

**NEW HAMPSHIRE LOTTERY® COMMISSION  
14 INTEGRA DRIVE, CONCORD, NEW HAMPSHIRE 03301  
MINUTES OF COMMISSION MEETING  
THURSDAY, NOVEMBER 5, 2009 1:00 PM**

**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  
Irene Nadeau, On-Line Games Manager  
Robert Preston, Games Manager  
Rose Longo-White, Griffin, York & Krause, Inc. (GYK)  
Patrick Griffin, GYK  
Kevin Flynn, GYK  
Mel Woodbury, GYK  
Travis York, GYK  
Moe Pepin, SGI  
Liz Dimmick, SGI  
Ed Dupont, Dupont Group/SGI  
Martin Schloss, mPura, Inc.  
Curtis Barry, The Dupont Group  
Steven McCarthy, mPura, Inc.  
Dick Bouley, Dennehy & Bouley  
John Pittman, Intralot  
George Fotopoulos, Intralot  
Scott Hess, Intralot  
Glenn Goulet, Intralot  
Selvan Rajan, mPura, Inc.  
Terry Patterson, Intralot  
Grace Sheehan, GYK

Commissioner Campbell convened the Commission meeting at 1:05 p.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.

**PRESENTATION BY STEVE MCCARTHY-INTERNET GAME IDEA:**

Director Wisler introduced Steve McCarthy of mPura. Steve McCarthy gave an overview of mPura's organization, management experience and its history. Mr. McCarthy stated mPura's SAFE solution system was engineered based upon four design criteria; security, adaptability, functionality and expandability. The SAFE Solution system allows players to use their PCs, mobile telephones, PDAs and any other web enabled device to play the lottery. mPura is a software solution for secure transaction processing via the internet. Mr. McCarthy stated that internet lottery wagering has been conducted for over 10 years without any compromise in the integrity of the transaction, data loss, or security breach in countries such as Great Britain, South Africa, Scandanavia, Spain, Mexico, and Iceland. The system's technology was discussed.

Marty Schloss of mPura gave a summary of the legal issues confronting internet lottery wagering and referenced mPura's compliance with the Unlawful Internet Gambling Enforcement Act of 2006 and all applicable requirements of the New Hampshire laws. Selvan Rajan of mPura gave a demonstration of the player interfaces on a laptop PC as well as on a 3G mobile telephone handset.

mPura proposed to provide to the New Hampshire Lottery Commission a Technology Demonstration Pilot for Internet Transaction Processing, consisting of a complete Internet wagering system interfaced to the Scientific Games central lottery system. mPura also proposed to convert the system to interface with the Intralot central lottery system when Intralot takes over system operation. Timelines and potential sales increases from implementing the proposed system were discussed. Mr. McCarthy indicated that if the New Hampshire Lottery Commission accepted a contract with mPura, that New Hampshire would be the first state in the United States to implement Internet lottery wagering systems. Director Wisler stated that the information provided in the presentation would be reviewed by the Commissioners and appropriate lottery staff for further consideration and representatives of mPura would be notified.

### **3. TRI-STATE REPORT:**

Commissioner Campbell stated the Tri-State Commission meeting was held on October 2, 2009. The annual Tri-State audit report was presented by Jeff Walla of Berry, Dunn, McNeil and Parker which indicated no material weaknesses. The Finance report included a discussion of a procedural change for the grand prize election to clarify a process between states in the Tri-State business office. The Marketing Committee reported that the Tri-states are planning their holiday promotions. A review is being done to find a replacement game for the Weekly Grand to be effective approximately 18-24 months from now. The Operations Committee reported that testing is being conducted for the upcoming Pick 3 and Pick 4 changes. Commissioner Campbell stated the next Tri-State Commission will be held at the New Hampshire Lottery tomorrow at 10:30 a.m.

#### **4. ADVERTISING:**

Maura McCann stated that the monthly Replay drawing was currently being conducted in the sales office. Ms. McCann updated the Commission on the status of the Lottery's branding effort. The New Hampshire Lottery's sales office has been repainted recently and the Salem lottery outlet will be soon. The instant ticket dispenser toppers have been well received by the retailers.

Changes will be made to the Pick 3 and Pick 4 games, adding a middle pair and single digit bet to the Pick 4 and a single digit option to the Pick 3. Ms. McCann displayed the new point of sale materials, payout card, and palm card brochure to support the game changes.

Radio and television advertising spots are in the final stages of review before production. The advertising will promote the holiday instant tickets and subscription sales to be available at retailer locations and will run for approximately a month, from Thanksgiving to Christmas. Holiday gift cards that hold lottery products will be available during the holidays.

Ms. McCann stated a recent Replay survey was offered to Replay members and about 6,000 responses were received over a couple week period. Travis York indicated that a relevant amount of members responded to the survey. An initial analysis of the data has been done by the ad agency and a comparison will be done between the recent survey and prior survey conducted in May, 2008. The value of the data was emphasized and an independent data and analytics company will be hired to review Replay. A discussion was held on the Replay survey's findings. Ms. McCann stated a draft advertising report had been forwarded to the Commission and she welcomed any suggestions for changes. The report included the amount of monies used to support lottery products, expectations from the monies and what this will purchase, and proposed sales from the products. A brief discussion was held.

#### **5. INSTANT GAMES-LICENSED PRODUCTS:**

Director Wisler provided an analysis of the licensed properties instant games over the past year, which indicated that only a couple of the games proved to be cost effective, one of which was the Red Sox. Director Wisler stated instant tickets sales are down approximately 7% year to date, tracking similar to other New England states. A discussion was held on sales as compared to increased costs of the licensed properties tickets over the past year. Robert Preston stated that production costs of a \$5.00 instant game usually average 2-3%, as compared to the Red Sox production costs of approximately 33%. Director Wisler recommended continuing with the Red Sox ticket next year, due to its success, but to hold off on production of most licensed property tickets for the time being, with the exception of a possible two other products. Director Wisler stated more information would be provided to the Commission for further review and decision.

**6. OTHER BUSINESS:**

Robert Preston, Games Manager, suggested to the Commission that they consider holding off on development of the \$30.00 instant ticket price point, possibly until the market improves, and going back to a \$7.00 price point. Mr. Preston indicated that the \$30.00 instant ticket sales are currently flat and since January, 2009, the monthly per capita sales for the \$30 ticket have been between 5-10 cents. Mr. Preston suggested introducing a \$7.00 enhanced Bingo game offering at least twice as many ways to play and win. A discussion was held on a sales comparison of the various instant ticket price points.

Georges Roy, Administrator III, distributed the State Monthly Revenue Focus report and stated next month's lottery revenue is projected to increase \$100,000-\$200,000. Mr. Roy also distributed and discussed a couple of LSRs along with their respective fiscal notes. Mr. Roy announced the status of the Lottery's fiscal year audit.

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

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Richard J. Campbell, Jr., Chairperson

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Paul J. Holloway, Commissioner

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Debra Douglas, Commissioner