up meetings soon with GYK and SocialSphere, to further review these findings, to strategize and set goals for how to best use this research in the most effective and beneficial way for the Lottery.

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

Doug Scamman, Commissioner