

NEW HAMPSHIRE LOTTERY® COMMISSION
14 INTEGRA DRIVE, CONCORD, NEW HAMPSHIRE 03301
MINUTES OF COMMISSION MEETING
APRIL 10, 2015 1:00 PM

PRESENT:

Debra Douglas, Chairman
Paul J. Holloway, Commissioner
David Gelinias, Commissioner
Charles McIntyre, Executive Director
Diane Campbell, Administrative Assistant
Lynda Plante, Deputy Director
John (Jay) Pedone, Accountant III
Kassie Strong, Chief Financial Officer
Leonard Mannino, Chief Security Officer
Katie Brown, Business Systems Analyst
Maura McCann, Marketing Director
Kelley-Jaye Rosberg, Games Manager
John Papile, Intralot
Kristen Pare', Intralot
Rose Longo-White, GYK Antler
Travis York, GYK Antler
Curtis Barry, The Dupont Group

Chairman Douglas convened the Commission meeting at 1:00 p.m.

1. ACCEPTANCE AND SIGNING OF PREVIOUS MINUTES:

Commissioner Gelinias made a motion, seconded by Commissioner Holloway, to approve the March 4, 2015 commission meeting minutes. So voted, unanimous.

2. COMMISSION VOTE TO APPROVE INITIAL PROPOSAL FOR Sw 300, RULES FOR SALES AGENTS-READOPTION WITH AMENDMENT:

Commissioner Holloway made a motion, seconded by Commissioner Gelinias, to approve the initial proposal for Sw 300, Rules for Sales Agents-Readoption with Amendment. So voted, unanimous.

3. FINANCIAL REPORT:

Kassie Strong stated the March transfer to the Education Trust Fund for February's estimated profit was \$6,615,802. Budget plan for the month was \$6.5 million, making us over \$115,802. The actual profit for February was \$6,433,228.

A discussion was held on the status of the Lottery reaching fiscal year revenue projections. Commissioner Holloway initiated a discussion on the Lucky for Life prize reserve fund. Director McIntyre indicated that the Lucky for Life game was due for a top prize win. A discussion was held regarding possibly changing the Lucky for Life top prize and game matrix and adding more member states which would help offset declining sales.

It was noted that instant sales were doing well, but on-line sales were below projections due to the jackpots being hit frequently. A discussion was held on the demand for the higher instant ticket price points. Director McIntyre emphasized that \$1.00 instant ticket sales were currently up in New Hampshire as compared to most other states, largely due to the success of the \$1 I Heart Bacon ticket.

Commissioner Holloway inquired about various line items on the most recent financial statements for New Hampshire and Tri-State. It was observed that advertising expenditures had decreased due to shifts to more non-traditional media and television advertising restrictions during the political cycle.

Year to date adjusted lottery sales through February were up \$8.8 million or 5%. Instants were up \$15.6 million or 13%, which was more than double what it was last month. Powerball was down \$5.3 million or 20%. Mega Millions was down \$653,688 or 7%. MUSL games together were down \$5.4 million or 14%. Tri-State games were up \$422,199 or 3%, and Lucky for Life was down \$934,000 or 21%.

Cost of sales expenses were up \$9.4 million or 7%, approximately \$8.4 million of which was prizes, with the remainder being increases in retailer commissions, vendor fees, and costs of purchasing instant tickets; all of which were due to the increase in instant ticket sales.

Year to date net profit was \$50 million, up \$1.3 million from last year. Transfers year to date were \$49.4 million. Budget plan year to date was \$50.3 million. Year to date we are under budget plan \$945,000 for transfers to the Education Trust Fund. We have four transfers left in Fiscal Year 2015 totaling a budgeted \$27.3 million. The Fiscal Year 2014 audit report was presented by Legislative Budget Assistant staff on April 3 to the Fiscal Committee and was approved. A total of \$2,154 was collected from delinquent accounts by the Department of Justice and paid to the Lottery for the third quarter in Fiscal Year 2015.

4. INTRALOT:

John Papile of Intralot updated the Commission on the status of software changes for Tri-State promotions scheduled for May and July, and for a September promotion to celebrate the 30 year anniversary of the Tri-State Megabucks game. Mr. Papile stated that Release No. 2 for the Granite State Jackpot Progressive FastPlay game was currently in User Acceptance Testing (UAT) stage with Katie Brown, and would be deployed on April

19. Mr. Papile stated that a planned systemwide failover was conducted on March 22 and March 23 and it went well. Approximately \$4.2 million more worth of tickets were shipped through Tel Sel in March, 2015 compared to March, 2014.

5. ADVERTISING:

Maura McCann provided the Commission with some highlights from the Tri-State Commission meeting held this morning at 10:30 a.m. Ms. McCann reported that the Cinco De Mayo promotion was scheduled for May 5 from 11:00 a.m. to 1:00 p.m. Players who purchase a Gimme 5 ticket during the two hour flash sale will get a free Gimme 5 ticket. The Double Draw Dollars promotion will run from May 10 through May 16 from 6 a.m. to midnight offering daily prizes of \$25 randomly to players who purchase a single Pick 3 or Pick 4 ticket good for a minimum of one consecutive day/evening draw or consecutive evening/next day draw. From July 1 through July 31, players who purchase a single Megabucks ticket of \$6 or greater will have a chance to instantly win a \$500 VISA gift card. Ms. McCann announced that a couple of September promotions were planned to celebrate the 30 year anniversary of the Megabucks game, including the Nth ticket promotion scheduled from September 6-19, awarding players random prizes of \$30 for purchasing a Megabucks ticket; and a raffle promotion scheduled from August 30 to September 30, offering players who purchase a Megabucks ticket a raffle ticket for a chance to win a top prize of \$30,000 and other cash prizes.

Ms. McCann stated that effective April 17, 2015 a new prize payment system for winning subscription play will be implemented. The change will eliminate draw extension awards for prizes less than \$5, but instead those wins will be awarded by prize check, once accumulated to \$10. Notification of this change will be mailed to approximately 7,000 subscribers. Ms. McCann updated the Commission on a new Lottery billboard sign for jackpot advertising, which will be installed soon at a temporary location on Rte. 101, near exit 7, and transferred to I-95 eventually, for a more prominent location.

Travis York reported on the success of the six week Tri-State Mystery Box Replay promotion which ran from February 25 through April 8. The promotion encouraged Replay members to enter their points into the Replay website for a chance to win prizes from \$50 up to \$500, before their points expire, as a 1 year expiration period to use Replay points was implemented. The Lottery gave away approximately \$100,000 in prizes during the promotion. Mr. York stated a final report would be presented to the Commission at the next meeting.

Mr. York stated the ad agency was working through advertising concepts with the Lottery on an image campaign using a story arc that is character driven. This concept would be used for multiple years and advertised through social media, live events and traditional

means. Mr. York stated that meetings were underway to discuss advertising priorities for the remainder of Fiscal Year 2015 and preliminary advertising planning for Fiscal Year 2016. Director McIntyre stated that New Hampshire currently ranked third in Powerball per capita sales in the United States. It was noted that new jackpot messaging has most likely helped to contribute to this factor.

6. NEXT MEETING:

Chairman Douglas made a motion, seconded by Commissioner Holloway, to schedule the next Commission meeting for May 22, 2015 at 9:30 a.m. So voted, unanimous.

Commissioner Gelinias made a motion, seconded by Commissioner Holloway, to adjourn the commission meeting at 2:40 p.m. So voted, unanimous.

Debra Douglas, Chairman

Paul J. Holloway, Commissioner

David Gelinias, Commissioner