

**NEW HAMPSHIRE LOTTERY® COMMISSION
14 INTEGRA DRIVE, CONCORD, NEW HAMPSHIRE 03301
MINUTES OF COMMISSION MEETING
SEPTEMBER 30, 2015 2:30 PM**

PRESENT:

Debra Douglas, Chairman
Paul J. Holloway, Commissioner
David Gelinas, Commissioner
Charles McIntyre, Executive Director
Diane Campbell, Administrative Assistant
Lynda Plante, Deputy Director
Leonard Mannino, Chief Security Officer
Maura McCann, Marketing Director
Katie Brown, Business Systems Analyst
Kelley-Jaye Rosberg, Games Manager
Cynthia Baron, Chief Financial Officer
Jon St. Cyr, Clerk III
Edie Chiasson, District Sales Supervisor
Paul Kelley, Racing and Charitable Gaming Commission (RCGC)
Valerie King, Racing and Charitable Gaming Commission
Brian Buonamano, Attorney General's Office
John Papile, Intralot
Kristen Pare', Intralot
Tammy Vaillancourt, Admin Services
Kristin Pare', Intralot
Rose Longo-White, GYK Antler
Ashley Spicer, GYK Antler
Mike Stevens, GYK Antler
Dick Bouley, Dennehy & Bouley
Jim Bouley, Dennehy & Bouley
Nicholas Bonardi, Tri-State Enterprise
Nick Bonardi, Tri-State Enterprise
Jan Dimarzio, Community Bingo Center

Chairman Douglas convened the Commission meeting at 2:30 p.m.

1. ACCEPTANCE AND SIGNING OF PREVIOUS MINUTES:

Commissioner Gelinas made a motion, seconded by Commissioner Holloway, to approve the August 19, 2015 commission meeting minutes. So voted, unanimous.

2. COMMISSION VOTE TO ADOPT SW 300 RULES FOR SALES AGENTS:

Commissioner Gelinas made a motion, seconded by Commissioner Holloway, to adopt Sw 300, Rules for Sales Agents. So voted, unanimous.

Director McIntyre announced that effective with the recent merger of the Racing and Charitable Gaming Commission (RCGC) with the New Hampshire Lottery Commission, that Valerie King of the RCGC would be taking over the function of rulemaking for the New Hampshire Lottery. Chairman Douglas welcomed Paul Kelley and Valerie King from RCGC to the Lottery.

3. COMMISSION VOTE TO APPROVE THE FINAL PROPOSAL FOR SW 500 RULES FOR PRIZE ASSIGNMENTS:

Commissioner Gelinas made a motion, seconded by Commissioner Holloway, to approve the final proposal for Sw 500, Rules for Prize Assignments. So voted, unanimous.

4. FINANCIAL REPORT:

Chairman Douglas welcomed the New Hampshire Lottery's new Chief Financial Officer, Cindy Baron to the Lottery. Director McIntyre stated that the June financials had been provided to the Commission. To date this fiscal year, \$11.7 million has been transferred to the Education Trust Fund, of which \$6.3 million was transferred in August and \$5.4 million was transferred in September. Director McIntyre stated that the Lottery did not currently have a fiscal plan for next year because the budget had just been signed and thus revenue projections had not been finalized. This year's final budget figures should be ready by the next commission meeting as the July figures were closed and the figures for August would be done by the end of the week. This would be consistent with the time period from previous years. A brief discussion was held on the status of the Tri-State Commission fiscal year-end financial reporting.

Commissioner Holloway noted that Lottery sales at the Liquor Stores were up \$42,800 compared to last year's declining sales at this time. A discussion was held on the most recent weekly sales report. Commissioner Holloway expressed his concern over a continued decline in subscription sales. Katie Brown updated the Commission on the possible impact that the upcoming Powerball game change might have had on subscription sales. Director McIntyre updated the Commission on a jackpot management agreement voted on at a recent Multi-State Lottery Association meeting he attended.

Commissioner Holloway stated that instant ticket sales were doing well. Sales from the new \$25 instant game, "\$30 Million Granite Giveaway" would be included in the next

weekly sales report, as the ticket was selling at the Lottery, and would go on sale at the retailer locations next Monday.

Director McIntyre informed the Commission that the financial reporting for the Lottery would currently remain separate from the RCGC, although the two agencies have merged. There was a discussion on whether this should be reviewed for the next biennium. Paul Kelley of the RCGC made positive mention that the RCGC could generate approximately \$4.5 million, with expenses being approximately \$1.5 million, leaving approximately \$3 million going to the NH Lottery's bottom line for transfer to the Education Trust Fund. Mr. Kelley updated the Commission on the status of horse and dog racing in New Hampshire, and stated that it was strictly simulcast racing due to legislative action. Director McIntyre discussed the proposed benchmark study to be conducted by Social Sphere.

