

NEW HAMPSHIRE LOTTERY® COMMISSION
14 INTEGRA DRIVE, CONCORD, NEW HAMPSHIRE 03301
MINUTES OF COMMISSION MEETING
FRIDAY, MAY 15, 2009 11:00 AM

PRESENT:

Richard J. Campbell, Jr., Chairperson
Paul J. Holloway, Commissioner
Debra M. Douglas, Commissioner
Rick Wisler, Executive Director
Georges Roy, Administrator III
Maura McCann, Programs Information Officer
Diane Campbell, Administrative Assistant I
Barry Bodell, Business Supervisor
Irene Nadeau, On-Line Games Manager
Robert Preston, Games Manager
Rose Wiant, Attorney Generals Office
Patrick Griffin, Griffin, York & Krause, Inc.(GYK)
Rose Longo-White, Griffin, York & Krause, Inc.
Moe Pepin, SGI
Liz Dimmick, SGI
Douglas Parker, SGI
Curtis Barry, SGI/Dupont Group
Pat Traub, SGI
Darcy DaCosta, GTECH
Patrick McHugh, SGI
Byron Boothe, Intralot
Toula Argentis, Intralot
Lynn Becker, Intralot
Mike Dennehy, Dennehy & Bouley
Jim Bouley, Dennehy & Bouley
Arthur Klemm
Gary Gassin, Battelle

Commissioner Campbell called the meeting to order at 11:00 a.m.

1. ACCEPTANCE AND SIGNING OF PREVIOUS MINUTES:

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

2. NON-PUBLIC SESSION:

Commissioner Campbell made a motion, seconded by Commissioner Holloway, to go into non-public session at 11:05 a.m., pursuant to RSA 91-A:3, II(c) and RSA 21-I:13-a, II to discuss responses and documents related to the on-line gaming system proposals that if discussed publicly could adversely affect a company's proprietary and confidential information. A roll call was held, Commissioner Douglas stated "yes," Commissioner Holloway stated "yes", and Commissioner Campbell, "yes". The non-public session concluded at approximately 12:15 p.m., with no Commission votes taken. Commissioner Campbell reconvened the meeting.

3. COMMISSION ACTION OF ITS INTENT TO AWARD A CONTRACT AS A RESULT OF PROPOSALS SUBMITTED IN RESPONSE TO THE LOTTERY'S GAMING SYSTEM RFP:

Commissioner Campbell made a motion, seconded by Commissioner Holloway, to move the intent to award the lottery gaming system contract subject to successful contract completion with the selected vendor, Intralot, based upon the evaluation committee's recommendation. So voted, unanimous.

COMMISSION VOTE TO APPROVE FINAL PROPOSAL FOR SW 3000, RULES OF NEW HAMPSHIRE POWERBALL:

Commissioner Holloway made a motion, seconded by Commissioner Douglas, to approve the final proposal for Sw 3000, Rules of New Hampshire Powerball. So voted, unanimous.

5. COMMISSION VOTE TO APPROVE POWER OF ATTORNEY AUTHORIZATION:

Commissioner Douglas made a motion, seconded by Commissioner Holloway, to approve Power of Attorney Authorization for Kassie Strong, Chief Accountant. So voted, unanimous. Georges Roy, Administrator, provided a brief explanation of the need for the authorization, due to the upcoming launch of the state's new financial system.

6. TRI-STATE REPORT:

Commissioner Campbell stated the last Tri-State Commission meeting was held on May 1, 2009. The Tri-State Commission reported Maine sales were down 14%; New

Hampshire sales were down 10%; Vermont sales were down 16%; and the total Tri-State sales were down 12.89%. Commissioner Holloway encouraged that a press release be done regarding the fact that New Hampshire lottery sales continue to outperform the other New England states. Patrick Griffin of GYK responded that he would provide the Commission with press release information by the end of day. Commissioner Douglas requested that future Tri-State Commission meeting minutes be forwarded to the Commissioners.

Ms. McCann updated the Commission on a Pick 3/Pick 4 two week promotion titled "Double Draw Dollars" beginning on May 17th. This is a repeat promotion originally held in July, 08 which resulted in a 3-4% sales increase in the games. Players will be offered a random chance to win a \$25 instant cash prize if they purchase a multi-draw consecutive day and evening Pick 3 or Pick 4 ticket. A new FastPlay game, Cash Cube, will go on sale Monday, May 18th. Ms. McCann reported that the Pick 3 and Pick 4 and subscription software changes are being reviewed by Scientific Games for an expected effective date, possibly November. The Pick 3 game change will add a single digit bet, and the Pick 4 game change will add a middle pair bet.

