

NEW HAMPSHIRE LOTTERY® COMMISSION
14 INTEGRA DRIVE, CONCORD, NEW HAMPSHIRE 03301
MINUTES OF COMMISSION MEETING
November 30, 2016, 9:30 a.m.

Commissioners:

Debra Douglas, Chairman
Paul J. Holloway, Commissioner
David Gelinás, Commissioner

Lottery staff in attendance:

Charles McIntyre	Katie Brown	Paul Kelley	Sudhir Naik
Lynda Plante	Kelley-Jaye Cleland	Valerie King	Cammy Nolin
Cynthia Baron	Stephen Johnston	Maura McCann	

Others in attendance:

Ashley Spicer, GYK Antler	Ryan Sahr, Intralot	Ryan Gloddy, Casablanca Casino
Rose Longo-White, GYK Antler	Kristen Paré	Teri Blouin, Dept Admin Services
Travis York, GYK Antler	Colleen Hernandez, CBC	Dick Bouley, DennehyBouley

Chairman Douglas convened the Commission meeting at 9:30 a.m.

1. ACCEPTANCE AND SIGNING OF PREVIOUS MINUTES:

Commissioner Gelinás moved to approve the October 26, 2016 minutes with corrections noted by Chairman Douglas; seconded by Commissioner Holloway. So voted, unanimous.

2. PUBLIC HEARING:

Chairman Douglas opened the public hearing for Pari 100-200, and Sw 200 relative to the repeal of former Racing and Charitable Gaming Commission's Organizational Rules and Rules of Practice and Procedure, and amendments to the Lottery Commission's Rules of Practice and Procedures; and Pari 1000, Pari 1100 and Pari 1200 pertaining to amendments to Bingo, Lucky 7, and Games of Chance rules relative to Administrative Orders and Fines. As no parties signed up to offer testimony, the hearing was closed.

3. FINANCIAL REPORT:

CFO Cindy Baron reported that for the month of October, \$5.6M was transferred to the Education Trust Fund from Lottery, and \$177K was transferred from Racing and Charitable Gaming. The year to date transfer is \$24,254,101 against a revenue plan of \$24,900,000 for a variance of \$645,899. The Racing and Charitable Gaming transfers total \$1,068,432 year to date. Advertising expense is up \$188K from last year largely because of the ad campaigns, but it is more due to timing as the budget is about the same.

Chairman Douglas asked if Boston Billiards in Nashua was up and running. Director McIntyre responded that he had visited the club recently and found that it was full and all gaming stations were at capacity, but he was not sure if there was any activity in getting their expansion underway.

Commissioner Holloway is concerned that we will have a problem with the \$25 instant ticket as sales seem low, and asked what could be done to push the \$1-\$20 tickets to compensate? Kelley-Jaye Cleland responded that though there has been a slight dip, she expects an increase in sales with the launch of the new \$20 game (releasing today), as well as the new suite of holographic tickets. Director McIntyre noted that the profitability on instant tickets is up slightly over last year and further explained that the prize payout on the instant tickets will go down. Director McIntyre cited costs of growth last year of the \$25 ticket; going forward, our profitability and margin is better as we've already paid for the growth. Commissioner Holloway stressed that we are behind and need to raise more funds and he believes we need to look at other options to raise revenues. He believes that the way to go is keno, and the executive committee agreed. Director McIntyre cited a report that New Hampshire residents are traveling to Massachusetts to play keno, and may be spending upwards of \$25M annually. Chairman Gelinás inquired if the Lottery has ever taken a public

position on keno, and Commissioner Holloway agreed that we should, particularly as Powerball may be in decline and we have to change and plan for its obsolescence. Discussion followed with input from Travis York of GYK Antler about the habits of users (particularly the younger demographic) and their penchant for instant-gratification experiences.

Commissioner Holloway believes that we are on a downward trend with the instant ticket sales; Kelley-Jaye responded that she expects an uptick on sales through the holidays. A further rebound is forecast with the launch of a new \$25 game in May, which will be managed differently than the current game. Maura McCann cited marketing challenges through the fall, as election advertising dominated the television market. Chuck McLuck and the new ticket ads will be running through the holidays which should inspire sales.

4. SUBPOENAS:

Sudhir Naik gave an update on the second round of subpoenas which went out to manufacturers, distributors, and game halls. Most have reported back, but Gaming may not follow up with the non-respondents. An audit is being conducted on a cross-section of parties to ensure they're following all rules, and Sudhir does not expect any issues based on what they have seen so far. Sudhir explained to the Commission the many steps and amount of work involved in locating and following up with all subpoena parties; he wishes to give credit to Leigh Tilton, who put in a tremendous amount of effort in doing all the legwork for this project.

