

NEW HAMPSHIRE LOTTERY® COMMISSION
14 INTEGRA DRIVE, CONCORD, NEW HAMPSHIRE 03301
MINUTES OF COMMISSION MEETING
FEBRUARY 8, 2016, 10:00 AM

PRESENT:

Debra Douglas, Chairman
Paul J. Holloway, Commissioner
David Gelinias, Commissioner
Charles McIntyre, Executive Director
Diane Campbell, Administrative Assistant
Lynda Plante, Deputy Director
Katie Brown, Business Systems Analyst
Leonard Mannino, Chief Security Officer
Maura McCann, Marketing Director
Kelley-Jaye Rosberg, Games Manager
Cynthia Baron, Chief Financial Officer
Paul Kelley, Racing and Charitable Gaming Commission (RCGC)
Sudhir Naik, RCGC
Kristen Pare', Intralot
Rose Longo-White, GYK Antler
Travis York, GYK Antler
Ashley Spicer, GYK Antler
Jonathan Chavez, SocialSphere
Jim Bouley, Dennehy & Bouley
Dick Bouley, Dennehy & Bouley
Glenn Wallace, Rath, Young, & Pignatelli
Nicholas Bonardi, Tri-State Enterprises
Colleen Hernandez, Community Bingo Center
Ryan Gloddy, Casablanca Casino

Chairman Douglas convened the Commission meeting at 10:00 a.m.

1. ACCEPTANCE AND SIGNING OF PREVIOUS MINUTES:

Commissioner Gelinias made a motion, seconded by Commissioner Holloway, to approve the January 11, 2016 commission meeting minutes. So voted, unanimous.

2. FINANCIAL REPORT:

A. **LOTTERY-**Cindy Baron stated that the Commission had received the December, 2015 financials. Ms. Baron stated that the Lottery had transferred approximately \$7,157,000 to the Education Trust Fund on January 20 for the month of December. Ms. Baron stated an additional transfer of \$128,440.62 was made to the Education Trust Fund for the 2015 balance due.

Ms. Baron reported that year to date the Lottery had transferred \$35.9 million to the Education Trust Fund against a budget of \$37.2 million. It was noted that the approximate \$1.3 million variance should not be an issue since instant ticket sales for January, 2016, were ahead of January, 2015, by approximately 15.5%. Powerball sales for January, 2016 were approximately \$14.9 million compared to \$2.8 million in Powerball sales for January, 2015. Ms. Baron announced that a revised revenue plan had been submitted to the Commissioner of Administrative Services, bumping the Lottery's revenue estimates from \$73 million to \$76 million for FY 2016. Director McIntyre updated the Commission on the status of additional states joining the Lucky for Life game group. Commissioner Holloway noted that the \$25.00 instant ticket has had a positive effect on increasing overall instant ticket sales. Commissioner Holloway made positive mention that Lottery sales were continuing to increase at the Liquor Stores. A brief discussion was held on changes that had been made by the Lottery and Liquor Commission which have attributed to the improved sales.

Director McIntyre updated the Commission on the status of the Hot Lotto game sales and any proposed changes that were being reviewed by the member states. A discussion was held on television advertising coverage during the political season.

B. RACING AND CHARITABLE GAMING - Sudhir Naik reported that Racing and Charitable Gaming revenues from July 1, 2015 to December 31, 2015 exceeded revenues for the same period in Fiscal Year 2015 by approximately \$243,000. Mr. Naik stated that approximately \$7,400 in unclaimed tickets was received for simulcast racing from the racetracks during the first half of Fiscal Year 2016. Paul Kelley provided an explanation on the unclaimed tickets and stated the outstanding tickets account is also revenue for transfer to the Education Trust Fund. Mr. Naik stated that any claims on unclaimed tickets must be made within eleven months. Mr. Naik stated that to date Racing and Charitable Gaming transferred approximately \$1.5 million for Fiscal Year 2016 to the Education Trust Fund, compared to the \$1.3 million for the same period in the previous fiscal year. Mr. Kelley stated that the new "all in" cash poker game sales contributed significantly to revenue increases; overall games of chance sales was up 31%. A breakdown of the sales reflect that "all in" poker sales increased by 239%; tournament play and table games was down approximately 56% and 6% respectively. For the period covering July 1, 2015, to December 31, 2015, compared to the same period in the previous fiscal year, the charities were up approximately \$700,000 or 31%; the state revenue was up approximately \$152,000 or 21%; and game operator income was up approximately \$1.1 million or 33%.

Chairman Douglas requested that the financial information that was reported on by Mr. Kelley and Mr. Naik at the Commission meetings be combined into a one page financial report in the future for distribution to the Commission.

