

**NEW HAMPSHIRE LOTTERY® COMMISSION**  
**14 INTEGRA DRIVE, CONCORD, NEW HAMPSHIRE 03301**  
**MINUTES OF COMMISSION MEETING**  
**JUNE 10, 2011 9:00 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  
Len Mannino, Security Director  
Ed Dupont, The Dupont Group  
Travis York, Griffin, York & Krause, Inc. (GYK)  
Rose Longo-White, GYK  
Patrick Griffin, GYK  
Liz Pollock, GYK  
Michelle Marshall, GYK  
Jim Bouley, Dennehy & Bouley  
John Papile, Intralot  
John Hadley, Intralot  
Terry Patterson, Intralot  
John DellaVolpe, Social Sphere  
Jonathan Chavez, Social Sphere

Chairman Douglas convened the Commission meeting at 9:11 a.m.

**1. ACCEPTANCE AND SIGNING OF PREVIOUS MINUTES:**

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

**2. APPROVAL OF RENEWAL OF RETAILER BONUS COMMISSION:**

A brief discussion was held on HB 2. Director McIntyre updated the Commission on two provisions pertaining to the Lottery included in the proposed legislation. One provision was to increase the retailer commission based on sales and the other provision pertained to incentive goals for the lottery sales representatives. Pending approval of HB 2, the rulemaking process will be required to make changes to the current rules. Chairman Douglas emphasized the importance of this legislation since it will help generate revenue.

Robert Preston, Games Manager, distributed a summary of the retailer bonus commission program since its inception. Mr. Preston stated last quarter 406 retailers qualified on this instant ticket program. The qualifying retailers earned an additional \$74,000. The bonus commission program requires a retailer to increase their instant ticket sales by 10% to earn an additional .5%. The qualifying retailers increased their sales by 27%.

Commissioner Holloway made a motion, seconded by Chairman Douglas, to approve the renewal of the retailer bonus commission program. So voted, unanimous.

### **3. FINANCIAL REPORT:**

Georges Roy, Administrator III, stated the estimated net revenue projection for this fiscal year was \$63 million. Mr. Roy stated that the biggest issue was declining on-line ticket sales, and Powerball sales were down \$9 million. Director McIntyre stated recently a \$200 million Powerball jackpot was hit in New York and two weeks later a \$25 million Powerball jackpot was hit in Massachusetts, which had a detrimental effect on sales. Mr. Roy stated that FY 11 instant sales would be equal to or greater than the prior fiscal years' instant sales. A discussion was held on the State's Monthly Revenue Focus Report.

### **4. INTRALOT REPORT:**

John Papile reported that currently there were a total of 1271 active retailers; and 1440 Microlot terminals and 335 Winstations had been deployed. The communications network consisted of 761 at DSL; 870 at 3G; and 140 at VSAT. Mr. Papile stated the telemarketing department distributed \$9.1 million tickets in March, \$8.8 million in April, \$9.2 million in May and \$2.3 so far in June. The next scheduled software release is July 17, 2011. On July 17<sup>th</sup> the new Fast Play game called "Catch Some Cash" will go on sale. The coupon promotion is being worked on with an expected September or October completion date. The lottery ticket resizing to a shortened ticket length is scheduled to be deployed on July 17<sup>th</sup>. Mr. Papile noted that the lottery headquarters sales were up \$80,000 over last year. Director McIntyre commended Julie O'Brien for the fine job she has done while working with the customers in the sales office.

### **5. TRI-STATE REPORT:**

Maura McCann provided a report from the last Tri-State Commission meeting held on June 3<sup>rd</sup>. Weekly Grand Extra sales were going well since the game launch, with an increase in New Hampshire from approximately \$60,000 in Weekly Grand sales to \$75,000 in Weekly Grand Extra sales. Plans are underway for a holiday Fast Play game in New Hampshire only called "Jingle Jack". The Product Development Committee is reviewing ideas for New England Regional Games and a possible enhancement to the Powerball game.

A discussion was held on purchasing a new Random Number Generator (RNG) and certification for it. The Financial Report indicated gross revenues through April have decreased \$7 million; total expenses are down \$4.8 million; and net profit through April, 2011 has decreased \$2.2 million.

