

NEW HAMPSHIRE LOTTERY® COMMISSION
14 INTEGRA DRIVE, CONCORD, NEW HAMPSHIRE 03301
MINUTES OF COMMISSION MEETING
WEDNESDAY, JUNE 9, 2010 10:00 AM

PRESENT:

Debra Douglas, Chairman
Paul J. Holloway, Commissioner
William S. Bartlett, Jr., Acting Director
Charles McIntyre, Executive Director, effec. 6/22/10
Diane Campbell, Administrative Assistant
Maura McCann, Programs Information Officer
Georges Roy, Administrator III
Robert Preston, Games Manager
Kevin Flynn, Griffin York Krause, Inc.(GYK)
Rose Longo-White, GYK
Patrick Griffin, GYK
Travis York, GYK
John Papile, Intralot
Terry Patterson, Intralot
Barry Bodell, Admin. Services
Moe Pepin, Scientific Games (SGI)
Liz Dimmick, Scientific Games (SGI)
Ed Dupont, The Dupont Group
Jim Bouley, Dennehy & Bouley

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 commission meeting minutes. So voted, unanimous.

COMMISSION VOTE TO APPOINT CHARLES MCINTYRE AS THE EXECUTIVE DIRECTOR OF THE NEW HAMPSHIRE LOTTERY COMMISSION:

Commissioner Holloway made a motion, seconded by Chairman Douglas, to appoint Charles McIntyre as the Executive Director of the New Hampshire Lottery Commission, effective June 22, 2010. So voted, unanimous.

3. COMMISSION VOTE TO APPROVE INITIAL PROPOSAL FOR PLAYNOWNH RULES:

Commissioner Holloway made a motion, seconded by Chairman Douglas, to approve the initial proposal for the PlayNowNH rules. So voted, unanimous.

**4. COMMISSION VOTE TO ADOPT THE REPEAL OF CHAPTER SW 400
NEW HAMPSHIRE LOTTERY RULES FOR DISTRIBUTION OF PURSE MONEY
TO RACE TRACKS, PER RSA 284:21-i, II(b):**

Commissioner Holloway made a motion, seconded by Chairman Douglas, to adopt the repeal of Chapter Sw 400 New Hampshire Lottery Rules for Distribution of Purse Money to Race Tracks. So voted, unanimous.

5. FINANCIAL REPORT:

Georges Roy, Administrator III, reported that the May transfer was \$5,795,000. Mr. Roy stated the net revenue transfer for FY 10 will be approximately \$66.5-\$67.5 million. The May estimated net profit is \$6.3 million. Last years net revenue transfer to Education was \$68.3 million compared to the budgeted \$74.7 million. The projected budgeted revenue for next year is \$77.7 million. Mr. Roy distributed an updated sales report for the Portsmouth and Salem lottery outlets. A brief discussion was held regarding adequacy for the number of terminals at these locations and placement of the terminals. Robert Preston, Games Manager, stated that after conversion there will be a total of 260 lottery terminals in 75 liquor stores. Mr. Preston also stated that the Liquor Commission was obtaining pricing for any additional electrical work for the additional terminals.

Mr. Roy stated the budget process for FY12 and FY13 will begin in July with a hearing in November and there will be a House and Senate hearing after January 1, 2011.

6. TRI-STATE REPORT:

Maura McCann stated the last Tri-State Commission meeting was held in Vermont on June 4, 2010. Ms. McCann reported that New Hampshire's Tri-state sales were up approximately 16%; Maine's Tri-State sales were up approximately 26%; Vermont Tri-State sales up approximately 21%. The expired, unclaimed prize account is at \$1.2 million. As of June 30, 2010 all Tri-State games will be brought in line to payout 50%. Since there were so many top prize winners in the Weekly Grand game, approximately \$600,000 will be deducted from the \$1.2 million in order to bring Weekly Grand to the 50% payout. Ms. McCann stated the expired, unclaimed prize fund is used for promotions.

