

NEW HAMPSHIRE LOTTERY® COMMISSION
14 INTEGRA DRIVE, CONCORD, NEW HAMPSHIRE 03301
MINUTES OF COMMISSION MEETING
TUESDAY, JULY 13, 2010 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
Kassie Strong, Chief Accountant
Irene Nadeau, On-line Games Manager
Kevin Flynn, Griffin York Krause, Inc.(GYK)
Rose Longo-White, GYK
Mel Woodbury, GYK
John Papile, Intralot
Liz Dimmick, Scientific Games (SGI)
Ed Dupont, The Dupont Group
Dick Bouley, Dennehy & Bouley
Jeff Pattison, Legislative Budget Asst. office
Representative Robert Foose
Representative Mary Beth Walz
Representative Kathy Taylor
Representative David Kidder
Tom Fahey, Union Leader

Chairman Douglas convened the Commission meeting at 10:17 a.m.

1. ACCEPTANCE AND SIGNING OF PREVIOUS MINUTES:

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

REVIEW OF PLAYNOWNH:

Chairman Douglas expressed her appreciation to the representatives and Mr. Pattison for their attendance at the meeting. Director McIntyre stated at this time, Maura McCann would provide a demonstration in the lottery's test room of the PlayNowNH, for anyone who wished to review the system operations and the game as it is played on a personal computer. After the demonstration, Chairman Douglas asked for any feedback or questions anyone had regarding what they had viewed.

Director McIntyre stated that through his lottery work experience he was aware that similar technology to the PlayNowNH has been used in Idaho and New Jersey and Massachusetts and has been a part of the lottery world for a number of years. Ms. McCann stated British Columbia was offering a product similar to PlayNowNH.

Chairman Douglas stated the lottery would be making an appearance before the Fiscal Committee on July 20th regarding the PlayNowNH, and if everything goes well, she was hopeful the game would launch on August 1, 2010. Chairman Douglas stated that the Lottery was working with the Attorney General's office to ensure that everything is being done correctly.

3. CONVERSION STATUS UPDATE:

John Papile, of Intralot, provided an update of the July 1st system conversion. Mr. Papile expressed he was pleased overall with the conversion and indicated there had been a few reporting problems and stated there were approximately six to twelve communication issues at retailer sites. Mr. Papile stated that 228 of the 273 Winstations had been installed. Irene Nadeau provided a brief update on the type of calls currently being received from retailers. Mr. Papile thanked the lottery staff for their support and assistance during the conversion process. Chairman Douglas expressed appreciation to Lottery and Intralot staff for a smooth transition.

4. FINANCIAL REPORT:

Georges Roy, Administrator III, stated the estimated net revenue projection for FY 11 is \$68 million, which is less than budgeted projections. Mr. Roy stated that in October, the Senate and the House Ways and Means will meet to review revenue projections and that is when the Lottery will have an opportunity to present its estimated net revenue projections for the current fiscal year.

A discussion was held on the declining lottery sales for both Salem lottery outlet and the Portsmouth Liquor store, since the Portsmouth lottery outlet closed in November. Two Winstation vending machines were recently installed at the Portsmouth Liquor store. Mr. Roy stated the auditors had arrived to conduct the fiscal year audit of the New Hampshire Lottery Commission and will be at the Lottery for a period of time.

A discussion was held on the recent legislation imposing a 10% gambling tax on lottery winnings and the negative impact this has had on New Hampshire lottery sales, especially near the Massachusetts border. Mr. Preston emphasized that since Massachusetts began selling Powerball, this has also had an adverse effect on Lottery sales.

5. TRI-STATE REPORT:

Maura McCann stated that the Tri-State Commission was held last week. The Finance Committee reported that Tri-State sales were up \$12 million, which is an approximate 20% increase over last years' sales year to date, attributable to the new \$2.00 Megabucks Plus game. The Tri-State budget was presented for FY 11. The Marketing Committee announced three promotions for FY11; a promotion for the 25th anniversary of the Megabucks game offering players a random chance to win \$25 cash; a holiday raffle promotion awarding cash prizes; and promotion for either a game change from Weekly Grand or a new Multi-State Lottery game in calendar year 2011.

The Product Development Committee reported on an upcoming Weekly Grand survey offered through the New Hampshire Replay website, and through outside sources in Vermont and Maine. The Tri-State Commission voted to allocate \$500,000 from the expired, unclaimed prize fund for promotions in FY 11. The Tri-State Commission voted to change the Weekly Grand prize payout from 50% to 51.3%. Also a vote was taken to approve a 60% prize payout for the Fast Play game in New Hampshire and Vermont.

The Draw Committee reported that Howard and Company of Raymond, New Hampshire was awarded the Tri-State draw audit contract. The Tri-State Commission voted to approve \$2,125.00 for the cost of the yearly preventative maintenance of the draw machines.

The New Hampshire Lottery Commission held a brief discussion comparing Tri-State sales for New Hampshire to sales in Maine and Vermont. Ms. McCann stated the next Tri-State Commission meeting is scheduled for August 5, 2010.

6. ADVERTISING:

Ms. McCann stated she would be meeting with the ad agency soon to discuss the Lottery's FY 11 plan for advertising the instant products, while maintaining attention to the Powerball game.

7. OTHER BUSINESS:

Director McIntyre presented the Certificate of Achievement for Excellence in Financial Reporting to the Lottery's Finance Department. Director McIntyre congratulated Kassie Strong, Chief Accountant and Georges Roy, Administrator III, on their excellent financial reporting.

8. NEXT MEETING:

Chairman Douglas made a motion, seconded by Commissioner Holloway, to schedule the next Commission meeting for August 17, 2010 at 10:00 a.m. So voted, unanimous.

Commissioner Holloway made a motion, seconded by Chairman Douglas, to adjourn the meeting at 11:25 a.m. So voted, unanimous.

Debra Douglas, Chairman

Paul J. Holloway, Commissioner