

NEW HAMPSHIRE LOTTERY® COMMISSION
14 INTEGRA DRIVE, CONCORD, NEW HAMPSHIRE 03301
MINUTES OF COMMISSION MEETING
FEBRUARY 6, 2015 9:30 AM

PRESENT:

Debra Douglas, Chairman
Paul J. Holloway, Commissioner
David Gelinas, Commissioner
Charles McIntyre, Executive Director
Diane Campbell, Administrative Assistant
Lynda Plante, Deputy Director
Katie Brown, Business Systems Analyst
Len Mannino, Security Director
Kassie Strong, Chief Financial Officer
Maura McCann, Marketing Director
Kelley-Jaye Rosberg, Games Manager
John Papile, Intralot
Rose-Longo White, GYK Antler
Patrick Griffin, GYK Antler
Curtis Barry, The Dupont Group
Jim Bouley, Dennehy & Bouley

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

1. ACCEPTANCE AND SIGNING OF PREVIOUS MINUTES:

Commissioner Gelinas made a motion, seconded by Commissioner Holloway, to approve the January 8, 2015 commission meeting minutes. So voted, unanimous.

2. FINANCIAL REPORT:

Kassie Strong, Chief Financial Officer, stated that the January transfer to the Education Trust Fund for December's estimated profit was \$7,677,679. Budget plan for the month was \$7.5 million, making us over \$177,679. The actual profit for December was \$8,114,612. The extra will be transferred next month (\$370,150).

Year to date adjusted lottery sales through December were up \$7.8 million or 6%. Instants were up \$15.5 million or 17%, which was more than double what it was last month. Powerball sales were down \$6.5 million or 33%; Mega Millions were down \$1.1 million or 14%; MUSL games together were down \$7.3 million or 25%; Tri-State Games were up slightly at \$76,460; and Lucky for Life was down \$711,000 or 21%.

Cost of sales expenses were up \$7.9 million or 8%, approximately \$6.8 million of which was prizes with the remaining being costs of purchasing instant tickets, joint venture expense pool increases for Monopoly and Tri-State instant ticket expenses, and other expenses that were based on sales. Prizes as a percent of sales were up 8% due to the increase in instant sales and the decrease in online ticket sales; also as sales increase so do retailer commissions and vendor fees.

Administrative expenses were down approximately \$500,000, of which \$400,000 was advertising. Year to date net profit was \$36.4 million, up \$442,283 from last year. Transfers year to date were \$36.1 million. Budget plan year to date was \$37.3 million. Year to date we are under budget plan \$1.2 million for transfers to the Education Trust Fund. When we transfer the actual remaining profit from December we will be under budget approximately \$866,000 (\$799,000) versus the \$1.2 million.

The governor has reduced the Lottery's current FY 2015 budget by \$378,764. We have begun presenting Fiscal year 2016 and 2017 budgets with cuts over and above the 100% and 103% of FY 2015. We have met with House Finance. We are scheduled to meet with Division II Finance next week. The Lottery's Comprehensive Annual Financial Report was presented to Fiscal Committee and was approved.

In Quarter 1, FY 15, the surplus property money paid to Lottery for sales of vans was \$5,720. The Department of Justice money collected and paid to Lottery for collections of delinquent accounts was \$723. The retailer bonuses paid were \$222,000.

In Quarter 2, FY 15, the surplus property money paid to Lottery for sales of vans was \$7,480. The Department of Justice money collected and paid to Lottery for collections of delinquent accounts were \$1,436 (59%). The retailer bonuses earned was \$325,657.

3. INTRALOT REPORT:

John Papile of Intralot stated that Release #1 had been successfully completed for the Lucky for Life game change and four new Fast Play games. Mr. Papile provided a TelSell update for January 2015, stating the total value in tickets shipped was \$13.1 million compared to \$7.2 million for January, 2014. Mr. Papile stated that they were working on the April Release #2 for the \$1, \$2 and \$5 progressive Fast Play games. Mr. Papile provided an explanation of the TelSell program and its success with increasing instant ticket sales.

4. ADVERTISING:

Maura McCann discussed the highlights from the February 2015 Advertising and Marketing Initiatives report. Ms. McCann stated that instant sales had been especially strong in December, 2014 and January, 2015, and that the new Bacon scented instant ticket was doing extremely well.

Ms. McCann stated the Monopoly Millionaire's Television Game Show would air on WBIN on Sunday nights at 10:30 p.m. Ms. McCann stated one set of the game shows has been produced in Las Vegas. The production for the final set of the game shows was scheduled for February 19-22.

Ms. McCann stated the second and final \$10 Caesars scratch ticket drawing was held recently and the winners would be traveling to Caesars Palace in Las Vegas to attend a jackpot party and have a chance to win up to \$100,000. Two of the four promotional events scheduled for the \$1 "I Heart Bacon" ticket using the "Bacon" food truck were postponed due to the inclement weather conditions. Ms. McCann distributed the press releases resulting from the recently launched "Bacon scented" instant ticket. New jackpot alerts have been produced for the Powerball and Mega Millions games and are pending approval. Ms. McCann also showed television spots discussing the "Bacon" ticket from Good Morning America and the Weather Channel.

Patrick Griffin discussed changes in advertising methods, stating the trend was shifting from strictly traditional methods to using a more integrated approach using social and digital platforms to communicate to a broader audience and to be more relevant to a younger demographic.

5. OTHER BUSINESS:

Director McIntyre updated the Commission on proposed bills for the current legislative session pertaining to the Lottery. Commissioner Holloway stressed the importance of the Lottery emphasizing that every dollar that the Lottery generates gets transferred to the Education Trust Fund. Director McIntyre updated the Commission on the status of the legality of internet gambling.

6. NEXT MEETING:

Chairman Douglas made a motion, seconded by Commissioner Holloway, to schedule the next Commission meeting for March 4, 2015 at 1:00 p.m. So voted, unanimous.

Commissioner Gelinis made a motion, seconded by Commissioner Holloway, to adjourn the commission meeting at 11:00 a.m. So voted, unanimous.

Debra Douglas, Chairman

Paul J. Holloway, Commissioner

David Gelinis, Commissioner