

NEW HAMPSHIRE LOTTERY® COMMISSION
14 INTEGRA DRIVE, CONCORD, NEW HAMPSHIRE 03301
MINUTES OF COMMISSION MEETING
June 20, 2016, 9:30 AM

Commissioners:

Debra Douglas, Chairman
Paul J. Holloway, Commissioner

Lottery staff in attendance:

Charles McIntyre	Emily Whittaker	Lynda Plante
Rayna Kenney	Maura McCann	Katie Brown
Cynthia Baron	Paul Kelley	Sudhir Naik
Valerie King	Leonard Mannino	Kelley-Jaye Cleland

Others in attendance:

Dennis Miller, Scientific Games
Rose Longo-White, GYK Antler
Travis York, GYK Antler
Kristen Pare, Intralot
Ryan Sahr, Intralot
Jan DiMarzio, Community Bingo Center
Colleen Hernandez, Community Bingo Center
Ryan Gloddy, Casablanca Casino
Nicholas Bonardi, Tri-State

Chairman Douglas convened the Commission meeting at 9:34 a.m.

Commissioner Gelinas absent.

1. ACCEPTANCE AND SIGNING OF PREVIOUS MINUTES:

Commissioner Holloway moved to approve the minutes, seconded by Chairman Douglas, to approve the May 18, 2016 commission meeting minutes. So voted, unanimous.

2. PUBLIC HEARING

A hearing was conducted for Lottery rules SW1000 (Instant Lottery Games) and SW6000 (Second Chance Drawings). The hearing was held to obtain public comment on the proposed rules. Hearing was opened, there was no oral or written testimony offered, and then hearing was closed.

3. FINANCIAL REPORT:

A. LOTTERY –

Administrator Cindy Baron informed the Commission that as of May 2016 the books were closed and financials were printed; that the Lottery would be transferring \$5,804,190.25 to the Education Trust Fund on May 20. Further, that year to date the lottery has transferred \$69,124,747 to the Education Fund against a Revenue Plan of \$67,000,000, for a positive variance of \$2,124,747. The month of May showed a 6.5% increase in Instant ticket sales over May of 2015 with a Year to Date increased ahead by 3.7%. She suggested that the Lottery would have no difficulty realizing the State Revenue Plan of \$73,000,000 for Fiscal Year 2016.

B. RACING AND CHARITABLE GAMING –

Administrator Sudhir Naik stated Racing's report is for the ten months ending April 2016 compared to the same period for the last fiscal year. Year to Date revenues are \$4,129,427 compared to \$3,660,213 in 2015, a favorable variance of \$469,214 or a 13% increase. Year to Date operating expenses are \$1,364,324 compared to \$1,230,400, an unfavorable variance of \$133,924 or an increase of 11%. Racing transferred \$2,600,000 to the Education Trust Fund which is \$200,000 over transfers for the same period last fiscal year. The balance seen of \$142,248 at the bottom of the financial report is money withheld from transfers to the Education Trust Fund to clear accounts receivable that was being carried on the books. The monthly transfer to the Education Trust Fund, for the racing and charitable gaming revenues in June was \$292,000. This brings the total transfer to the Education Trust Fund within \$85,000 of our Fiscal Year 2016 plan of \$3,000,000. When we transfer the monies collected in June we will be over the projected transfer of \$3,000,000 by about \$100,000.

Division Director Kelley stated with the imminent closing of Rockingham Park in August, NH stands to lose approximately \$1,500,000 in revenue: \$800,000 from racing, \$50,000 from Bingo/Lucky 7 fees and \$650,000 from Games of Chance. The best hope to salvage some of the lost revenue from Games of Chance is for another game operator to open up a Games of Chance venue in Salem, and it is believed that a few are looking at the possibility.

4. INTRALOT REPORT:

Ryan Sahr, the new General Manager from Intralot was in attendance and discussed the new software release and the next Fast Play games.

5. TRI-STATE REPORT:

Maura McCann discussed the Spring Meeting of Tri State, in Ludlow Vermont, and the different speakers. She also stated that there was a presentation by Peoples United Bank, which is Tri-State's custodial bank. They presented three different investment options for the Tri-State portfolio. The changes will be considered and it will be determined if a change from our current approach is in the best interest of Tri-State.

The Fiscal Year 2017 budget was presented to the Tri-State Commission for approval and so voted. Voting approval was also given to change Policy #2 Contingency Funds and Megabucks Game rules that will improve the financial position of the game.

The Tri-State audit was completed by MacPage.

The Bank of NH Pavilion in Gilford will be the site of \$500,000 Tri-State Jackpot 2nd chance drawing. This drawing will take place before Keith Urban on stage. Prizes of \$5,000 up to \$250,000 will be awarded to the 15 finalists – 6 from NH, 6 from ME and 3 from VT.

The product development group is working on a new Tri-State instant scratch ticket. The group also met with the Directors to discuss guidelines and plans for the upcoming fiscal year.

The current draw room is being looked at to possibly add some noise reduction equipment due to the disruption to the other staff members in Lottery HQ.

McLane Middleton's three year legal contract for intellectual property services, with a 2-year option, was approved.

6. ADVERTISING:

Maura McCann spoke of the billboards on I-293 North being taken down and that the Lottery would be putting up a billboard on I-293 South.

7. OTHER BUSINESS:

Motion by Commissioner Holloway made to Adopt EXRF 2016-5 Games of Chance Forms, seconded by Commissioner Douglas. So voted, unanimous.

Valerie King went over the amendments including table stakes poker rules, restrictions on tournaments, applicants right to amend FBI record and reporting of net losses and noting who can sign affidavit. Non substantive changes were made based on Valerie King's discussions with Scott Eaton/OLS, which require approval. Valerie King went over the sanctions for Games of Chance rules and the Child support Intercept upcoming rulemaking. Rules expire in December 2016.

Commissioner Holloway asked about the Attorney General's office reply to subpoena letter dated April 19, 2016. Commission would like to file a motion to compel.

Division Director Kelley spoke about Diamond Games having come in to discuss the VPN setup that would need to take place with Department of Information Technology. He also stated that Lottery Gaming Inspectors had gone to Twin Rivers on a second training excursion.

Director McIntyre went over the list of RFPs, which are in draft stage now. The Retailer Bonus increase was signed into law. As of this July 1, Illinois Lottery will no longer be paying lottery winners due to budget but they do pay their employees. Illinois will continue to sell tickets, and the lotteries are looking at options.

Director McIntyre presented the Sales Rep Bonus, which maintains the same performance goals as last year. Motion by Commissioner Holloway made for Sales Rep Bonus Approval, seconded by Commissioner Douglas. So voted, unanimous.

8. NEXT MEETING:

The next meeting was previously scheduled for July 19, 9:30 a.m.

Chairman Douglas made a motion, seconded by Commissioner Holloway, to adjourn the meeting at 10:44 a.m. So voted, unanimous.

Debra Douglas, Chairman

Paul J. Holloway, Commissioner

David Gelinas, Commissioner