

**NEW HAMPSHIRE LOTTERY® COMMISSION
14 INTEGRA DRIVE, CONCORD, NEW HAMPSHIRE 03301
MINUTES OF COMMISSION MEETING
WEDNESDAY, MAY 5, 2010 9:30 AM**

PRESENT:

Debra Douglas, Chairman
Paul J. Holloway, Commissioner
William S. Bartlett, Jr., Acting Director
Diane Campbell, Administrative Assistant
Maura McCann, Programs Information Officer
Len Mannino, Security Director
Georges Roy, Administrator III
Robert Preston, Games Manager
Irene Nadeau, On-line 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)
Ed Dupont, The Dupont Group
Wayne Fortier
Arthur Klemm
Jim Bouley, Dennehy & Bouley

Chairman Douglas convened the Commission meeting at 9:30 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.

RULES PUBLIC HEARING 9:35 a.m.- REPEAL CHAPTER Sw 400 NEW HAMPSHIRE LOTTERY RULES FOR DISTRIBUTION OF PURSE MONEY TO RACE TRACKS, PER RSA 284:21-i, II (b):

Chairman Douglas opened the public hearing for the repeal of Sw 400, New Hampshire Lottery Rules for Distribution of Purse Money to Race Tracks, per RSA 284:21-i, II (b). Hearing no comments regarding the rules from anyone attending the meeting, Chairman Douglas closed the public hearing.

3. COMMISSION VOTE TO PROCEED WITH CASH COURIER CONTRACT FOR GOVERNOR AND COUNCIL APPROVAL:

Len Mannino, Chief Security Officer, stated three proposals were received in response to the Request for Proposal (RFP) for the cash courier services contract with the Lottery. Mr. Mannino stated the proposals were reviewed by a committee and one of the three did not meet the requirements set forth in the RFP. Mr. Mannino requested the Commission reject the proposal received from SM Investigations and Security, LLC. The committee evaluated the other two remaining proposals received from International Protective Services, Inc. d/b/a Snyder Security Group and Liberty Guard. Mr. Mannino recommended Commission approval of International Protective Services, Inc., d/b/a Snyder Security Group for the cash courier contract. A brief discussion was held on the matter. Commissioner Holloway made a motion, seconded by Chairman Douglas, to award the cash courier services contract to International Protective Services, Inc. d/b/a Snyder Security Group. So voted, unanimous.

4. FINANCIAL REPORT:

Georges Roy, Administrator III, stated currently the FY10 estimated net revenue is \$69 million compared to the \$74.7 budgeted projections. A lengthy discussion was held on factors effecting the decreased revenue, primarily the 10% gambling tax in New Hampshire, Powerball sales competition with Massachusetts and economic conditions. Former Lottery commissioner Arthur Klemm, expressed that the 10% gambling tax and the start of Powerball sales in Massachusetts have both had a negative effect on his Windham store's sales.

Acting Director, William Bartlett, indicated the Lottery will be focusing on promoting the instant game more aggressively, to maximize lottery sales. Commissioner Holloway referenced the April 24th sales report and stated YTD Powerball sales were down 2.3% even with two sizeable jackpots. Director Bartlett encouraged cross promotion of Mega Millions and Powerball through its advertising. Irene Nadeau, On-line Games Manager, stated effective July 1st with the conversion of the Lottery's gaming system to Intralot, Mega Millions subscriptions will be available. Maura McCann stated that duo jackpot billboard signs now advertise Mega Millions and Powerball jackpots and as of July 1st, duo signs will be displayed at retailer locations.

Updates of the first of two Aerosmith Dream On drawing events held at the Fisher Cats Stadium (Merchants Auto Stadium) in Manchester were provided by Maura McCann and Travis York of GYK. The winner of the Dirico motorcycle was Jon Hanson of Bow, New Hampshire. The event was most successful with significant promotion of the Lottery.

