

**NEW HAMPSHIRE LOTTERY® COMMISSION
14 INTEGRA DRIVE, CONCORD, NEW HAMPSHIRE 03301
MINUTES OF COMMISSION MEETING
THURSDAY, FEBRUARY 10, 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.
Jason Bond, Griffin, York & Krause, Inc.
Rose Longo-White, Griffin, York & Krause, Inc.
Patrick Griffin, Griffin, York & Krause, Inc.(by teleconference)
Liz Steinhart Pollock, Griffin, York & Krause, Inc.
Suzan Lehmann, Hinckley, Allen & Snyder
Jim Bouley, Dennehy & Bouley
Curtis Barry, The Dupont Group
John Papile, Intralot
Terry Patterson, Intralot

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 January, 2011 commission meeting minutes. So voted, unanimous.

2. FINANCIAL REPORT:

Georges Roy, Administrator III, stated the most recent State Monthly Revenue Focus Report revealed a transfer of \$7.2 million for December. The next budgeted transfer amount is \$6.5 million. A discussion was held on the Status of Appropriated Funds statement and Statement of Income expenses for December 31, 2010.

3. INTRALOT REPORT:

John Papile of Intralot stated the W-2Gs and 1099 tax forms were sent out on time. Sales for the latest Fast Play game called Lucky Day were \$96,000 over last year's Fast Play game sales of \$54,000. Mr. Papile reported that tickets generated through the TelSell

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system were valued at \$10.5 million for December; \$7 million for January; and \$2.3 million so far this month. Mr. Papile stated 58% of retailers were on DSL; 30% on 3G; and only 12% remaining on VSAT for their system communications. The development is underway for the upcoming Weekly Grand Extra Tri-State game. The new playslips were ordered two weeks ago and will be tested before the press run.

The next Fast Play game, "Break the Bank", is also in development. Irene Nadeau was currently testing Mega Millions prize structure changes to go live February 27th. Mr. Papile provided an update on a proposed coupon project and meetings with the Liquor Commission. **Mr. Papile stated positive feedback was received from the Liquor Commission Directors regarding Director McIntyre's requests for changes. Mr. Papile stated on February 16th a call is scheduled with the Vice President of software to discuss the UPC bar code for scanning tickets to finalize timelines and details for implementation. Director McIntyre stated a list of proposed coupons had been provided to the Liquor Commission at a recent meeting for their consideration to use in the liquor stores only. Joint promotional items were also discussed at the meeting.** The recent Double Draw Dollars promotion resulted in almost a 20% sales increase primarily from Pick 4 sales.

A discussion was held on the ability of any of the three states included in the Tri-State Lotto Commission to individually decide to end a game without unanimous approval. Also discussed was the possibility of other states joining the Tri-State Commission. The Commission expressed that the Tri-State compact be reviewed as soon as possible with an executive summary provided to them for clarification.

4. **LEGISLATIVE UPDATE:**

Director McIntyre updated the Commission on the status of pending legislation supported by the Lottery. An update was provided on SB 130 to repeal the 10% tax on gambling winnings which indicated that a recent senate committee report recommended passage. Commissioner Holloway stressed to the advertising agency the importance of being ready to significantly advertise the 10% gambling tax repeal upon the proposed passage of the legislation. A brief discussion was held on advertising campaign options for the lottery that will be most beneficial for increasing sales. The advertising options will be discussed further during an upcoming marketing planning session.

Chairman Douglas requested that the advertising agency contact Heidi Copeland of Business New Hampshire magazine for editorial opportunities relating to the New Hampshire Lottery Commission. Director McIntyre updated the Commission on a recent budget meeting with House Finance Division II.

5. **ANNUAL MEETING:**

Director McIntyre stated an annual planning session would be held on February 23rd at an off-site location for the purpose of developing a comprehensive marketing schedule for game launches for Fiscal Year 2012.

