

NEW HAMPSHIRE LOTTERY® COMMISSION
14 INTEGRA DRIVE, CONCORD, NEW HAMPSHIRE 03301
MINUTES OF COMMISSION MEETING
January 25, 2017, 3:00 p.m.

Commissioners:

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

Lottery staff in attendance:

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

Others in attendance:

Rose Longo-White, GYK Antler	Colleen Hernandez, CBC	Mike McLaughlin, CBC
Jim Bouley, Dennehy & Bouley	Jan DiMarzio, CBC	Brian Smith, Boston Billiard Club

Chairman Douglas called the Commission meeting to order at 3:10 p.m.

1. ACCEPTANCE AND SIGNING OF PREVIOUS MINUTES:

Commissioner Gelin moved to approve the December 25, 2016 minutes as submitted; seconded by Commissioner Holloway. So voted, unanimous.

RULEMAKING:

Procedures Administrator Valerie King sought the Commission's approval to submit the conditional responses for rules Pari 1000 (Notice #2016-195), Pari 1100 (Notice #2016-196), and Pari 1200 (Notice #2016-197) relative to administrative fines. These changes were made to the Final Proposal satisfy substantive comments from the Office of Legislative Services (OLS) counsel to the Joint Legislative Committee on Administrative Rules (JLCAR). Motion was made by Commissioner Holloway and seconded by Commissioner Gelin to submit the conditional approval response as presented. Following this unanimous vote, the submittal letter was signed by Chairman Douglas the paperwork was hand-delivered to OLS for a quick turnaround. Rulemaking will resume later in today's agenda.

2. FINANCIAL REPORT:

Chief Finance Officer Cindy Baron reported that December, 2016 is closed and the financials were presented to the Commission. Lottery transferred \$7,010,664 and Racing and Charitable Gaming (RCG) transferred \$209,613 to the Education Trust Fund on January 23. Year to date, Lottery is at \$36M in transfers against a revenue plan of \$38M, for a variance of \$2M. Last year at this time, we were at a variance of \$1.3M. RCG had a profit of \$210K for the month of December. Year to date, RCG has transferred \$1.49M against a revenue plan of \$1.25M year to date; they are more than halfway to their annual plan of \$2.5M.

Commissioner Holloway asked why there is a large sum allocated to unclaimed prizes, and Ms. Baron explained that due to the seasonal spike of sales in December, we have to accrue prize money based on a percentage of projected claims from those tickets. Director McIntyre further explained the rules governing the prize availability and the liability to the agency for payout on scratch and online games.

Discussion followed over the turnaround in instant sales, and Commissioner Holloway noted from the reports that high Powerball jackpots drive up the sales at state liquor stores. He asked if there is anything that can be done to stimulate lottery sales at the state liquor stores when there is not a big jackpot. Chairman Douglas inquired at what jackpot level advertising is increased. Maura McCann responded that we evaluate several factors, but jackpots get posted on the newsletters and on the WinStation scrolling marquee. Rose

Longo-White of GYK Antler remarked that televised advertising generally happens at the \$300M jackpot level.

3. INTRALOT:

Intralot representatives were not able to attend the meeting and will report on their activities next month.

Business Analyst Katie Brown was welcomed back to work after an extended absence. She updated the Commission that testing is underway for a new software release scheduled for February 5.

Commissioner Gelinis asked if the 3-D game was on track for release soon. Director of Sales and Product Development Kelley-Jaye Cleland explained that the game would have to coincide with a future software release to sync the third party vendor to our system: it is a complex chain that starts with the printing vendor, to the gaming vendor, to the mobile vendor. The testing of software will begin in April, then we'll have a path forward to possibly launch in July.

The instant ticket printer Request for Proposal has been released and the first question/answer phase is underway. The deadline is early March; site visits to verify prospective vendors' operations and capabilities will follow before final decisions are made.

4. TRI-STATE:

The Tri-State Commission will meet on February 10 at New Hampshire Lottery. Maura McCann will report on that activity at the next NH Lottery Commission meeting.

5. ADVERTISING:

Marketing Director Maura McCann distributed a report illustrating advertising activities and noted how busy it has been.