Commissioner Holloway reiterated that marketing emphasis will be placed on the instant games. Ms. McCann responded yes, and that a committee had been formed to review the current games offered, and others to be offered in this fiscal year and next. Advertising of the instant games is being coordinated with the ad agency to help promote sales. Robert Preston stated a teleconference call had been held with the Scientific Games International

(SGI) instant ticket dept. and some interesting new concepts were discussed. Mr. Preston stated the committee had decided to increase the number of \$1.00, \$2.00 & \$5.00 instant tickets for sale offering a better selection to players. Mr. Preston stated that SGI has recommended the launch of a certain number of instant games simultaneously on a specific day per month instead of the weekly or biweekly cycles currently used. The benefits of this different approach were discussed.

A brief discussion was held on retailer commissions for selling the winning jackpot and second tier prize tickets and possible suggestions to help motivate the clerks who sell lottery tickets.

5. ADVERTISING:

Ms. McCann stated that an advertising spot will be ready in a couple of weeks to jointly promote the Mega Millions and Powerball games.

The Bass Pro Shop licensed game will go on sale May 24th at an event at the North Bound Liquor Store Memorial Day weekend. A new and improved opening page of the New Hampshire Lottery's website is in development.

Ms. McCann discussed the most recent proposal received from the New Hampshire Motor Speedway for a full year's sponsorship and they would like the NH Lottery to become the official lottery of NH Motor Speedway. Ms. McCann stated she had been notified by the Speedway that they do not have the personnel to sell lottery products from the terminal. A lengthy discussion was held on pricing details, possible opportunities for selling lottery products and promotional values. Chairman Douglas made a motion, seconded by Commissioner Holloway, to authorize the advertising agency and lottery to proceed immediately with negotiating the purchase of a grandstand banner advertising the NH Lottery at the Speedway and also to negotiate other cost effective promotional opportunities including sales of lottery tickets. So voted, unanimous.

Ms. McCann provided the Commission with a study of the Replay program. Travis York of GYK gave a brief summary of the Replay findings from the study conducted by an independent firm. Mr. York stated a future presentation of the Replay study would be done. Mr. York indicated that the Replay findings will be beneficial to the lottery since Replay is a means of communicating with players about current lottery products and future offerings.

6. OTHER BUSINESS:

Irene Nadeau, On-line Games Manager, stated the retailer training was held April 19-April 23 for the new lottery system effective July 1st. Ms. Nadeau updated the Commission on the status of the upcoming system conversion. Ms. Nadeau reported that 250 satellite dishes, 12 Microlot terminals, and three 3-G communications had been installed at retailer

locations; and 180 DSL communications were currently being installed at retailer locations. Testing on the instant ticket vending machines (Winstations) and other system testing is in progress. Director Bartlett commended SGI and Intralot for their cooperation with working together for a successful July 1st Lottery system conversion. Director Bartlett stated that an agreement had been reached with Intralot that they will have the new system ready on May 25, 2010 with the knowledge that any minor issues must be addressed prior to July 1st. The current contract with SGI requires a month's notice if an extension is needed.

Robert Preston provided a brief summary on the retailer incentive program. Mr. Preston stated for the quarter ending March 31st, a total of 234 retailers sales increased by 35%, while the state as a whole dropped 5%. Retailer feedback on the program has been positive.

Mr. Preston stated for the period July 1, 09 through March 31, 2010, there were 47 lottery retailer closings and 18 openings. Director Bartlett indicated that economic conditions had been a factor in the high number of lottery retailer closings. Director Bartlett discussed with the Commission the need to review and amend the Lottery's current procedures used regarding the collection of insufficient funds returns, delinquent retailer accounts, and terminations of lottery accounts. The Commission agreed with Director Bartlett that this should be done.

Commissioner Holloway made a motion, seconded by Chairman Douglas, to adjourn the meeting at 11:15 a.m. So voted, unanimous.

Debra Douglas, Chairman

Paul J. Holloway, Commissioner