6. TRI-STATE REPORT:

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Maura McCann stated that the last Tri-State Commission meeting was held on February 4, 2011 at the New Hampshire Lottery. The Finance Report indicated that Tri-State gross revenues through December 2010 had decreased by \$3.6 million or 9.64% as compared to the previous December. The report included a Megabucks sales decrease of \$2.8 million; Daily number sales decrease of \$149,000; Weekly Grand sales decrease of \$571,000; Fast Play sales decrease of \$400,000; total expenses down by \$2.8 million; a net profit decrease of \$768,000. A budgeted sales comparison revealed \$575,000, an amount behind the forecast for all Tri-State games, except for the Megabucks Plus and Fast Play games which were ahead of the forecast. Ms. McCann reported that cost of sales were also under budget by \$584,000; operating expenses were under budget by \$828,000; all contingency funds were in the positive by December 31, 2010. The expired, unclaimed prizes fund is \$1.3 million. The latest television and radio spots for New Hampshire were presented. The two week Double Draw Dollars promotion that ran in January in Maine and New Hampshire to promote the Pick 3 and Pick 4 resulted in about a 20% sales increase in both states.

The Tri-State Commission voted to approve game enhancements to the Weekly Grand game and relaunch as Weekly Grand Extra towards the end of April, 2011. The draw countdown from 20 draws to 0 draws will begin February 15th due to the upcoming game change. The Weekly Grand Extra will offer a "TGIF" raffle feature to players who purchase a \$2.00 ticket. Weekly Grand rule changes were distributed and will be voted on at the next Tri-State Commission meeting. A Red Sox ticket will be released in March or April.

7. ADVERTISING:

Ms. McCann presented the new television spots promoting the \$10,000 Taxes Paid and Granite State Black instant tickets. The New Hampshire Lottery subscription website allowing players to register their subscriptions on line is up and running. Software updates have been completed for all the New Hampshire Lottery websites. A survey is currently being conducted on the Replay website regarding player preferences for types of gaming. Advertising will be done to promote the remaining \$1 million top prizes in a couple of the Lottery's instant games.

Travis York stated that last week 260,000 tickets were entered on the Replay website and of those, 165,000 were instant tickets. Mr. York stated that approximately 70% of all tickets entered in the Replay system are instant tickets. A brief discussion was held on possible usages of the Replay database. The Commission requested that Director McIntyre meet with the advertising agency soon to discuss possibilities and questions for Replay

database usage for further review. The Commission emphasized the importance of leveraging Replay to its fullest potential that will be most beneficial to the Lottery. A discussion was held on pursuing promotional opportunities for the Lottery at the New Hampshire Motor Speedway.

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8. LBA AUDIT:

Georges Roy stated responses to the LBA's FY 10 audit observations were being prepared.

9. INSTANT GAMES UPDATE:

Robert Preston, Games Manager, stated sales for the \$20 Cash Spectacular instant game have done extremely well. Mr. Preston stated there were four \$1 million top prizes offered in the game, one of which has been claimed so far. Mr. Preston reported that the Cash Spectacular ticket was selling three times faster than other \$20 instant tickets. An update was provided on the recently launched instant game, "Cruises and Cash" that offers a chance to win one of four \$50,000 top prizes and instantly win one of four cruises on a Royal Caribbean Oasis of the Seas or Allure of the Seas or other Royal Caribbean cruises of equal or lesser value.

Mr. Preston stated a ticket called Bejeweled was in development and a brief explanation of the features was provided. The working papers for the instant ticket "Boston Red Sox" were received today. Mr. Preston stated that part of the prizes will be three Red Sox spring training packages for next year in Florida. Mr. Preston stated in addition, part of the Red Sox game launch in mid March will include a retailer contest based on the number of tickets they sell after approximately 9 weeks. A drawing will be held and the winners will receive tickets to attend a Red Sox game at the "New Hampshire Day at Fenway Park" on June 4, 2010.

Mr. Preston indicated that due to the success of the \$5.00 Monopoly game, a \$10.00 version of Monopoly will be released. Mr. Preston stated he was working on a \$20 ticket called "Set for Life" which will offer players a chance to win \$100,000 per year for life, guaranteed for 20 years.

10. OTHER BUSINESS:

Commissioner Holloway made a motion, seconded by Chairman Douglas, to move into executive session at 12:15 p.m. to discuss a personnel matter and potential legal matter. A roll call vote was taken. Commissioner Holloway stated "I", and Chairman Douglas stated "I". So voted, unanimous. The executive session concluded at 1:15 p.m.

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Debra Douglas, Chairman

Paul J. Holloway, Commissioner