

NEW HAMPSHIRE LOTTERY® COMMISSION
14 INTEGRA DRIVE, CONCORD, NEW HAMPSHIRE 03301
MINUTES OF COMMISSION MEETING
June 22, 2017, 9:30 a.m.

Commissioners:

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

Lottery staff in attendance:

Charles McIntyre	Katie Brown	Valerie King	Cammy Nolin
Lynda Plante	Victoria Benincasa	Maura McCann	Julie Pass
Cindy Baron	Kelley-Jaye Cleland	Sudhir Naik	Paul Sullivan

Others in attendance:

Rose Longo-White, GYK Antler	Ryan Sahr, Intralot	Kurt Mathias, Boston Billiards
Angela Streba, GYK Antler	Kristen Paré, Intralot	Jan DiMarzo, CBC
	Tristin Craigue, The Dupont Group	Colleen Hernandez, CBC

Chairman Douglas called the Commission meeting to order at 9:30 a.m.

1. ACCEPTANCE AND SIGNING OF PREVIOUS MINUTES:

Commissioner Holloway moved to approve the May 16, 2017 minutes as submitted; seconded by Commissioner Gelin. So voted, unanimous.

2. FINANCIAL:

Chief Financial Officer Cindy Baron referred to the financial reports for May, and reported that \$6.2 million was transferred to the Education Trust Fund from Lottery, and \$334.6 thousand was transferred from Racing and Charitable Gaming. The fiscal year is drawing to a close, and she expects that the Lottery will most likely transfer \$73 million against a revenue plan of \$75 million; resulting in a deficit just under \$2 million. Racing and Charitable Gaming had a profit of \$334 thousand for May. Year to date, RCG will most likely transfer \$3.2 million against a plan of \$2.5 million, for a surplus of \$703 thousand.

There was discussion over the rolling liability on instant games. Ms. Baron explained that unclaimed prizes account for about 2% of the prize pool, which is the standard across the industry.

Commissioner Holloway noted that we are getting closer on the \$25 ticket sales. He asked if there are new games coming out this summer. Product Development Manager Kelley-Jaye Cleland responded that there are, including \$1, \$5, and \$10 games. In addition, the new \$5 Patriots ticket will be released on August 28, just ahead of the football season start.

Executive Director McIntyre recognized the work of Cindy Baron in preparing the Comprehensive Accounting Financial Report (CAFR). The agency's CAFR was recognized by the Government Finance Officers Association and awarded a certificate of excellence. Director McIntyre complimented Ms. Baron for her hard work in preparing this report, and Chairman Douglas thanked her for efforts.

Commissioner Holloway asked whether there are safeguards in place to ensure that retailer employees are not claiming prizes. Marketing Director Maura McCann explained that there are, and through this auditing and observation, there has been no discernable pattern indicating that employees are claiming prizes. In addition, retailer employees are not supposed to purchase or play lottery products while they are on a shift. Commissioner Holloway expressed his concern that retailer employees are telling customers that a ticket is not a winner and pocketing the winnings at a later date or location, which happened a few years ago in another state. Further discussion covered the types of safeguards New Hampshire has in place, including auditory cues to customers announcing whether a ticket is a winner or not.

Director of Sales and Product Development Kelley-Jaye Cleland mentioned that we are working with Intralot to determine the cost to implement a “non-winner” ticket receipt. As suggested by a customer who spends winters in Florida, that state prints receipts for non-winning tickets, which are then given to the player. She is reaching out other states’ lotteries for advice about implementation. Commissioner Holloway noted that integrity is paramount. There are many software changes coming up in the next two months, so it will be around that time that we have any news of this prospective initiative.

3. INTRALOT:

Intralot General Manager Ryan Sahr reported that they are awaiting the State’s vote on the budget as it relates to Keno and internet sales. They are also working on draw game changes; Mega Millions play slips are due in next week for testing ahead of the October roll-out. Powerball changes may occur as early as April. The Fast Play quick cards are gaining traction. The next software delivery is scheduled for August.

4. TRI-STATE:

Marketing Director Maura McCann referred to the report from the recent two-day Tri-State meeting in Vermont. Demonstrations of a number of interactive scratch and online games were given by Scientific Games. Intralot described the multi-state progressive jackpot MissMatch game, and a new standalone game called The Lucky One was proposed for the Tri-State lotteries. Pollard presented a scratch game that was designed for the Canadian provinces that could be adapted to Maine, New Hampshire, and Vermont. The prize structure of that product across three lotteries would be greater than each state could offer individually. In the afternoon of the first day, the demonstrations were incorporated into a brainstorming session for fiscal year 2018 activity, and the upcoming draw game changes were added to the ongoing activities list.