5. INTRALOT REPORT:

John Papile stated that the release for the Powerball game change was scheduled for October 4. Mr. Papile reported that the new Powerball play slips had been distributed to the lottery retailers. Mr. Papile thanked Sue Smart for providing him with information regarding the seasonal retailers for terminal removals. Mr. Papile stated Intralot was working on Release 1 for another new Progressive game in January, with a \$2.00, \$5.00 and \$10.00 price point.

Mr. Papile stated that the Tri-State Megabucks@30 Raffle promotion to celebrate the 30 year anniversary of Megabucks went very well. The September promotion generated approximately \$677,000 in Megabucks sales in New Hampshire for the month of September, as compared to approximately \$560,000 for August sales, for an increase in sales of about \$117,000. Also, the Megabucks@30 Instant Win promotion which ran from September 6-19 generated about 2005 random \$30 instant wins from the terminals totaling approximately \$60,000 in extra prizes.

Mr. Papile reported that Tel Sel continues to be successful, shipping approximately \$13.9 million worth of tickets this September, for an increase of approximately \$300,000 over September, 2014. Mr. Papile updated the Commission on a recent FairPoint communication situation which was resolved.

6. ADVERTISING:

Maura McCann discussed the September Marketing and Advertising Initiatives. Included in the report was a copy of the press release regarding a 5th grade New Hampshire teacher, Patty Browner of Inter-Lakes school, who was honored as the winner of the "Race to Succeed Challenge" promotion with the New Hampshire Motor Speedway (NHMS). Mike Stevens, Executive Director of Strategy Planning and Account Services, presented the

marketing plan for this fiscal year. Mr. Stevens stated the ultimate goal of this integrated marketing plan was to increase ticket sales. The presentation included a review of the “Chuck McLuck” advertising campaign; media only campaigns; email marketing; jackpot alerts; media flow charts and budget information. He also reviewed how they would utilize data from the Replay database and Social Sphere to target player engagement with the Lottery; and how they would measure overall success through tracking and analysis. Mr. Stevens stated that advertising campaigns were in development for the Patriots and Bruins scratch tickets.

Rose Longo-White stated that an advertising campaign was in development to create excitement and awareness for the \$25,000 Home Depot Mega Makeover scratch ticket, through the use of a series of Home Depot style “How To” videos. Ms. Longo-White stated this campaign was expected to run from January 2016 through April 2016. Ms. Longo-White updated the Commission on the advertising planned for the upcoming \$25 instant ticket “\$30 Million Granite Giveaway”. A new advertising campaign for Powerball will launch on Monday, October 5.

Ashley Spicer, Account Director, provided a strategy overview for email marketing, with a stronger focus being on email marketing through Replay and social and digital communication. This will be accomplished through email newsletters and more targeted communication. Ms. Spicer indicated that one of the goals will be to keep Replay players engaged on the website, after their initial enrollment in Replay. Ms. Spicer updated the Commission on the status of enhancements to the New Hampshire Council on Problem Gambling website and the retailer website.

7. OTHER BUSINESS:

Commissioner Holloway made a motion, seconded by Commissioner Gelinas, to approve the minutes from the most recent Racing and Charitable Gaming Commission meeting. So voted, unanimous.

Director McIntyre updated the Commission on a pending legislative bill related to shared carryover coverall bingo which would allow a network of bingo halls to be created in one location. The question was posed on whether the Lottery Commissioners would like to weigh in on making a policy decision regarding this proposed legislation. Paul Kelley clarified the intent behind the legislation. After a brief discussion, Chairman Douglas stated that the Commission wished to decline on taking a position on the matter.

Paul Kelley expressed his appreciation to the Commission for the warm welcome he received from the Lottery due to the merger.

8. NEXT MEETING:

Chairman Douglas made a motion, seconded by Commissioner Holloway, to schedule the next Commission meeting for October 28, 2015 at 9:30 a.m. So voted, unanimous.

Commissioner Holloway made a motion, seconded by Commissioner Gelinias, to move into Executive Session to discuss a legal matter at 3:47 p.m. So voted, unanimous. A roll call vote was taken. Chairman Douglas stated "Aye", Commissioner Holloway stated "Aye", and Commissioner Gelinias stated "Aye". No commission votes were taken during this session.

Debra Douglas, Chairman

Paul J. Holloway, Commissioner

David Gelinias, Commissioner