

NEW HAMPSHIRE LOTTERY® COMMISSION
14 INTEGRA DRIVE, CONCORD, NEW HAMPSHIRE 03301
MINUTES OF COMMISSION MEETING
WEDNESDAY, JANUARY 5, 2011 10:00 AM

PRESENT:

Debra Douglas, Chairman
Paul J. Holloway, Commissioner
Charles McIntyre, Executive Director
Diane Campbell, Administrative Assistant
Maura McCann, Programs Information Officer
Georges Roy, Administrator III
Robert Preston, Games Manager
Irene Nadeau, On-line Games Manager
Len Mannino, Security Director
Travis York, Griffin, York & Krause, Inc.
Suzan Lehmann, Hinckley, Allen & Snyder
Jim Bouley, Dennehy & Bouley
John Papile, Intralot
Liz Dimmick, Scientific Games

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

1. ACCEPTANCE AND SIGNING OF PREVIOUS MINUTES:

Commissioner Holloway made a motion, seconded by Chairman Douglas, to approve the December, 2010 commission meeting minutes. So voted, unanimous.

2. FINANCIAL REPORT:

Georges Roy, Administrator III, stated that sales for December were excellent. Mr. Roy stated that \$7 million would be transferred to Education on January 20, 2011 for December's net profits plus an additional \$246,000 from June 30th. Mr. Roy stated the added \$246,000 was as a result of the auditors' final adjusting entries. The Commission requested that a press release be issued to announce that the revenue exceeded the projected budget for the month of December. The Comprehensive Annual Financial report is expected to be presented to the Fiscal Committee on January 21, 2011. Mr. Roy stated that the FY 10 audit observations may be presented to the Fiscal Committee in April.

A brief discussion was held on the extremely high Mega Millions jackpot of \$380 million for the January 4, 2011 drawing with two winning tickets sold and the press coverage surrounding the event. The most current weekly sales report was discussed, reviewing the sales of the different price points for instant tickets. The \$30 instant ticket price point was analyzed. A public relations effort will be made to advertise the remaining unclaimed \$1 million top prize on the \$30 Royal Riches game. Director McIntyre stated the \$20 Cash

Spectacular scratch ticket had been most successful, with sales for the game being higher than sales for the entire \$20 price point last year at this time.

3. INTRALOT REPORT:

John Papile, of Intralot, reported on the status of the network changes requested by Director McIntyre. Currently a total of 1376 Microlots have been installed at 1198 retail locations. A total of 285 WinStations have been installed at 19 Rite Aid locations, with installations to be done next week at the remaining 40 Rite Aids.

Mr. Papile stated that the network communications consists of 184 retailers using VSAT or approximately 15.5% of the total network; 652 retailers using DSL or about 55% of the total network; and 362 retailers using 3G or about 30% of the total network. A brief discussion was held on the status of the satellites. Mr. Papile stated there were 34 retailers remaining to switch over from satellite to DSL, probably by mid February.

Mr. Papile announced that instant sales for the week ending December 25th were \$4 million and at 9:30 today instant sales were \$2,126,056. Mr. Papile stated recent weekly instant sales are averaging around \$3.2-\$3.5 million per week. A total of five new instant games will be distributed next week and approximately 60% of the retailers are being contacted weekly through TelSell. A new Fast Play game is scheduled for mid January.

Mr. Papile stated they were working very closely with Irene Nadeau on the Double Draw Dollars Promotion for the Pick 3 and Pick 4, and Irene was doing a great job with the testing. Mr. Papile stated that we have a tight schedule, but we should be fine.

Mr. Papile stated the new Mega Millions play slips arrived, listing the revised prize structure on the back of the slips. Mr. Papile stated one of the initiatives requested by Director McIntyre was to redesign all the tickets including the top of the tickets to hopefully reduce the length of the printed tickets. Ms. McCann stated that specifications for new smaller bitmaps were in progress and stated that the advertising used on the tickets from the lottery terminals was invaluable to the lottery and cost effective. Ms. McCann stressed the importance of the advertising piece on the bottom of the tickets. Tickets from the lottery terminals advertise lottery products and Replay to ensure the Replay marketing partners are getting their value for the prizes they are providing.

4. SUBSCRIPTION UPDATE:

Irene Nadeau, On-Line Games Manager, stated that 3,081 subscriptions were sold for the month of December totaling \$184,262; compared to 2,270 subscriptions sold totaling \$126,400 for December, 2009. Ms. Nadeau reported that a total of 3,315 subscriptions were sold in November and December totaling \$197,236. Director McIntyre stated subscription

sales increased almost 50% from last year. In December, 2009 the average subscription sale was \$57 compared to \$64 for December, 2010. Ms. Nadeau stated that the most popular subscription game for 2010 was Powerball, followed by Mega Millions. Subscription sales objectives were discussed. Director McIntyre indicated that subscription sales had recently exceeded the objectives, partially due to significant discounts offered on subscriptions purchased at the retailers. Sales objectives for the lottery were discussed.

The Commission requested that the lottery retailers be contacted by the sales representatives to inquire, if the lottery was able to get could get keno, would they be interested in having it at their establishment. The Commissioners requested that the information be provided to them as soon as possible.

5. TRI-STATE REPORT:

Maura McCann stated that the next Tri-State meeting would be this Friday, January 7, 2011 at 10:00 a.m. The Tri-State Holiday Raffle drawing for Maine concluded this morning and New Hampshire's portion of the Tri-State Holiday Raffle drawing will be later in the day. A total of 48,961 raffle tickets were awarded. The prize money is funded by expired, unclaimed prize funds.

Ms. McCann announced that the "Double Draw Dollars" Promotion for the Pick 3 and Pick 4 games will randomly award \$25 cash prizes to players who purchase both the day and evening draw tickets. The new Fast Play game "Lucky Day" is expected to launch January 16, 2011. Changes to the Weekly Grand game are scheduled for the Spring.

6. ADVERTISING:

Ms. McCann reported on December advertising for holiday tickets, subscriptions and the Cash Spectacular ticket. Advertising production will begin within the next two weeks for the next instant campaign through the end of the fiscal year.

Travis York of Griffin York and Krause briefed the Commission on findings from a quantitative study conducted through Replay. Director McIntyre stated he would forward information recently received from the Attorney General's office to the Commission regarding usage of the Replay database.

A discussion was held on opportunities for lottery advertising and promotions at Liquor Stores. Possible options to be researched include offering coupons. John Papile of Intralot thanked Georges Roy and Cindi Murphy for meeting with Intralott staff several times in preparation of the 1099s scheduled to go out on the January 7th and the W-2G forms scheduled to go out on January 27th.

7. OTHER BUSINESS:

Chairman Douglas made a motion, seconded by Commissioner Holloway, to schedule the next Commission meeting for February 10, 2011 at 10:00 a.m. So voted, unanimous.

Chairman Holloway made a motion, seconded by Chairman Douglas, to adjourn the Commission meeting at 11:30 a.m. and to move into non-public session to receive counsel from their attorney. A roll call vote was taken. Commissioner Holloway stated "I", and Chairman Douglas stated "I". So voted, unanimous.

Debra Douglas, Chairman

Paul J. Holloway, Commissioner