

NEW HAMPSHIRE LOTTERY® COMMISSION
14 INTEGRA DRIVE, CONCORD, NEW HAMPSHIRE 03301
MINUTES OF COMMISSION MEETING
TUESDAY, JANUARY 13, 2009 9:30 AM

PRESENT:

Richard J. Campbell, Jr., Chairperson
Paul J. Holloway, Commissioner
Arthur P. Klemm, Jr., Commissioner
Rick Wisler, Executive Director
Diane Campbell, Administrative Assistant I
Georges Roy, Administrator III
Irene Nadeau, Supervisor V
Robert Preston, Games Manager
Patrick Griffin, Griffin, York & Krause, Inc.
Travis York, Griffin, York & Krause, Inc.
Rose Longo-White, Griffin, York & Krause, Inc.
Moe Pepin, SGI
Liz Dimmick, SGI
Ed Dupont, SGI/Dupont Group
Darcy DaCosta, GTECH
Alex Koutroubas, Dennehy & Bouley

Commissioner Campbell called the meeting to order at 9:30 a.m.

1. ACCEPTANCE AND SIGNING OF PREVIOUS MINUTES:

Commissioner Holloway made a motion, seconded by Commissioner Klemm, to approve the December, 2008 commission meeting minutes. So voted, unanimous.

2. TRI-STATE REPORT:

Commissioner Campbell reported that the last Tri-State Commission meeting was held on January 9th at NH Lottery. Mr. Campbell stated that overall Tri-State sales year to date were down 7.49%, with New Hampshire's share of the sales down 5.24%. The Development Committee reported that the Megabucks Plus business plan and logo were ready for a vote by the Tri-State Commission, approved. The launch of Megabucks Plus is on target for July, 2009. The Weekly Grand game is scheduled to launch February 1, 2009, replacing the Paycheck game ending on January 30, 2009. The Draw Committee reported there was an unscheduled service expense of \$1,925 for draw machine repair. The next Tri-State Commission meeting will be held on February 6th in Concord.

A brief discussion was held on the Megabucks Plus game logo.

3. ADVERTISING:

Rose Longo-White of Griffin, York & Krause updated the Commission on the Seasonal Fun instant ticket promotion. The promotion through Replay ends on Thursday. Players who enter the four non-winning holiday tickets in the seasonal fun category will be entered into a drawing on Friday. The Cashing through the Dough Tri-State promotion ran from December 18th through December 27th offering players a chance for an instant win when purchasing a single \$5.00 or more ticket. Ms. Longo-White announced a Powerball subscription and instant ticket gift promotion was sent through the mail to employers with 50 or more employees.

Television and radio advertising for Weekly Grand is ready and point of sale materials are being distributed to the stores. The website changes for Weekly Grand will be made on February 1st. An "instant scratch categories double promotion" will begin about two weeks after the Seasonal Fun promotion. This promotion will introduce the "Games of Chance" and "Mind Games" instant categories, again offering players an opportunity to enter in all the non-winning tickets required for each category to be eligible for the drawings.

Fast Play advertising is being done through the website. The Three Stooges will be advertised on a billboard. Commissioner Klemm commended Director Wisler on the current PowerPlay "Ask for the Sale" Clerk Promotion. Director Wisler stated Powerball and PowerPlay sales have increased significantly since the promotion began on January 4th and was hopeful this would equate to a long term increase in both Powerball and PowerPlay sales. Robert Preston, Games Manager, stated that a sales comparison between last Saturday's \$120 million jackpot and a previous similar jackpot indicated a 59.9% increase in Powerball sales and a 121% increase in PowerPlay sales. A brief discussion was held on the January 4th Powerball game change. Director Wisler stated Florida's Powerball sales had been strong since they joined the multi-state lottery game.

Travis York of Griffin, York & Krause stated approximately a record amount of 424,771 non-winning tickets were entered in Replay the week of December 29th, an increase of over 100,000 compared to the week before. Approximately 259,000 of the 424,771 non-winning tickets were instant tickets. The Replay database is currently at 152,197 of which approximately 84,000 are considered active members.

A discussion was held on the possibility of allowing New Hampshire to sell subscriptions directly from the lottery terminals at retailer locations. Director Wisler updated the Commission on the status of the Attorney General review and details. Moe Pepin of Scientific Games spoke on software changes and timeframes for possible implementation.

Georges Roy, Administrator III, stated the net revenue transfer was \$5 million for the month of December, 2008. The Lottery's Comprehensive Annual Report for Fiscal 2008 will be presented to the Fiscal Committee on Friday. Also, the Lottery will make a

presentation before Regulated Revenue today and the presentation before the Ways & Means was postponed.

A discussion was held on lottery sales. Recent sales for the \$20 and \$30 instant tickets have fallen, but the \$5.00-\$10.00 instant price points are continuing to be very popular. Expense cutting measures for the lottery were discussed.

Suggestions were made to improve ticket displays at the Portsmouth Lottery Outlet. The proposed Lottery sales incentive award program for lottery representatives has been provided to Tom Manning, member of the state's negotiating committee, for review and action during SEA contract negotiations.

OTHER BUSINESS:

A discussion was held on recent controversial lottery sales newspaper articles. Positive editorial follow-up article to these releases was encouraged and in the future if necessary. The importance of the Lottery's corporate messaging regarding the Lottery's funding for Education was emphasized. Director Wisler updated the Commission on the number of new retailers compared to the number of stores closing. Non-traditional locations as well as the traditional ones are being contacted by lottery representatives as prospective new lottery retailers. Director Wisler introduced Irene Nadeau as the new on-line lottery games supervisor and has been involved in testing and will be present at future meetings.

Negotiations were finalized for the merchandise prize package connected with the upcoming Red Sox instant ticket and is now ready to proceed with.

The Golden Goose instant game is being pulled from the market and will be replaced with additional games will be developed in the future for replacement. The instant ticket settlement process was reviewed and strategy for determining when to close a game. A discussion was held on possible public perception of pulling a game off the market before all top prizes are claimed. Director Wisler stated if there are any unclaimed top prizes, the money is transferred to Education. Options were discussed for distributing any unsold top prizes on an instant game that has been closed.

5. NEXT MEETING:

Commissioner Campbell made a motion, seconded by Commissioner Klemm, to adjourn the commission meeting at 11:20 a.m. So voted, unanimous.

Richard J. Campbell, Jr., Chairperson

Paul J. Holloway, Commissioner

Arthur P. Klemm, Jr., Commissioner