

NEW HAMPSHIRE LOTTERY® COMMISSION
14 INTEGRA DRIVE, CONCORD, NEW HAMPSHIRE 03301
MINUTES OF COMMISSION MEETING
JUNE 26, 2015 9:30 AM

PRESENT:

Debra Douglas, Chairman
Paul J. Holloway, Commissioner
David Gelinis, 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
Kassie Strong, Chief Financial Officer
Kelley-Jaye Rosberg, Games Manager
John Papile, Intralot
Kristin Pare', Intralot
Rose Longo-White, GYK Antler
Matthew Doyle, GYK Antler
Travis York, GYK Antler
Tammy Vaillancourt, Administrative Services
Jim Bouley, Dennehy & Bouley

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

1. ACCEPTANCE AND SIGNING OF PREVIOUS MINUTES:

Commissioner Gelinis made a motion, seconded by Commissioner Holloway, to approve the May 22, 2015 commission meeting minutes. So voted, unanimous. A discussion was held on an item from the prior meeting regarding account receivables reports.

2. COMMISSION VOTE TO APPROVE FINAL PROPOSAL FOR SW 300 RULES FOR SALES AGENTS:

Commissioner Gelinis made a motion, seconded by Commissioner Holloway, to approve the final proposal for Sw 300 Rules for Sales Agents. So voted, unanimous.

3. COMMISSION APPROVAL OF INITIAL PROPOSAL FOR READOPTION OF SW 500 RULES FOR PRIZE ASSIGNMENTS:

Commissioner Holloway made a motion, seconded by Commissioner Gelinis, to approve the initial proposal for the readoption of Sw 500 Rules for Prize Assignments.

So voted, unanimous.

4. COMMISSION APPROVAL OF SALES REP BONUS LEVELS FOR FY 16:

A. BONUS 7%

B. DOUBLE BONUS 11.2%

Director McIntyre stated that based on legislative approval of the employee recognition program, the Commission was required to approve the goal for bonus for Fiscal Year 2016 at their last meeting in Fiscal Year 2015. Last year's goal was based on the overall growth of the Lottery and the anticipated need for additional revenues from scratch tickets.

Kelley-Jaye Rosberg stated that in the Lottery's quest to increase instant ticket sales over this year, she was requesting Commission approval to set the goal for bonus at 7% and the double bonus at 11.2%. The current year bonus was 3% and double bonus was 4.8%. She expressed that she felt the reps had the potential to meet their goals, and that the increased bonus levels would help motivate them.

Commissioner Holloway made a motion, seconded by Commissioner Gelinis, to approve the Sales Rep Bonus Levels for FY16 at a 7% bonus and a double bonus of 11.2%.

5. FINANCIAL REPORT:

Kassie Strong, Chief Financial Officer, stated that the June transfer for May's profit to the Education Trust Fund was \$5.7 million. The budget plan for June was \$13 million. On June 30, 2015 the Lottery will do a second transfer for an estimated June profit. Year to date adjusted lottery sales through May were up \$5.9 million or 2.3%. Instants were up \$14 million or 9%. Powerball was down \$5.65 million or 17%. Mega Millions was down \$1.3 million or 10.3%. Multi-State Lottery Association (MUSL) games together were down \$6.7 million or 13.85%. Tri-State games were down \$332,237 or 1.6%, and Lucky for Life was down \$1.1 million or 18.3%.

Ms. Strong reported that year to date net profit was \$68.2 million, up \$1.9 million from last year. Transfers year to date were approximately \$68 million. Director McIntyre discussed estimated revenue projections for the upcoming fiscal year, which were pending due to uncertain retirement liabilities. Ms. Strong updated the Commission on the most recent New Hampshire Lottery Statement of Income and Expenses and the Balance Sheet. Kelley-Jaye Rosberg stated a new \$25 scratch ticket titled \$30 Million Granite Giveaway would be released for sale in October, 2015.

6. INTRALOT REPORT:

John Papile stated Release 3 was scheduled for August 2 for the Megabucks Plus Raffle game, and four new Fast Play games. Mr. Papile stated the Powerball release was scheduled for October, 2015 and the new Powerball bet slips were near completion. Mr. Papile stated that \$3.5 million more worth of tickets were distributed to the retailers by Tel Sel for June, 2015 as compared to June, 2014.

7. TRI-STATE REPORT:

Maura McCann updated the Commission on the last Tri-State meetings which were held on June 11, 2015 and June 12, 2015 in Vermont. Ms. McCann stated that creative advertising proposals for the upcoming Megabucks 30 year anniversary promotion in September, were presented by NL Partners, GYK Antler and Fuse Ideas. Ms. McCann announced that the project was awarded to GYK Antler, based on their current tagline and creative for their point of sale (POS) advertising materials. Ms. McCann stated that NL Partners would be responsible for doing a Megabucks montage for the celebration. Also during the meeting, Scientific Games and Intralot each presented their ideas for increasing sales.

A discussion was held on the timing for issuing a Request for Proposal (RFP) for a new Random Number Generator (RNG) for the draws. The Commission requested that this process begin and suggested that Director McIntyre provide information to Maura McCann to assist. Commissioner Holloway encouraged the addition of completion dates for action items listed in the Tri-State Commission meeting minutes.

8. ADVERTISING:

Ms. McCann stated that June had been a busy month for the Lottery to wrap up the fiscal year end, including a celebration of a record \$200 million in scratch ticket sales for the past fiscal year. The Lottery celebrated this milestone with an "Instant Party" on June 15 from 11:00 a.m. to 2:00 p.m. at Lottery headquarters, offering players a buy one get one free scratch ticket special every hour and also free donuts and free ice cream from Miss Polly's Traveling Treats.

Ms. McCann stated that a new \$1.00 instant "Shark" ticket would go on sale Monday and that this New Hampshire "spotlight" game would be promoted through animated advertising on the Lottery's website and through the Lottery's Facebook page.

Travis York and Matthew Doyle of GYK Antler presented a new advertising campaign using a character named "Chuck McLuck". New television commercials were previewed by the Commission. Mr. York stated that this campaign was designed to

represent the Lottery over a long period of time through television, radio and website advertising, using the concept that Chuck McLuck travels worldwide in search of luck, and has found that New Hampshire is the luckiest place in the world.

A discussion was held on advertising options during the upcoming political cycle, which could result from limited television airtime.

9. OTHER BUSINESS:

Director McIntyre updated the Commission on the status of the State's budget and the possible impact this could have on pending legislation pertaining to the Lottery and the merger with the Racing and Charitable Gaming Commission.

10. NEXT MEETING:

Chairman Douglas made a motion, seconded by Commissioner Holloway, to schedule the next Commission meeting for July 16, 2015 at 2:00 p.m. So voted, unanimous.

Commissioner Gelinias 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

David Gelinias, Commissioner