

NEW HAMPSHIRE LOTTERY® COMMISSION
14 INTEGRA DRIVE, CONCORD, NEW HAMPSHIRE 03301
MINUTES OF COMMISSION MEETING
May 16, 2017, 9:30 a.m.

Commissioners:

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

Lottery staff in attendance:

Charles McIntyre	Katie Brown	Valerie King	Sudhir Naik	Laura Towle
Lynda Plante	Kelley-Jaye Cleland	Maura McCann	Cammy Nolin	Amanda Williams
Cindy Baron	Patrick Graham			

Others in attendance:

Rose Longo-White, GYK Antler	Ryan Sahr, Intralot	Teri Blouin, NH DAS
Travis York, GYK Antler	Kristen Paré, Intralot	

Chairman Douglas called the Commission meeting to order at 9:31 a.m.

1. ACCEPTANCE AND SIGNING OF PREVIOUS MINUTES:

Commissioner Holloway moved to approve the April 19, 2017 and April 24, 2017 minutes as submitted; seconded by Commissioner Gelinias. So voted, unanimous.

2. FINANCIAL:

Chief Financial Officer Cindy Baron did not have financial reports yet as the April books have not been closed, but she provided an overview report of where we are with reference to Powerball. She will send financials by email once they are ready.

Commissioner Holloway remarked that Product Development Manager Kelley-Jaye Cleland's forecast that instant ticket sales would improve was correct, as the \$25 ticket sales are strong. He noted that the \$1 and \$2 games seemed weak, but everything else is up. Ms. Baron noted that we are \$1 million ahead month-to-date in instant sales compared to last year.

Commissioner Holloway asked where we expect to finish up for the year. Ms. Baron estimates that we may be a little short of our budgeted goal of \$75 million (\$77.5 million for both Lottery and Racing and Charitable Gaming), but hesitates to guess as there are several variables that come into play. Executive Director McIntyre expects the figures to be flat.

3. INTRALOT:

Ryan Sahr from Intralot reported that software release 2 went live on April 30 and is running smoothly. Release 3 is being prepped and will handle subscription modifications to Mega Millions. He will be meeting with Business Analyst Katie Brown later today for further discussion. Intralot delivered one million play slips for Pick3/Pick4 and put a procedure in place to ensure that the stock is replenished in a timely fashion going forward. Fast Play play slips are being printed and Intralot is awaiting an update from the printer. Chairman Douglas asked when that game is scheduled to go live, and Ms. Cleland responded that it will launch at the end of this month. Intralot is preparing for the Tri-State meeting in June, and making game and play slip modifications for Mega Millions, for which Mr. Sahr thanked Katie Brown for her collaboration.

4. TRI-STATE:

Marketing Director Maura McCann has nothing to report with regards to Tri-State this month.

5. ADVERTISING:

Ms. McCann moved on to Advertising and referred the Commissioners to the marketing report which illustrates the month's activities.

- a. The \$25 Granite State Gold social media promotion will launch in June, and the online component of the Gold Rush ticket family is getting lots of play.
- b. There is a preliminary second chance drawing for the \$2,000 a Week for Life coming up next week. There are so many entries for that game that we cannot use our largest drawing drum. Instead, we will put the tickets into a swimming pool and Lottery spokesman Chuck McLuck will select the winners at random. In addition to the drawing, there will be a food truck and scratch ticket promotions for the Granite State Gold.
- c. Travis York of GYK Antler noted that they will host the Lottery on Friday, May 19 for a meeting to discuss new strategies and a fresh perspective of the marketing approach. The July 1 marketing launch is contingent upon the approval of their contract by the Governor and Executive Council.
- d. Commissioner Gelinis inquired if there was an update on billboard leases. Rose Longo-White of GYK Antler confirmed that we will continue to contract the billboard on Interstate 293 in Manchester, and the Route 101 in Epping has been renegotiated from a 23% to a 17% increase. A few locations have been investigated in Massachusetts near exits 47 and 48 in Methuen, as well as two prospective locations that are in the permitting stage. Director McIntyre is aware of another possible location in Manchester that he is exploring. Additional advertising opportunities are being studied, including signage in restrooms and bus stations.
- e. Commissioner Holloway asked if Tri-State has an advertising budget. Ms. Longo-White and Ms. McCann described the budget which is combined from contributions of the three states. In terms of New Hampshire Lottery, the agency's advertising budget is \$2.1 million, and the New Hampshire contribution to the Tri-State advertising budget is \$1.5 million, for a total advertising budget of \$3.6 million annually. Ms. McCann further explained that we keep each entity's activities separate, but there is some cross-over. Mr. York shared a market research statistic that television advertising garners a 94% recall from viewers. So television continues to be a lucrative option, even as the market in New Hampshire is somewhat limited.

