

NEW HAMPSHIRE LOTTERY® COMMISSION
14 INTEGRA DRIVE, CONCORD, NEW HAMPSHIRE 03301
MINUTES OF COMMISSION MEETING
August 10, 2017, 9:30 a.m.

Commissioners:

Debra Douglas, Chairman
Paul J. Holloway, Commissioner

Lottery staff in attendance:

Charles McIntyre	Katie Brown	Valerie King	Tiffani McIntosh
Lynda Plante	Kelley-Jaye Cleland	Sudhir Naik	Nancy Parry
Cindy Baron	Maura McCann	Cammy Nolin	Gary Rivard
		Diane Floyd	Steve Johnston

Others in attendance:

Travis York, GYK Antler	Rick Newman, River Casino	Jim Bouley, Dennehy & Bouley
Rose Longo-White, GYK Antler	Francine Wendelboe, Powerhouse	Ryan Gloddy, Casablanca Casino
Angela Streba, GYK Antler	Colleen Hernandez, CBC	Kurt Mathias, Boston Billiards
Kristen Paré, Intralot	Jan DiMarzio, CBC	Mike McLaughlin, Shaheen & Gordon
Rep. Mary Griffin	Pat Griffin, MPC	Curtis Barry, Eagle Strike
Dick Bouley, Dennehy & Bouley	Mike Schiano, MPC	Glen Wallace, NAFTA
John Wohlfarth, PHG	Nick Bonardi, Tri-State Enterprises	Dave Collins, Rath Young & Pignatelli
Steve Poacher, PHG		

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 June 21, 2017 minutes as submitted; seconded by Chairman Douglas. So voted, unanimous.

2. RULEMAKING:

- a. Division Director Valerie King sought a motion to enter Lot 4000 Fantasy Sports into rulemaking. So moved by Commissioner Holloway, second by Chairman Douglas. So voted, unanimous. The first phase is submission of a Fiscal Impact Statement (FIS) to the Legislative Budget Assistant, and upon its completion, she will submit a Rulemaking Notice Form (RNF).
- b. Motion to submit Expedited Repeal of the of the unexpired portions of Pari 300, Pari 500, Pari 600 and Pari 700 (pertaining to live horse and simulcast racing) was requested by Ms. King. This repeal will allow the racing rules to be readopted under a single chapter, Lot 8000. So moved by Commissioner Holloway, second by Chairman Douglas. So voted, unanimous.
- c. Ms. King referred the Commission to the handout in their packet regarding commingling of Lucky 7 tickets, referred to as an enhanced deal, in which there is a mixing of multiple deals. The current regulations do not explicitly prohibit commingling, but the size of the deal is set by rule and can be amended. However, the deal fee is set by statute. Increasing the deal size without amending the deal fee will likely result in lost revenue to the state. With commingling, the deal size remains the same, but the number of tickets being played at one time is increased to add interest and excitement for the players.

Five different methods of enhanced deals were discussed: (1) combining up to four deals and play them to completion; (2) combining up to four deals, and adding a new deal as a deal is sold out; (3) combining up to four deals, and when the number of total tickets available drops by the equivalent of one deal size, a new deal is added; (4) alternating between multiple open deals in a predetermined pattern, also known as Deal Switching; and (5) combining "similar deals", which are of the same theme but contain different prize structures so as to artificially create a larger game.

The feedback received from stakeholders since the July meeting was shared. The comments received to date indicate that traditional paper ticket manufacturers and bingo halls are generally opposed to commingling, whereas those that manufacture and use electronic ticket were in favor of the practice. Chief Compliance Officer Sudhir Naik reported that the bingo halls collect approximately \$1 million in deal fees per year, and \$340 thousand through the electronic machines. It was decided that an informal public hearing would be held at the next Commission meeting to guide policy.

3. FINANCIAL:

Chief Financial Officer Cindy Baron provided financial reports for June, and preliminary reports for fiscal year 2017, which are still waiting on pension figures from the State. The fiscal year ended with Lottery transferring \$72.8 million to the education trust fund, a deficit of \$2 million against the revenue plan. Racing and Charitable Gaming transferred a total of \$3.5 million against a revenue plan of \$2.5 million. The combined agency transfers were \$1 million short of the revenue plan; but based on actual results, we will make one more transfer of \$175 thousand in the beginning of fiscal year 2018.

