

NEW HAMPSHIRE LOTTERY® COMMISSION
14 INTEGRA DRIVE, CONCORD, NEW HAMPSHIRE 03301
MINUTES OF COMMISSION MEETING
WEDNESDAY, NOVEMBER 17, 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
Irene Nadeau, On-line Games Manager
Len Mannino, Security Director
Jason Bond, Griffin, York & Krause, Inc.
Liz Steinhardt Pollock, Griffin, York & Krause, Inc.
Rose Longo-White, Griffin, York & Krause, Inc.
Suzan Lehmann, Hinckley, Allen & Snyder
Jim Bouley, Dennehy & Bouley
John Papile, Intralot
Ed Dupont, The Dupont Group

Chairman Douglas convened the Commission meeting at 10:05 a.m.

1. ACCEPTANCE AND SIGNING OF PREVIOUS MINUTES:

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

2. ADVERTISING:

Maura McCann stated the Dirico Motorcycle drawing would be held at the Lottery on Friday, November 19, 2010 at 1:00 p.m. Ms. McCann stated production was completed with one set of television and radio spots to support the Lottery's holiday instant games and subscriptions to run over the next four weeks. Advertising will be produced next Tuesday for a new \$20 instant game called "Cash Spectacular" offering for the first time in New Hampshire a chance to win a \$1 million cash prize and having the highest prize payout percentage ever. The "Cash Spectacular" ticket will go on sale this Friday at the New Hampshire Lottery and will be released for sale statewide on December 6, 2010. The subscription registration website project is near completion offering players who purchase their subscriptions at a retailer location a chance to register their subscription at the nhlottery.subs website. Ms. McCann stated the instant campaign will run from January, 2011 through June, 2011 where one to two instant games will be highlighted via radio and television advertising for a ten day period each month.

3. TRI-STATE REPORT:

Ms. McCann stated revenues through the end of September have decreased by \$1.6 million as compared to last September. Megabucks sales are down approximately \$1 million; Daily Numbers sales down \$7,000; Weekly Grand sales are down \$400,000; Fast Play sales down \$200,000; and expenses are down comparing August to September by \$1.4 million; and overall net profit has decreased by approximately \$100,000.

The Marketing and Product Development Committee reported that the Tri-State Commission has approved an enhancement to the Tri-State Weekly Grand Game which will discontinue the \$5.00 instant win and replace it with a "TGIF" Friday night raffle. The March 4, 2011 raffle drawing will award one hundred and twenty \$100 prizes throughout the Tri-state area. Jingle Bell Bucks is currently on sale and is being advertised on the bottom of our tickets and on the advertising display units, which has increased the game's sales in New Hampshire last week by \$4,000.

Ms. McCann reported that the 2010 Holiday Raffle promotion will run from December 12th through December 25th. Players who purchase a single \$5.00 or greater Tri-State ticket will receive a holiday raffle ticket and New Hampshire will award \$100,000 in prizes from the expired, unclaimed prize fund, including (1) \$50,000 prize, (1) \$25,000 prize, (1) \$10,000 prize and (30) \$500 prizes. The holiday raffle drawing will be held on January 5, 2011.

The Double Draw Dollars promotion for the Pick 3 and Pick 4 games will be in January, 2011 offering players who purchase both day and evening draw tickets over a two week period a chance to win \$25 instantly. The Operations Committee provided an update on testing for the subscription program, and upcoming promotions and game changes. The New Hampshire Lottery via Tri-State was approved to enter into a short-term agreement for legal services with Hinckley, Allen, & Snyder of Concord, New Hampshire. The next Tri-State Commission meeting will be held on December 3, 2010 at 10:30 a.m. Director McIntyre introduced Suzan Lehmann of Hinckley, Allen & Snyder and was welcomed by the Commission.

A brief discussion was held on steadily declining liquor store sales and establishing a meeting with the Liquor Commission. The Commission expressed their concern over the decreased sales and requested that Director McIntyre schedule a separate meeting for the New Hampshire Lottery Commissioners to meet with the Liquor Commissioners to review ways to increase sales. Chairman Douglas requested that an item be placed on the meeting's agenda to discuss liquor stores' reconciliations of lottery ticket sales.

Director McIntyre stated the new \$5.00 Monopoly game offering the Lottery's new prize structure is currently the top selling game in gross sales. A discussion was held on the length of time that instant tickets should be on the market. A response was provided indicating that there are many variables that determine this, including the type of ticket, price point, amount of tickets ordered, prizes offered in the game, and it is an individual decision of each Lottery.

Ms. McCann presented holiday radio spots to the Commission. A discussion was held on proposed legislation to repeal the 10% state gambling tax on lottery winnings. The Commission expressed their concern over the counterproductive effect the 10% tax has had on lottery sales. Significant discounts for subscription purchases will be offered to players this holiday season.

Director McIntyre updated the Commission on a recent meeting he attended with other Lottery Directors. During the meeting, a discussion was held on possible changes to the Powerball game. Further research will be conducted before any decision is made.

The Lottery's goals for the holiday season were discussed. Director McIntyre responded with his projections for increased sales percentages as a result of an expected increased number of subscription purchases and changes to improve the instant tickets' prize structures. Robert Preston added that an increased number of \$1.00 and \$2.00 holiday games will go on sale this season, to hopefully significantly increase instant ticket sales.

4. FINANCIAL REPORT:

Georges Roy, Administrator III, stated the auditors who conduct the fiscal year audit of the Lottery had recently left lottery headquarters. Mr. Roy stated the Fiscal Year 2010 Comprehensive Annual Financial Report of the New Hampshire Lottery is expected to be presented to the Fiscal Committee next January. Mr. Roy announced the profit for FY 10 was \$66.2 million. Mr. Roy stated a proposed \$70 million net revenue projection for FY 11 has been submitted for acceptance at an upcoming Governor's budget meeting.

A brief discussion was held on the Lottery's 95% budget preparation in response to the Governor's budget request to all state departments.

5. OTHER BUSINESS:

Director McIntyre updated the Commission on a recent meeting he had with the Gaming and Regulatory Authority meeting. Director McIntyre stated he had invited the Director of the Delaware Lottery, Wayne Lemons, to attend the meeting, based on the belief that the model that Delaware has created for a regulatory authority as well as a gaming entity was an efficient one. A brief discussion was held regarding the Delaware Lottery's expansion of gambling.

Commissioner Holloway made a motion, seconded by Chairman Douglas, to adjourn the Commission meeting at 3:00 p.m. So voted, unanimous.

Debra Douglas, Chairman

Paul J. Holloway, Commissioner