

**NEW HAMPSHIRE LOTTERY® COMMISSION**  
**14 INTEGRA DRIVE, CONCORD, NEW HAMPSHIRE 03301**  
**MINUTES OF COMMISSION MEETING**  
**JULY 26, 2011 9:30 AM**

**PRESENT:**

Debra Douglas, Chairman  
Paul J. Holloway, Commissioner  
Doug Scamman, Commissioner  
Charles McIntyre, Executive Director  
Dianna Audet, Clerk III  
Maura McCann, Programs Information Officer  
Georges Roy, Administrator III  
Robert Preston, Games Manager  
Len Mannino, Security Director  
Travis York, Griffin, York & Krause, Inc. (GYK)  
Rose Longo-White, GYK  
Patrick Griffin, GYK  
Liz Pollock, GYK  
Jim Bouley, Dennehy & Bouley  
John Papile, Intralot  
Kristen Pare, Intralot

Chairman Douglas convened the Commission meeting at 9:36 a.m.

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

Commissioner Holloway requested that the June commission meeting minutes be revised, after a review of the recording, to include a reference of a discussion regarding the New Hampshire Motor Speedway (NHMS) presentation. Commissioner Holloway expressed his concern that there was no follow up and communication with the Commission regarding the Lottery's final negotiations with the NHMS before the July NASCAR race. Chairman Douglas encouraged future tracking of action items from meetings. Commissioner Scamman made a motion, seconded by Commissioner Holloway, to table the acceptance of the revised June commission meeting minutes, pending review. So voted, unanimous.

A recap of the Lottery's presence at the track during the NASCAR event was provided. A discussion followed about proposed plans with the NHMS for this year. Director McIntyre stated he would meet with Jerry Gappens at the NHMS during the first week of August to review how things went for the Lottery at the July race and to discuss what improvements or changes need to be made for the remaining two races this year. He will prepare a memo and forward it to the Commissioners prior to the next race. Pat Griffin spoke positively about how receptive the track had been during negotiations and focusing on maximizing the Lottery's exposure and that he would keep the Commission and Lottery well informed.

**2. COMMISSION APPROVAL OF INITIAL PROPOSAL OF CHAPTER SW 700  
RULES FOR EMPLOYEE RECOGNITION PROGRAM:**

A lengthy discussion was held on this subject. Director McIntyre outlined the details of the employee recognition program. The bonus program that was included in HB 2 requires the rulemaking process. Director McIntyre updated the Commission on the details and benefits of the incentive program and its anticipated date for implementation. Commissioner Holloway made a motion, seconded by Commissioner Scamman, to approve the initial proposal for Chapter 700, Rules for the Employee Recognition Program. So voted, unanimous.

**3. FINANCIAL REPORT:**

Georges Roy stated that the fiscal year end closing was still in process but should be finalized shortly. Mr. Roy provided a brief update on the status of the LBA audit.

**4. CLASSIFIED EMPLOYEE BUDGET CUT:**

Mr. Roy stated he had received the target of \$108,000 for the FY 12 reduction and \$109,000 for the FY 13 reduction from Class 10, Classified positions (salaries and benefits). Mr. Roy stated he should be receiving further information and a worksheet pertaining to the budget cuts from Administrative Services. Mr. Roy stated he would keep the Commission informed once he receives more information.

**5. INTERNET:**

Director McIntyre responded to an inquiry from Chairman Douglas relative to the subscriptions purchased through the Lottery's website. A screen shot had been forwarded to the Commission of what it looks like and it defaults to New Hampshire. The subscription department verifies the zip code of every subscription ticket that is sent out to the individuals, making sure the zip code begins with 03. If it is a gift to someone outside the state, we would not mail it out of state, but would instead use a New Hampshire address, in the person's name, in care of. Director McIntyre stated approximately 7 or 8 states have subscription programs through the intrastate portal. Director McIntyre briefly discussed legal restrictions of lottery gambling over the internet.

A discussion was held on audio advertising and promotions for Lottery at the Liquor Stores. Chairman Douglas requested that the ad agency provide information regarding lottery advertising and the liquor store advertising audio program. Director McIntyre stated that he would be meeting Thursday with the Liquor Commission. Chairman Douglas recommended that a meeting be scheduled for the Liquor Commissioners to meet with

the Lottery Commissioners, especially to introduce the new Commissioners from both departments.

Ms. McCann updated the Commission on the "Summer Lovin Tour", where 23 promotions are being held this summer throughout the state, and dedicated sales staff visit their respective retailers to provide suggestions, but ultimately the store is allowed to determine the type of promotion they would prefer.

#### **6. INTRALOT:**

John Papile of Intralot stated that software deployment last Sunday that encompassed 65 change requests/enhancements in reports for the Lottery went extremely well. A coupon promotion is scheduled for September where players who purchase \$5.00 worth of Powerball will receive a \$2.00 scratch ticket. A coupon will go out through Replay, Val Pak and the newspaper. Mr. Papile stated also in development was the change in the Powerball price point to a \$2.00 price point, with the first day of sales January 15, 2012 for the January 18, 2012 first drawing. Chairman Douglas asked how early this will be finalized. Mr. Papile stated that they hoped to have the software in to the test environment by mid November, 2011. Subscription changes will need to be made as a result of this change.