Chairman Douglas asked how progress is being tracked for all these activities. Ms. McCann explained that there is a weekly teleconference. State-level items such as budget bills, the search for a director of the Vermont Lottery, upcoming game changes and possible Keno legislation impact Tri-State progress a bit. Commissioner Gelinis asked if there was an update on the Vermont Liquor-Lottery commissions’ merger. Director McIntyre explained that a legislative committee was appointed to study such an action. Commissioner Gelinis then inquired about the changes to Hot Lotto. That game will end on October 28, 2017, and will re-launch as Lotto America on November 12, 2017. The new game has a prize matrix similar to Megabucks, which will have higher jackpots.

Commissioner Gelinis asked why sales of the \$25 instant game appeared to be down. Chairman Douglas responded that the reporting reflects only a short period, but it appears to be tracking well. He commented that there was a \$2 million winner on the seacoast, and inquired if there was any press announcing that win. Ms. McCann replied that the winner chose the cash option of \$1.3 million before taxes, but news at that dollar level doesn’t garner the same amount of attention.

5. ADVERTISING:

Ms. McCann referred the Commissioners to the Advertising report.

- a. A buy one/get one event is planned with the Liquor Commission, and “Techie Tuesday” promotion will take place on Facebook to give away nine Apple iPads. This is proving to be highly popular and has gone viral through social media.
- b. The Trucks and Bucks second chance drawing took place last week. It was streamed live on Facebook, and the winner, who chose the cash option, was watching when his name was announced. The Patriots drawing will take place later today and will be streamed live as well.
- c. July advertising includes the sponsor of New England Dragway this summer. On August 5, Director McIntyre will participate in a school bus drag race. His opponent has yet to be determined, but could be the governor, teacher of the year, or a media personality. Ms. McCann reminded the commission that the Lottery supports the teacher of the year by presenting them a donation of \$5,000.

- d. The new advertising contract with GYK Antler was approved by Governor and Counsel, as was the contract with instant ticket vendors Scientific Games and IGT Global.
- e. Ms. McCann directed the Commission to the New Hampshire Motor Speedway (NHMS) proposal for the July and September races. Chairman Douglas is concerned that the Lottery banner be placed in a highly-visible location, such as facing the entrance. Ms. Longo-White reported that the ticket sales for the July race are level with last year; and that social media promotions will be running tied to race giveaways. Ms. McCann requested the approval of the Commission to enter into the contract with NHMS. Commissioner Gelinis so moved, second by Commissioner Holloway; so voted with the contingency that the banner be placed in a prominent location.
- f. Ms. Longo-White of GYK Antler introduced Angela Streba, a new team member on the lottery contract.

6. OTHER:


- a. Director of Sales and Product Development Kelley-Jaye Cleland directed the Commission to the proposed Sales Representative Bonus plan. Past years' sales and bonus thresholds were examined and calculated against the coming year's game schedule. It was determined that rolling back the targets would make the bonuses more attainable. Commissioner Gelinis moved to approve the plan, and was seconded by Commissioner Holloway. The motion passed unanimously.
- b. Ms. Cleland shared that several promotions are planned with the Liquor Commission in the coming weeks. She noted how gracious they have been to work with. Forty-one jackpot signs will be installed in outlet stores with instant ticket vending machines; and scratch ticket menu boards at check-out counters have replaced the kiosk towers. Ms. Cleland noted that the local store managers were instrumental in this redesign.
- c. Director McIntyre introduced several Lottery staff members in attendance: Julie Pass, Lottery Sales Assistant; Victoria Benincasa, Administrative team member; and Paul Sullivan, Lottery Sales Representative servicing the upper valley.
- d. A legal opinion from our Assistant Attorney General regarding the nature of certain games of chance machines was distributed to the Commissioners. Director McIntyre requested to table discussion of this opinion pending the outcome of legislative activity as it may pertain to future Lottery products.

7. NEXT MEETING:

The next meeting will take place on July 13, 2017 at 9:30 a.m. **Note that on June 27 this meeting date was changed to July 11, 2017.*

The August meeting was scheduled for August 10, 2017 at 9:30 a.m.

Motion to adjourn was made at 10:29 a.m. by Commissioner Gelinis and seconded by Commissioner Holloway; so voted, unanimous.


Debra Douglas, Chairman


Paul J. Holloway, Commissioner

Respectfully submitted, Cammy Nolin