6. OTHER:

- a. Commissioner Holloway made a motion to adopt the repeal of Greyhound Racing rules, which is a housekeeping item as racing ended in 2009. Commissioner Gelinis seconded; the motion carried unanimously.
- b. Director McIntyre introduced Lottery Sales Representatives (LSRs) Laura Towle and Patrick Graham to the Commission, as well as new Lottery Sales Assistant Amanda Williams.
- c. A senate analyst reported to Director McIntyre that our proposed budget was approved. The budget is absent of keno and internet sales revenues, but includes the acquisition of a new building. Both Director McIntyre and Commissioner Holloway noted that it will be challenging to grow revenues with no change to our gaming.
- d. Chairman Douglas asked about cybersecurity with MUSL (Multi-State Lottery), given recent attacks. Director McIntyre described the layers of security and robustness of the proprietary software. Further, draw games, with the exception of Hot Lotto® is a physical, ball-based system and not subject to hacking. The LSRs use Apple iPads, which are safe.

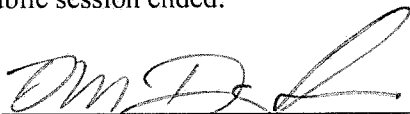
- e. The Legislative Budget Assistant (LBA) will be starting the audit for Lucky for Life, as well as a general agency audit for Fiscal Year 2017.
- f. People for the Ethical Treatment of Animals (PETA) reached out to Director McIntyre to discuss their concerns over the television commercial using Clark's Trading Post's bears. Director McIntyre will reach out to Fish and Game's Commissioner Normandeau to discuss.

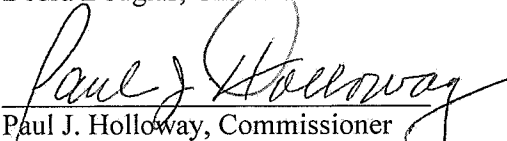
7. NEXT MEETING:

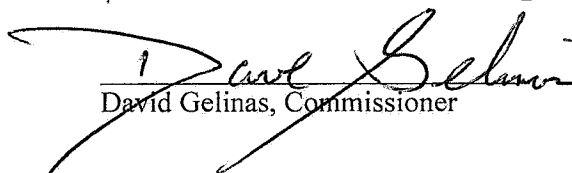
The next meeting will take place on June 21, 2017 at 9:30 a.m. **Note that on June 8 this meeting date was changed to June 22, 2017.*

Chairman Douglas entertained a motion to go into non-public session under chapter 91:A to discuss non-contract at the request of Commissioner Gelinás, seeking the advice of counsel. Commissioner Holloway so moved, and Commissioner Gelinás seconded. Chairman Douglas sought a roll call and the following members reported: Commissioner Gelinás, Commissioner Holloway, and Chairman Douglas.

The regular meeting adjourned as the commission entered non-public session at 10:15 a.m. At 10:30 a.m., Commissioner Gelinás moved to close the non-public session. Motion was seconded by Commissioner Holloway; all in favor, the motion passed and non-public session ended.


Debra Douglas, Chairman


Paul J. Holloway, Commissioner


David Gelinás, Commissioner

Respectfully submitted, Cammy Nolin