5. INTRALOT:

Ryan Sahr of Intralot began his report with agreement on the subject of adding keno to the Lottery's game offerings. He thanked Katie Brown for her work in releasing the new software on November 15, and the next release will take place on January 29. There are two new holiday promotions, one began on November 25 and offers 10% discounts on all new subscriptions purchased at retailers (not available for online purchases); the second promotion starts on December 18 and is a chance for an instant win of \$25 for any Megabucks purchase of \$6 or more.

6. TRI-STATE:

Maura has nothing to report this month as the next Tri-State meeting takes place in one week. A full report will be made at the Lottery Commission meeting in December.

7. ADVERTISING:

- a. Maura noted that though we are just entering the holiday season, Marketing is already in post-holiday mode. She referred to the handout which shows samples of upcoming pad slides that will go on retail monitors, and the new branded signs that Lottery Sales Reps are to distribute to retailers.
- b. There has been much activity with Second Chance Drawings and Replay[®]. The Granite Getaway winner was drawn, and he has chosen the cash option; other second chance drawings were for Patriots game tickets, and Bass Pro Shops[®] gift cards. The next big promotion is called Power Cruise, and will take place in February and March.
- c. New this year, we have teamed up with several other states to share a message developed by McGill University to remind parents that lottery tickets are not good gifts for children.
- d. Marketing and GYK Antler have teamed up with research firm VisionCritical. They will help us develop user and retailer focus group communities to gather feedback and input on Lottery activity including games and the Chuck campaign. Travis from GYK remarked that he is glad to be back in a normal advertising cycle now that the election is over. Chairman Douglas asked if we seem to be moving away from television ads, given the use of electronics. He responded that no, television still delivers the biggest return; but the mix of advertising does shift and adjust around different media as

needed. Rose Longo-White added that they are beginning to work with Comcast to place ads in streaming/online content, which will help reach a younger audience.

8. OTHER BUSINESS:

- a. Director McIntyre requested permission from the Commission to submit an item to Governor and Council to join the World Lottery Association. Motion was made by Commissioner Gelinas and seconded by Commissioner Holloway; so voted, unanimous.
- b. Director McIntyre asked the Commission for their approval to request permission of the Legislative Budget Assistant's Fiscal Committee to join a multi-state progressive game called "Miss Match." Commissioner Gelinas made the motion to approve; seconded by Commissioner Douglas. So voted, unanimous.
- c. Valerie King presented the annotated text for the Final Proposal of the Lottery Intercept (Sw 900) rule. Changes to the Initial Proposal (as reflected by the annotations) were made in response to comments from the attorneys at OLS. A motion initiated by Commissioner Gelinas and seconded by Holloway unanimously authorized Ms. King to submit the Final Proposal, as drafted, to OLS for the JLCAR meeting on December 15.
- d. The Fantasy Sports legislation has been filed, and Director McIntyre expects it to be debated when it becomes a bill. He will not participate unless he is asked to testify, but expects that when legislation passes, the regulation will fall to Lottery (and assigned to Racing and Charitable Gaming). He noted that 200,000 people in New Hampshire participated in fantasy sports last year, so there is a strong market.
- e. House leadership asked Lottery to make changes to the laws governing charitable gaming. Director McIntyre thanked Paul Kelley, Sudhir Naik, and Valerie King for their efforts, which will benefit the charities and State.

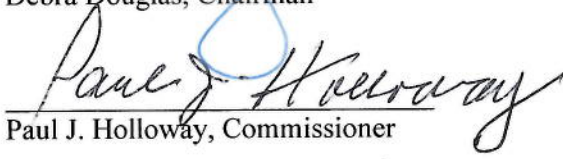
9. NEXT MEETINGS:


Chairman Douglas confirmed the next meeting is Wednesday, December 14 at 9:30 a.m., and it was agreed that the following meeting will be held on Wednesday, January 25 at 9:30 a.m.

Commissioner Gelinas moved that Director McIntyre should arrange a meeting with Governor-Elect Sununu to discuss keno. Director McIntyre agreed, noting that he expects a memo from the transition team soon, though Lottery may be one of the last agencies to be scheduled. The motion was seconded by Commissioner Holloway; so voted, unanimous.

Commissioner Gelinas made a motion to adjourn the meeting at 10:35 a.m., seconded by Commissioner Holloway. So voted, unanimous.


Debra Douglas, Chairman


Paul J. Holloway, Commissioner


David Gelinas, Commissioner