- a. The Powerball Power Cruise promotion begins next week; preparation and software testing for which has been complex. The Tri-State \$10 Ultimate Vegas Getaway scratch ticket second chance promotion for non-winning tickets will launch shortly.
- b. The last \$2M prize of the \$30,000,000 Granite Giveaway was claimed; and the Trucks and Bucks second-chance drawing took place recently with the winner opting to take the cash prize.
- c. The \$500,000 Fortune scratch ticket was recently promoted, and elements from a television-specific advertisement was used for a promotion on the Lottery's Facebook page. The ad agency will be using analytical tools to measure the effectiveness of the recent marketing on ticket sales.
- d. Play slips have been printed with the new logos for the Pick3/Pick4, along with new "call-out" play instructions. A new poster for spring has been printed for the Liquor Stores. Fast Play Quick Card will be launched shortly, which is a new format for playing the Fast Play at the WinStation. The new application will be used with both WinStations and on-counter displays.
- e. Discussion followed regarding multiple wins by the same customers; Commissioner Holloway asked whether we investigate such occurrences to ensure that there is no possibility of fraud. Ms. McCann assured that we are vigilant in those instances and examine situations where the same person wins multiple times, especially where the winners purchased their tickets.

6. RULEMAKING:

Valerie King presented the current rules in progress for the Commission to approve.

- a. The proposed Lottery Intercept rule (Sw 900, Notice #2016-173), was approved by JLCAR at its December 15, 2016 meeting. Motion to adopt was made by Commissioner Gelinis, second by Commissioner Holloway; so voted, unanimous.

- b. The proposed repeals of the former Racing and Charitable Gaming Commission's Organizational Rules (Pari 100, Notice #2106-188), and Procedure Rules (Pari 200, Notice #2016-189), and the amendment to the Lottery Commission's Practice and Procedure Rules (Sw 200, Notice #2016-190) were approved by JLCAR at its January 20, 2017 meeting. Commissioner Holloway made a motion to adopt the repeals and amendment, and Commissioner Gelinás seconded the motion. The vote was unanimous.
- c. The final proposal for the Shared Bingo rule (Notice #2016-194) was provided to the Commission. Changes were made to the proposal based on public comment and comments received from OLS. Commissioner Gelinás moved to authorize Ms. King to submit the Final Proposal to OLS, and Commissioner Holloway seconded. So voted; unanimous. The rule is expected to go before JLCAR at their February 17, 2017 meeting.
- d. A request for an expedited repeal of the Pari 800 rules pertaining to greyhound racing, which was banned in 2009, was presented to the Commission for a voice vote. Commissioner Gelinás moved to authorize Ms. King to submit the paperwork for the expedited repeal, and Commissioner Holloway seconded. The vote was passed unanimously.
- e. The conditional approval responses which were hand-delivered to OLS at the beginning of the meeting were reviewed by OLS and approved for adoption. Commissioner Holloway made the motion to adopt, and Commissioner Gelinás seconded. So voted, unanimous.

7. OTHER:

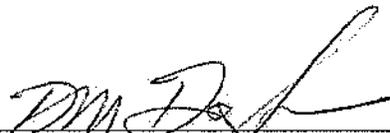
Director McIntyre gave the Commission an update of recent and upcoming meetings with the House and Senate Ways and Means committees. It is expected that the bill introduced to allow keno will be met favorably in the House, and we should have more news soon.

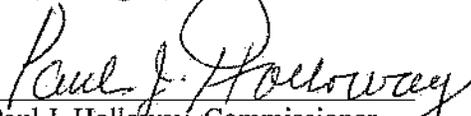
Chairman Douglas and Commissioner Gelinás reiterated that it is a priority for Director McIntyre to arrange a meeting with Governor Sununu to better understand the Governor's expectations of the agency. Chairman Douglas will reach out to the Governor's office to schedule a brief meeting with the Commission.

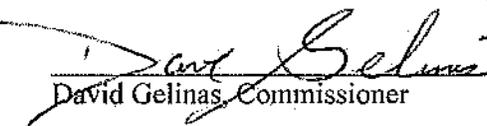
8. NEXT MEETINGS:

The next two Commission meetings will take place on Tuesday, February 14, at 9:30 a.m. and Tuesday, March 8, at 9:30 a.m.

Motion to adjourn was made at 4:14 p.m. by Commissioner Gelinás and seconded by Commissioner Holloway; so voted, unanimous.


Debra Douglas, Chairman


Paul J. Holloway, Commissioner


David Gelinás, Commissioner