Robert Preston stated that due to retailer requests, there are now 4 instant games on sale. Ms. McCann stated the new \$2.00 Tri-State Megabucks Plus game will go on sale July 26, 2009.

Commissioner Campbell reported the Tri-State Commission approved the purchase of new drawing balls for the upcoming Tri-State Megabucks Plus game. Approval was given for an increased budget item for the trademark attorney from \$3,000 to \$5,000 annually. The Tri-State Commission approved a request for application of the Fast Play game trademark. A request for a Tri-State employee compensation salary review was tabled until October, 2009. Commissioner Campbell announced the next Tri-State Commission meeting will be held at New Hampshire Lottery on June 5, 2009.

Ms. McCann stated the instant Ringo promotion through Replay concludes on June 22nd. The next quarterly Ultimate Replay prize awarded on June 4th will be a 7 night stay at the Snowflake Inn in Jackson, New Hampshire. The following Ultimate Replay prize awarded on September 3rd will be a 9 day trip to Ireland provided by Milne Travel. Three \$10.00 instant games will be released between July and September, Casino Kings, Dazzling Diamond 7s, and Trump Card with each of the games' final top prizes being awarded through Replay drawings. Ms. McCann stated an instant game called Casholine will go on sale in July, 2009 offering players an opportunity to win a prepaid gas debit card for redemption of prizes via a special website, in addition to the traditional cash prize. A meeting will be held with the advertising agency to develop marketing and advertising plans for the upcoming fiscal year.

Ms. McCann stated a test pilot has begun using LED advertising and signage for the Red Sox ticket at the gas pumps of one retailer location. Ms. McCann distributed a sales

report since Red Sox instant ticket sales began on March 16, 2009 which indicated an increase for the first month from \$625 average weekly sales to \$722 average weekly sales for the second month. A sales analysis will be conducted over the next few months to determine the cost effectiveness of this type of lottery advertising specifically at the gas pumps.

Commissioner Holloway suggested that the Liquor Commission be contacted for advertising the current estimated \$150 million Powerball jackpot over the audio system at the liquor stores. The ad agency indicated that some programming would be involved to switch the current audio advertising of the Red Sox ticket to the Powerball jackpot and they would follow up on this. Commissioner Douglas encouraged that this be done before the Memorial Day holiday weekend if the Powerball jackpot continues to rollover.

7. ADVERTISING-TRI-STATE BUDGET FY10:

Director Wisler stated the Tri-State Commission budget had been forwarded to the Commission which will be presented to the June Tri-State Commission meeting for their approval. Commissioner Holloway made a motion, seconded by Commissioner Douglas, to approve the \$1.4 million dollars for New Hampshire Lottery's share of the Tri-State advertising budget. So voted, unanimous.

8. COMMISSION ACTION ON RETAIL INCENTIVE POLICY FOR FY 10:

Director Wisler stated the current retail incentive program offers a 0.5% bonus commission to all qualified retailers who increased the sale of instant tickets by 10% or more over a quarter, for a maximum earned in a year of 1% of total instant ticket sales as a bonus commission. A discussion was held on the effectiveness of the program. Robert Preston stated the number of retailers who qualified by meeting the 10% sales increased goal was approximately 230 of approximately 1230 retailers, who are notified in writing, as well as notifying the retailers who did not qualify. Commissioner Douglas made a motion, seconded by Commissioner Holloway, to change the percentage from 10% to 15% instant sales increase goal for retailers for the next quarter. So voted, unanimous. Director Wisler indicated software changes will need to be reviewed for the change.

A discussion was held on legislative changes that would possibly allow the lottery to offer a higher percentage than the 1% annual bonus commission to the retailers based on their sales.

Commissioner Holloway expressed the need to make some changes to allow the lottery to operate more like a private business and be able to incentivize staff to help the lottery reach revenue goals established by the Executive Branch, but is unable to do so due to state's restrictions. Commissioner Holloway made a motion, seconded by Commissioner Douglas, that within 90 days, the lottery staff provides the Commission with a broad outline

of recommendations for moving forward in the next legislative session in January to break away from and create a different entity that can operate with more flexibility with the idea of working towards a public/private relationship with the state.

Commissioner Campbell voted no, and stated he would not stand in the way of the legislation or testify in opposition to it.

9. OTHER BUSINESS:

Georges Roy, Administrator III, updated the Commission on the state's new Enterprise Resource Planning (ERP) system stating it is expected to go live on July 1, 2009. A brief discussion was held on status of the state's budget.

Commissioner Holloway made a motion, seconded by Commissioner Douglas, to adjourn the commission meeting at 1:20 p.m. So voted, unanimous.

Richard J. Campbell, Jr., Chairperson

Paul J. Holloway, Commissioner

Debra Douglas, Commissioner