A brief discussion followed the report, including the explanation of deferred income, which in this case means the revenue from game subscriptions that have not occurred yet; as well as the comparison of the historical Powerball/Mega Millions jackpots against current sales.

4. INTRALOT:

Kristen Paré of Intralot reported that they are preparing for the change in Mega Millions; Hot Lotto will end on October 28, but the Lotto America launch has been pushed to January to concentrate on Keno. The efforts for Keno are moving along in anticipation of the mid-December go-live date. Commissioner Holloway asked what it will cost a restaurant to host Keno. Director McIntyre responded that the annual fee is \$500, but Lottery pays for the installation and equipment. Marketing Director Maura McCann thanked Kristen for all her hard work, and recognized Business Analyst Katie Brown for her efforts as well. Chairman Douglas asked what the hospitality representation thinks about Keno; Director McIntyre noted that he will be meeting soon with the Director of the New Hampshire Restaurant and Lodging Association to discuss it.

5. TRI-STATE:

The Tri-State meeting takes place tomorrow, so there is nothing to report today.

6. ADVERTISING:

- a. Marketing Director Maura McCann referred to collateral of Keno marketing material, which includes the new website and frequently asked questions list intended for retailers, the Keno play slip, and samples of artwork and point of sale pieces. A postcard campaign is planned, targeting pouring establishments that are potential Keno venues. The cards invite the establishments to contact the Lottery about becoming a Keno site, and suggests their participation at public hearings with city officials.
- b. The advertising and marketing report for the month includes Director McIntyre's participation at New England Dragway's Educational Cup Challenge, where the teacher of the year beat both the Director and Governor Sununu. Looking ahead to fall, Lottery's banner is prominently displayed at the New Hampshire Motor Speedway in preparation for the September race. Artwork for new games and point of sale promotions were also presented for the coming month.
- c. Travis York and Rose Longo-White of GYK Antler presented their creative report ahead of their anticipated September schedule. Mr. York cited statistics that television recall is still our largest return on investment, and that scratch tickets are a solid 72% of lottery sales. The challenge is to attract future players and a younger audience, so to that end they will use tracking and customer relationship management to promote loyalty and online play. GYK is supporting the messages of game changes, introduction of new games, and developing a new replay/loyalty program. He described their new approach: a digital campaign integration based on the tagline "Luck, Yeah!" This campaign will focus on Keno first, and integrate other products over time. The new campaign will prelaunch with teasers, then go into full promotion in the fall.

7. OTHER:

- a. Deputy Director Lynda Plante provided an update on the building search. Lottery has had a Request for Information (RFI) in effect since April to explore a new property or expand our current location. Of the four properties presented, two are contenders. The next step is to move to a Request for Proposal (RFP) which will include site plan bids. An August 21 meeting with the building committee and representatives from Department of Administrative Services is planned to guide the next phase.
- b. Director McIntyre reported on activity with city councils throughout the State. He noted that he and Kelley-Jaye Cleland, Director of Sales and Product Development, have made phone calls and personally visited several city council meetings to discuss Keno, and many more visits are planned in the coming weeks.
- c. Director McIntyre introduced Lottery personnel in attendance at the meeting: Tiffani McIntosh and Nancy Parry from Finance; and Diane Floyd and Gary Rivard, Lottery Sales Representatives.


8. NEXT MEETING:

The next meeting is currently scheduled for August 30, which will include the public hearing for Keno. *Note: this meeting time was changed to 10:00 a.m., and location was set to Great Bay Community College in Portsmouth on August 24.*

The October meeting will be October 4 at 9:30 a.m.

Motion to adjourn was made at 11:12 a.m. by Commissioner Holloway and seconded by Chairman Douglas; so voted, unanimous.


Debra Douglas, Chairman


Paul J. Holloway, Commissioner

Respectfully submitted, Cammy Nolin