A Tri-State instant ticket subcommittee has been created for the purpose of exploring the development of combined instant tickets in Maine, New Hampshire and Vermont including using licensed properties and offering higher top prizes from a larger pool.

#### 6. ADVERTISING:

Ms. McCann provided the advertising report. A brief discussion was held comparing lottery sales among various states and possible factors influencing sales trends. On June 9<sup>th</sup> a signed permit was obtained for a New Hampshire Lottery business sign to be installed on Manchester Street.

New advertising will begin June 13<sup>th</sup> highlighting the \$250,000 Tax Free instant ticket. The tax repeal celebration day held at NH Lottery headquarters on May 23<sup>rd</sup> was most successful. Advertising plans are underway for FY 12. Promotions will be held during the summer at 23 retailer locations throughout the state. "Smokin hot instants" is our summer theme for in store Liquor advertising. As of today, slides are going up on the lottery advertising display monitors specific to liquor sales. The individual retailers will be allowed to do their own business advertising on the lottery PADs at the checkouts. Commissioner Holloway mentioned that he did not hear any lottery advertising spots running in a few of the liquor stores recently. Rose-Longo White stated she would check into this. Commissioner Holloway inquired if regular meetings were continuing to be held with the Liquor Commission and whether incentives could be offered to the liquor store employees selling lottery tickets. Director McIntyre responded that recent discussions had been held with Liquor Commission representatives regarding suggestions for ticket display and inventory and retailer incentives. A discussion was held on lottery player opportunities including bonus time promotions through Replay, discounts offered for subscriptions, ticket give-a-ways and couponing.

**A brief discussion was held on the marketing plan for this fiscal year. The advertising agency stated it was a working document and encouraged the Commission to ask questions or comment on the plan at any time.**

**Chairman Douglas inquired about promotional and sales opportunities for the New Hampshire Lottery with the New Hampshire Motor Speedway (NHMS). Director McIntyre responded that he had just received their proposal this past Wednesday and had not had an opportunity to thoroughly review it. Commissioner Holloway inquired**

**about the cost. Director McIntyre stated \$151,080 each for year one and year two for a total commitment of approximately \$300,000. Director McIntyre stated that the NHMS's suggestions and proposed ideas were very innovative and it was worth revisiting in terms of both elements. Pat Griffin of GYK stated that it was a first pass now in negotiations and that it should be discussed. Director McIntyre indicated we should go back and have a discussion regarding the elements and cost.**

**The size of the venue and promotional exposure was mentioned. Mr. Griffin stated he would provide the Commission with a package of information after the meeting.**

#### **7. OTHER BUSINESS:**

Director McIntyre updated the Commission on a recent meeting with the Attorney General and the Commissioner of Education regarding messaging of the lottery's education funding specific to each municipality throughout the state.

Director McIntyre stated that he would be meeting soon with the Office of Information Technology Commissioner to discuss QR barcodes on the tickets. Chairman Douglas reported that Commissioner Holloway and she met recently with the Governor to present the findings of a benchmark study of perceptions of the New Hampshire Lottery among New Hampshire residents and to discuss innovative ways of generating more Lottery revenue. A follow up work session will be held regarding this.

#### **8. SOCIAL SPHERE PRESENTATION:**

Jonathan Chavez gave a presentation of the results of an internet-based survey that consisted of two parts: general favorability testing and an interactive ticket shelf test of 17 potential instant tickets selected by the New Hampshire Lottery. Mr. Chavez stated that 800 New Hampshire Lottery players who had played the Lottery at least one time in the past year were surveyed from May 5, 2011 through May 15, 2011. The \$250,000 Tax Free was the highest rated ticket by a significant margin. The Color of Money and Silver & Gold tickets were the top performing \$5 tickets. Hot Cash outperformed the other \$2 concepts. Diamond Dollars was the top rated \$1 ticket. A summary of the survey was provided to the Commission.

Commissioner Holloway made a motion, seconded by Chairman Douglas, to adjourn the meeting at 11:37 a.m. So voted, unanimous.

---

Debra Douglas, Chairman

---

Paul J. Holloway, Commissioner