Ms. McCann reported that Mary Cassani of Vermont Lottery gave an update on the growth of the Megabucks Plus jackpot. Ms. McCann stated the growth of the jackpot has been challenged lately because of the decreased interest paid on the Treasury strips, due to the economic times. The Product Development Committee reported on three proposed changes to the Weekly Grand game: extending the number of draws from twice a week to three times a week for an anticipated sales increase of 8%; possible elimination of the instant win prize payout equaling approximately \$7,000 worth of prizes per draw and instead using the funds towards prizes to be awarded during weekly raffle drawings; and to increase the

Weekly Grand prize payout to approximately 51.3% by offering three to four solid promotions in a year.

Ms. McCann stated a Tri-State Megabucks promotion will run in September to celebrate the 25 year anniversary of the Megabucks game. Players will have a chance to win a \$25 instant prize during the two week promotion when they purchase a Tri-State game ticket.

A Holiday Bonus Promotion will offer players a chance to win prizes at a raffle drawing in December. Ms. McCann stated a promotion for either Pick 3/Pick 4 or Weekly Grand is in discussion for next spring. The Tri-State Operations Committee provided an update on the testing of the Intralot Gaming System.

Ms. McCann stated she had forwarded a letter of authorization to the Louisiana Lottery Corporation for a 2 year usage of the words Pick 3 on one of their instant tickets. A brief discussion was held on the Tri-State advertising budget and New Hampshire's portion of the budget. The Tri-State Commission voted to appoint Debra Douglas as the Tri-State Commission Chairman for the next year, replacing Orland McPherson. The next Tri-State Commission meeting will be July 9, 2010.

7. ADVERTISING:

Maura McCann announced that the PlayNowNH point of sale pieces were being distributed to the retailers. Television and radio advertising for PlayNowNH is pending review. Ms. McCann stated the Ultimate Replay prize of a NASCAR package was awarded last week including tickets to a race held at New Hampshire Motor Speedway and a truck race in Las Vegas, Nevada.

Ms. McCann stated the banner advertising the NH Lottery was delivered last week and is expected to be installed anytime at the NH Motor Speedway. Chairman Douglas inquired about the status of the Lottery's negotiations with the NH Motor Speedway. Ms. McCann provided an update of these negotiations. Travis York of GYK reported that he just received an update that the banner will be installed on June 18th and the lines will be installed next week for lottery sales to begin July 12th.

Ms. McCann stated the September Ultimate Replay prize, "The Ultimate Fishing Trip" includes five nights at the Bear Mountain Lodge in Bethlehem, New Hampshire, numerous Fishing and Wildlife guides, and a \$500 Bass Pro Shops gift certificate.

New signage is being developed to advertise lottery ticket sales at most of the liquor stores checkout lanes during the summer and fall months. Ms. McCann indicated the primary focus for increasing sales is through promotion of the instant tickets. Approximately \$135,000 will be spent through June 30, 2010 on instant ticket advertising. The Megabucks

Plus jackpot is currently at \$10 million which warrants jackpot alert advertising in conjunction with the instant ticket advertising for the week of June 14th.

Ms. McCann stated about 21 radio stations will be promoting instant tickets by offering instant ticket give-a-ways. Approximately \$6,000 worth of instant tickets will yield almost \$48,000 worth of radio air time.

A discussion was held on scheduling a Replay work session after July 1, 2010. The work session will include a presentation by the company that conducted an indepth data analysis of the Replay program. Chairman Douglas suggested proposing legislation to allow the Lottery to sell the information obtained through Replay surveys, other than personal information.

8. OTHER BUSINESS:

Robert Preston, Games Manager, asked for Commission approval to extend the retail commission bonus program. Mr. Preston provided an explanation of the current program. Commissioner Holloway made a motion, seconded by Chairman Douglas, to extend the retail commission bonus program for another year, but to modify the instant ticket sales increase goal from 15% to 10% and to offer an additional .5% commission both quarterly and annually (total commission to be capped at 6%), to retailers who meet the goal. So voted, unanimous.

Chairman Douglas made a motion, seconded by Commissioner Holloway, to adjourn the meeting at 11:10 a.m. So voted, unanimous.

Debra Douglas, Chairman

Paul J. Holloway, Commissioner