

**NEW HAMPSHIRE LOTTERY® COMMISSION
14 INTEGRA DRIVE, CONCORD, NEW HAMPSHIRE 03301
MINUTES OF COMMISSION MEETING
THURSDAY, MARCH 19, 2009 9:30 AM**

PRESENT:

Richard J. Campbell, Jr., Chairperson
Paul J. Holloway, Commissioner
Debra M. Douglas, Commissioner
Rick Wisler, Executive Director
Maura McCann, Programs Information Officer
Diane Campbell, Administrative Assistant I
Georges Roy, Administrator III
Barry Bodell, Business Supervisor
Irene Nadeau, Supervisor V
Robert Preston, Games Manager
Patrick Griffin, Griffin, York & Krause, Inc.
Travis York, Griffin, York & Krause, Inc.
David Donahue, Griffin, York & Krause, Inc.
Mel Woodbury, Griffin, York & Krause, Inc.
Kevin Flynn, Griffin, York & Krause, Inc.
Arthur Klemm
Moe Pepin, SGI
Liz Dimmick, SGI
Douglas Parker, SGI
Ed Dupont, SGI/Dupont Group

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 Douglas, to approve the January, 2009 commission meeting minutes. So voted, unanimous. Commissioner Campbell welcomed Commissioner Debra Douglas to the Lottery Commission.

2. TRI-STATE REPORT:

Commissioner Campbell stated the Tri-State Commission approved the rules on February 5, 2009 for the upcoming Megabucks Plus game. The Tri-State Commission approved the emergency purchase of a new camera to be used for the Tri-State game drawings and the proposed Megabucks subscription changes to Rule 25. Tri-State Commission approval of the business plan for Pick 3/Pick4 game was given at the March meeting. The firm of Berry, Dunn, McNeil & Parker was awarded the auditors contract for the Tri-State Commission, based on low bid. July 26th is the scheduled launch of the Megabucks Plus game, the replacement game for Megabucks.

3. ADVERTISING:

Maura McCann introduced the Griffin, York, and Krause advertising staff present at the meeting. A discussion was held on the current economic conditions negative impact on lottery sales, not only in New Hampshire, but also in the Northeast and nationwide. Advertising efforts and plans to increase sales were reviewed. Patrick Griffin indicated additional advertising methods to traditional advertising were being explored in an effort to gain the most value to the media buys.

Patrick Griffin stated the media launch for the introduction of the Red Sox instant ticket began on March 16, 2009. The advertising agency has purchased a net total of \$7,500 worth of radio advertising and negotiated a value over \$110,000 in mentions and air time with 29 radio stations. The radio stations presented their promotions for review in response to the advertising agency's approach and have offered Red Sox ticket give-a-ways to callers. Maura McCann stated the Red Sox ticket will also be supported by radio and television advertising.

Commissioner Holloway encouraged the advertising agency to contact ownership of the NASCAR track speedway to discuss promotional opportunities. Travis York responded they are a Replay partner and communications are underway. Also the advertising agency stated they would be in contact with Fenway Sports Group to discuss promotional possibilities using additional licensed property tickets.

Patrick Griffin reviewed the instant ticket category promotion with the Commission and the Replay Ringo program. Travis York stated that historically instant tickets have been promoted by price point, but current economic conditions have shifted the focus from price point to a character, brand or category that the public can recognize.

Travis York reported that since the start of Replay approximately \$115,607,000 worth of tickets have been entered through Replay, totaling about 18% of all lottery revenue replayed through the system. Approximately 160,000 people have registered on the Replay site over the past 2 ½ years, of which 90,000 are active members within the last six months. The last Replay quarter proved to be very successful bringing in 8,251 new registrants to the site, and approximately 3.8 million tickets replayed. Mr. York stated a weekly average of 250,000-350,000 non-winning tickets are being entered on Replay. ***Commissioner Douglas requested the ad agency provide her with Replay demographic information specific to the percentage of male versus female Replay participation on the site.**

David Donahue distributed the March 19, 2009 update of the advertising agency's proactive earned media campaign titled New Hampshire Lottery "Next Steps". Mr. Donahue

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indicated the purpose of the campaign is to create positive public awareness of the lottery and its history and to further educate reporters and editors about important issues relating to the lottery. An "industry news" page has launched on the Lottery's website which will contain text and links to stories on lottery trends and other news from New Hampshire and around the country. Kevin Flynn referenced a list of many media outlets in the New Hampshire Lottery "Next Steps" booklet that ran coverage of the Lottery's 45th anniversary date of March 12, 1964.

Advertising possibilities were reviewed for promoting the Red Sox instant ticket such as point of purchase materials both inside and outside the retailer locations and clerk promotions.

OTHER BUSINESS:

Georges Roy, Administrator III, reported that the FY10-11 lottery budget was presented and approved by the House yesterday, and will now go before the Senate for their approval. Director Wisler updated the Commission on a recent meeting with the Governor regarding his lottery net revenue expectations. The lottery's Commission Chairman and Director recently met with the Governor and his staff to review the revenue goals for FY 10 and 11. Within the next four weeks the lottery will submit to the Governor's staff a plan to meet those goals. Director Wisler provided the Commission with some of the revenue increases by game that will be needed to meet the goals. Within the next couple of weeks the lottery staff will develop a draft plan and submit it to the Commission for further review and comment.

A discussion was held on the Bonus Commission Program for retailers, a sales incentive program. Concerns were expressed over the recent increase in the number of store closings resulting in decreased lottery revenue, due to various factors, such as corporate decisions, economic conditions, lottery closings due to insufficient fund, and others.

Director Wisler provided an update on the issue of the VISA and MASTERCARD credit card companies charging fees to lottery subscribers who use their cards for their subscriptions. The Attorney General's office is working closely with the Lottery on this issue in an effort to resolve the problem and proposed legislation is in the works.

Former Commissioner Arthur Klemm expressed his pleasure of having had the opportunity to serve his term as a Lottery Commissioner and work with lottery staff. Arthur Klemm offered a suggestion regarding the recent influx of store closings. Mr. Klemm inquired about the status of the lottery being able to sell subscriptions from the lottery terminals at retailer locations, as done in Massachusetts. Director Wisler responded that a second preliminary opinion had been received from the Attorney General's office, but a final approval on the matter is still pending. Mr. Klemm gave positive feedback on the Powerball Powerplay "Ask for the Sale!" Clerk promotion, stating how successful it was at his store.

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Mr. Klemm expressed his disappointment with the roll out of the new Red Sox ticket before the point of sale advertising was received at his store. Robert Preston indicated that this was due to the extended time it took for the point of sale approval process due to it being a licensed product.

5. NEXT MEETING:

Commissioner Campbell made a motion, seconded by Commissioner Holloway, to schedule a Commission and lottery staff work session for April 8, 2009 at 9:30 a.m. and the next regular Commission meeting for April 22, 2009 at 9:30 a.m. So voted, unanimous. Commissioner Douglas made a motion, seconded by Commissioner Holloway, to adjourn the commission meeting at 12:10 p.m. So voted, unanimous.

Richard J. Campbell, Jr., Chairperson

Paul J. Holloway, Commissioner

Debra Douglas, Commissioner

* Approved as amended in bold