Currently there are 1267 active retailers, with 1444 microlot terminals, and 340 WinStations in the field. Mr. Papile stated the communications network breakdown was 753 using DSL, 384 using 3-G, and 130 using VSAT and that he was pleased with Fairpoint's cooperation on this matter. Mr. Papile discussed a lottery sales report. Year to date, instant Winstation sales have increased by 68% compared to last July and the on-line WinStation sales have increased by 74% for a total of 69%. The average WinStation sales per day is \$271.68. Mr. Papile stated that overall lottery sales at the Liquor Stores are ahead approximately 12% compared to last year. Leading the top four selling instant games since the last commission meeting was Money Puzzle, followed by Take \$100, \$250,000 Taxes Paid, and Black Diamonds. Mr. Papile stated the \$20 Set for Life instant game will begin sales tomorrow at Lottery headquarters and statewide August 1<sup>st</sup>. The ad agency offered to provide a recap on media coverage for the launch of the Set for Life. A special promotional event for the Set for Life will be held tomorrow at the Stateline store in Center Conway. Chairman Douglas requested that invitations to this event be given to the senators and representatives from the area and also Councilor Burton.

An update was provided on the locations of the WinStations at the airport in Manchester, New Hampshire. Commissioner Scamman requested a list of retailers whose sales have declined. Commissioner Holloway asked for details on what effect the repeal of the 10% gaming tax, effective May 23<sup>rd</sup> has had on sales and emphasized the importance of having supportive information available for testimony to the legislature and for advertising purposes. A discussion was held on the New Hampshire Millionaire 3 game. Robert Preston

provided an update on the plans for the New Hampshire Millionaire 3 grand drawing to be held on September 25<sup>th</sup> at the New Hampshire Motor Speedway prior to the Sylvania 300 NASCAR race.

#### **7. NEW ENGLAND REGIONAL GAME:**

Director McIntyre stated discussions continue to be ongoing with 6 New England State Lotteries” for a proposed lifetime game which goes by the working title of either “Cash for Life” or Lucky for Life”. Director McIntyre stated it would hopefully be run through Tri-State. Sales projections are being reviewed and drawings would probably occur on Mondays and Thursdays. A presentation will be made to the Tri-State Commission once plans have been finalized. The target date for launch would be near St. Patrick’s Day. The Commission asked John Papile how much time Intralot requires in preparation for the game’s launch. Mr. Papile responded normally 120 days. Marketing options are being reviewed, and the finance committees are having discussions. Chairman Douglas requested a timeline. Director McIntyre updated the Commission on the status, stating Massachusetts agreement to join was pending their legal approval, but he would hopefully hear from them by this Friday, for presentation at the next Tri-State Commission meeting. Chairman Douglas stated the contract should be limited in scope and requested that prior to presenting to the Tri-State Commission, a complete legal review of the contract should be done. Chairman Douglas requested that an agenda item be added to the next Tri-State Commission meeting to discuss that HinckleyAllenSnyder, as the Lottery’s Tri-State legal services contractor, do a final review of the contract. Chairman Douglas requested that Director McIntyre follow up with this and report back to the Commission.

A discussion was held on declining Megabucks Plus sales of approximately \$405,000 year to date. Director McIntyre responded that last year the jackpot was a record \$11 million as compared to \$1 million this year and the jackpot was hit on August 12, 2010. A discussion was held on sales for the \$30 Royal Riches ticket. Mr. Preston indicated that sales for this ticket had not been strong, partly due to economic conditions, and that the game was in the process of being pulled from the market. Commissioner Holloway expressed his thoughts on continuing to make use of the \$30.00 price point.

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

Maura McCann provided a report of the July Commission meeting. The Tri-State Commission approved the FY 12 budget. Gross revenues in May have decreased \$9.4 million. Total expenses through May, 2011 were down from last May by \$6.4 million and net profit was down for the same period by \$2.9 million. The Marketing and Product Development Committee asked the Tri-State Commission to approve \$1 million of the \$1.8 million expired, unclaimed prize money to fund promotions. The Tri-State Commission approved the promotion funding as follows: \$457,000 for Maine; \$376,000 for New

Hampshire; and \$167,000 for Vermont; all pro-rated based on sales. Ms. McCann announced that Dan Gadowsky, Director of Maine Lottery, would be retiring the end of this month.

**9. ADVERTISING:**

A discussion was held on the process for the subscription changes for the Powerball price point change from \$1.00 to \$2.00. Commissioner Holloway requested Director McIntyre provide the Commission with the \$2.00 Powerball sales projections from the Multi-State Lottery Association. The "Set for Life" television production will be done on Friday in various locations throughout the state.

Ms. McCann stated the Liquor Stores may now display their individual store advertising as well as lottery advertising on the Lottery's personal advertising display units. Ms. McCann stated the advertising contract with Griffin, York, & Krause would expire on June 30, 2012 and a Request for Proposal would be drafted for Attorney General review and for issuance hopefully this fall. Chairman Douglas requested that this be followed up with the Commissioners.

Liz Pollock of GYK stated she would forward a recap of yesterday's press conference for "Set for Life" and a recap of the New Hampshire Motor Speedway partnership to the Commission.

**10. OTHER BUSINESS:**

Mr. Papile stated he had received positive feedback on the shortened ticket length for tickets sold from the lottery terminals. Commissioner Holloway requested that Robert Preston provide the Commission with updated listings of retailers in the future.

Chairman Douglas stated a discussion was held at the Tri-State Commission meeting in Vermont on corporate incentives. Investment options were briefly discussed. The Commission requested a 1 ½ hour follow up work session be scheduled with the Governor's office. The Commission mentioned that information technology, internal auditing, and revenue opportunities were items to be reviewed. Chairman Douglas requested that Director McIntyre contact the head of the Rules Committee.

Commissioner Holloway made a motion, seconded by Commissioner Scamman, to go into a non-public session at 11:55 a.m. to discuss a personnel matter. So voted, unanimous.

---

Debra Douglas, Chairman

---

Paul J. Holloway, Commissioner

---

Doug Scamman, Commissioner