3. INTRALOT REPORT:

Kristen Pare' of Intralot stated that they were working on two instant win promotions for the daily numbers games. The promotions offer players a random chance to win \$10 instantly when purchasing a Pick 3 ticket during the last week in March and also a random chance to win \$20 instantly when purchasing a Pick 4 ticket during the first week in April. Ms. Pare' stated that Intralot was working on Release 2 for a new progressive Fast Play game, Jackpot 7s, offering multiple price points of \$2, \$5, and \$10. Also Release 3 would be issued soon for two new Fast Play games, Wizard of Oz and Yahtzee.

4. ADVERTISING:

Maura McCann reviewed the highlights from the early February, 2016, Marketing and Advertising Initiatives report. Some of these highlights included a current listing of the 20 state lotteries which sell Lucky for Life, with North Carolina and North Dakota recently joining the group. Ms. McCann stated that three new spring, summer, and fall themed oversized Lottery posters would be displayed at the Liquor Stores.

Ms. McCann announced that the University of New Hampshire (UNH) "Miracle on Ice" Promotion was the finale of the Lottery's ongoing UNH Hockey Sponsorship. UNH Hockey game attendees will be encouraged to "text to win" hockey game tickets and enter into a drawing for a chance to win \$100,000, by taking a shot on the ice, during the February 23 hockey game in Durham.

Ms. McCann updated the Commission on plans to promote the \$2.00 Mega Makeover "The Home Depot" scratch ticket in April and May, using Chuck McLuck as the advertising spokesperson. Travis York updated the Commission on increased Replay activity for the month of January, 2016 compared to December, 2015. Mr. York reported that Replay registrants were up 108.5%; active players were up 30.6%; and the tickets earned were up 36.6%. A year over year comparison for the same period revealed that registrants were up 68.5%; active players were up 8.1%; and tickets earned were up 15.2%. The actual age of people entering tickets in January, 2016 relative to December, 2015 dropped 10 years, to about 41 years old.

5. SOCIALSPHERE PRESENTATION:

Jonathan Chavez of SocialSphere provided an overview of his presentation, stating he would be sharing the results of the annual tracking and marketing research with the Commission. Mr. Chavez stated that this was the fourth survey SocialSphere had conducted as part of the research for the Lottery since 2011, contacting over 1,000 New Hampshire residents over the age of 18. Mr. Chavez announced that the presentation would cover key findings; player types and spending; attributes associated with the Lottery; messaging and the relationship to other lotteries; ad recall; technology adoption; scratch ticket play; casinos and other gaming; and demographics. Some of the key findings were that the favorability of the New Hampshire Lottery had risen significantly since 2011; Massachusetts Lottery play among New Hampshire residents continue to fall; increased recalls of New Hampshire Lottery advertisements; increased mobile phone usage to access the Lottery's website; the percentage of New Hampshire residents who would be likely to visit a casino if opened in New Hampshire has declined.

Chairman Douglas requested that Director McIntyre invite Robert Tercek from Milestone to make the same presentation as he had done at the last Tri-State Commission meeting during a New Hampshire Lottery Commission meeting. Director McIntyre indicated that he would arrange for this.

6. ADMINISTRATIVE SUBPOENA-GAMING OPERATORS:

Director McIntyre discussed an administrative subpoena for requested information from the ten licensed New Hampshire game operator employers. Director McIntyre stated that pursuant to NH RSA 287-D:25, effective July 1, 2015, the New Hampshire Lottery Commission was given authority to issue subpoenas for witnesses and for documents relative to investigations or adjudicatory hearings held by the lottery commission. The statute also required that the attorney general shall assist the lottery commission in matters pertaining to the enforcement of subpoenas. Director McIntyre presented a draft of the administrative subpoena for Commission approval. Commissioner Holloway made a motion, seconded by Commissioner Gelinis, to approve the administrative subpoena and distribution to the ten licensed New Hampshire game operator employers. So voted, unanimous.

7. OTHER BUSINESS:

Director McIntyre updated the Commission on an upcoming hearing scheduled for SB 551, relative to establishing video lottery and table gaming in one location.

Chairman Douglas requested that Director McIntyre contact Robert Tereck from Milestone to ask him to make a presentation before the Commission. Director McIntyre responded that he would try and schedule this item for the next Commission meeting.

8. NEXT MEETING:

Chairman Douglas made a motion, seconded by Commissioner Holloway, to schedule the next Commission meeting for March 30, 2016 at 10:00 a.m. So voted, unanimous.

Commissioner Gelinis made a motion, seconded by Commissioner Holloway, to adjourn the meeting at 12:05 p.m. So voted, unanimous.

Debra Douglas, Chairman

Paul J. Holloway, Commissioner

David Gelinis, Commissioner