

NEW HAMPSHIRE LOTTERY® COMMISSION
14 INTEGRA DRIVE, CONCORD, NEW HAMPSHIRE 03301
MINUTES OF COMMISSION MEETING
TUESDAY, FEBRUARY 2, 2010 10:30 AM

PRESENT:

Richard J. Campbell, Jr., Chairperson
Paul J. Holloway, Commissioner
Debra M. Douglas, Commissioner
Rick Wisler, Executive Director
Diane Campbell, Administrative Assistant
Maura McCann, Programs Information Officer
Georges Roy, Administrator III
Barry Bodell, Business Supervisor
Robert Preston, Instant Ticket Games Manager
Irene Nadeau, On-line Games Manager
Leonard Mannino, Security Director
Rose Longo-White, Griffin, York & Krause, Inc. (GYK)
Patrick Griffin, GYK
Mel Woodbury, GYK
Kevin Flynn, GYK
Moe Pepin, SGI
Liz Dimmick, SGI
Dick Bouley, Dennehey & Bouley
John Papile, Intralot

Commissioner Campbell convened the Commission meeting at 10:40 a.m.

1. ACCEPTANCE AND SIGNING OF PREVIOUS MINUTES:

Commissioner Holloway made a motion, seconded by Commissioner Douglas, to accept the minutes as presented. So voted, unanimous.

**PUBLIC HEARING 10:35 AM-Sw 5000, RULES OF MULTI-STATE
LOTTERY ASSOCIATION GAMES:**

Commissioner Campbell opened the public hearing for the Rules of Multi-State Lottery Association Games. There were no public comments received during the public hearing. Hearing none, Commissioner Campbell closed the public hearing.

3. TRI-STATE REPORT:

Maura McCann updated the Commission on the reports presented at the January Tri-State Commission meeting. Tri-State gross revenues have increased \$5.4 million or 20% as

compared to last year through November, 2009. The Finance Report revealed the Megabucks Plus sales were up 43%; Daily Numbers sales down 9.55%; Weekly Grand sales compared to Paycheck last yr. up 1.1%; Fast Play sales down \$132,000 or 11%. Expenses through November are up over \$3.4 million, compared to last year. The net profit through November has increased \$1.8 million or 10.5%. Mega Millions sales began in New Hampshire and Vermont on January 31, 2010 and is expected to begin on April 4, 2010 in Vermont.

Subscription sales from lottery terminals since the 11/29/09 launch totaled 2,230 in New Hampshire, prior to the Christmas holiday. Irene Nadeau, On-line Games Manager, stated there was a 34% increase when comparing subscription sales for the months of December, 2008 and December, 2009. A discussion was held on possible promotional changes for distributing the expired, unclaimed Tri-State funds to the players, approximately \$1.5 million yearly for Maine, New Hampshire and Vermont.

The states of New Hampshire, Maine and Vermont recently conducted a two week survey through their websites to obtain player input on the popularity of Weekly Grand game. New Hampshire's survey was offered on the Lottery's Replay website and proved to be very successful, with 7,200 respondents. The next Fast Play game, "Roll the Dice" will begin February 15th and will be sold for an extended time through June 30th, due to the upcoming system conversion. The Draw Audit Committee reported that a Request for Proposal (RFP) was issued for draw auditing services of the Tri-State draws held at the New Hampshire Lottery. The RFP process was discussed and the Tri-State Commission will need to vote on this matter before the current contract expires on June 30, 2010.

A brief discussion was held on sales trends for the various instant ticket price points. There appears to be a declining sales trend for the \$30 and \$20 instant tickets over the past year, most likely an indication of the impact of the recession. The \$3 instant ticket and other lower priced instant ticket sales appear to be on the rise.

4. ADVERTISING:

The Mega Millions launch on January 31st was a success. Ms. McCann reported that Powerball sales through end of day yesterday were approximately \$97,000 with an estimated Powerball jackpot of \$107 million; and the Mega Millions sales for the same period at approximately \$24,000 sales with an estimated Mega Millions jackpot of \$12 million.

Three different issues of an informative newsletter relating to the lottery system conversion to Intralot will be distributed to the retailers. Also, a total of ten retailer training sessions will be offered in eight different locations throughout New Hampshire. The mandatory retailer training is expected to occur mid to late April. Director Wisler stated the training will be conducted by the lottery sales staff in conjunction with the Intralot staff.

Game details are being finalized for a new internet lottery game to launch soon. An update was provided by Ms. McCann of an upcoming Ultimate Replay prize. Average weekly lottery sales at the Manchester Monarchs events are \$564.00 and lottery tickets will be sold through April, then at Fisher Cats events.

Director Wisler stated an analysis had been provided to the Commission with a recommendation to proceed with exercising the one 2 year renewal option on the Griffin, York & Krause advertising contract with the New Hampshire Lottery, subject to successful negotiations with the ad agency. Commissioner Holloway made a motion, seconded by Commissioner Douglas, to proceed with exercising the one 2 year renewal option on the GYK advertising contract, subject to successful negotiations. So voted, unanimous. Director Wisler stated Ms. McCann would report on the outcome of the negotiations at the next commission meeting.

Rose Longo-White stated that the ad agency was pleased with the approximate \$142,000 promotional value received by spending approximately \$7,600 to advertise Mega Millions up to a 6 week period. Ms. Longo-White stated a meeting was held to review Replay survey results and lottery initiatives.

5. INSTANT PRODUCTS:

Robert Preston, Instant Game Manager, stated that the new instant ticket called "Bass Pro Shops" will launch on April 17th at the Fish and Game open house. Mr. Preston recommended to the Commission their approval to proceed with exercising the second of two 2-year renewal options on the Scientific Games contract for instant ticket printing and related services, since the current contract will expire on June 30, 2010. Commissioner Holloway made a motion, seconded by Commissioner Douglas, to proceed with the process to exercise the 2 year Scientific Games contract extension for instant ticket printing and related services. So voted, unanimous.

Georges Roy, Administrator III, stated the CAFR was approved by Fiscal Committee last month. Mr. Roy stated the Fiscal Year 09 LBA audit of the NH Lottery will be presented to the Fiscal Committee this Friday.

6. OTHER BUSINESS:

Director Wisler stated he recently received information from Marc Groz of Connecticut in response to his questions about Mr. Groz's new game idea. Director Wisler inquired whether or not the Lottery should proceed with focus group testing of the new game idea. The Commission expressed they would like to review further before making a decision.

Director Wisler presented a draft RFP for cash courier services for Commission review and approval to continue with the process. A brief discussion was held to evaluate the current cash courier services for the Lottery and its cost effectiveness. The Commission agreed to proceeding with the RFP process for cash courier services.

Moe Pepin of Scientific Games expressed on behalf of SGI their cooperation in working closely with Intralot to ensure the smoothest transition possible for the lottery's gaming system conversion. The Commission responded with their appreciation.

7. NEXT MEETING:

Commissioner Campbell made a motion, seconded by Commissioner Holloway, to move into an Executive Session at 11:30 a.m. to discuss a personnel matter. The Executive Session concluded at 12:30 p.m. with no commission action taken. The next commission meeting will be held on February 16, 2010 at 9:30 a.m.

Richard J. Campbell, Jr., Chairperson

Paul J. Holloway, Commissioner

Debra Douglas, Commissioner