

NEW HAMPSHIRE LOTTERY® COMMISSION
14 INTEGRA DRIVE, CONCORD NH
MINUTES OF COMMISSION MEETING
October 4, 2017, 9:30 a.m.

Commissioners:

Debra Douglas, Chairman
Paul J. Holloway, Commissioner

Lottery staff in attendance:

Charles McIntyre	Kelley-Jaye Cleland	Sudhir Naik	Tom Rues
Lynda Plante	Valerie King	Cammy Nolin	Jenn Rouse
Cindy Baron	Maura McCann	Karima Barniat	Stratos Argiras

Others in attendance:

Rose Longo-White, GYK Antler	Ryan Gloddy, Casablanca Casino	Dan Krusz, Alphastreak.com
Angela Streba, GYK Antler	Jeremy Kyzer, Scientific Games Int'l	Steve Poucher, Powerhouse Gaming
Nichole Maggio, GYK Antler	Sean Athey, Scientific Games Int'l	Fran Wendelboe, Powerhouse Gaming
Ryan Sahr, Intralot	Terry Patterson, Intralot	Nicholas Bonardi, Tri State Entertainment
Jeremy Rockman, Amtote Int'l	Byron Booth, Intralot	Jan DiMarzio, CBC
Kurt Mathias, Boston Billiards	Steven Blanchard, Intralot	Curtis Barry, Dupont Group
Rick Newman, The River	Gina Powers, Rath Young & Pignatelli	Jim Bouley, Dennehy & Bouley
Teri Blouin, NH DAS	Dave Collins, Rath Young & Pignatelli	Mike McLaughlin, Shaheen & Gordon

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

1. ACCEPTANCE AND SIGNING OF PREVIOUS MINUTES:

Commissioner Holloway moved to approve the August 30, 2017 minutes as submitted; seconded by Chairman Douglas. So voted, unanimous.

2. PUBLIC HEARING ON FANTASY SPORTS:

Chairman Douglas opened the public hearing on Fantasy Sports at 9:30 a.m.

Rick Newman, representing the River Casino, referred to Lot 4003.01(c)(3), in which documentation from the Department of Revenue Administration (DRA) is requested to demonstrate that the applicant is in good standing. He expressed that this requirement is cumbersome and holds up the licensing process. Mr. Newman suggested that if it is not required by statute, it be removed from the rules. Executive Director McIntyre explained that an applicant can complete a "waiver" when they submit their paperwork to the DRA which will allow the DRA to speak with this us. This enables us to know if an entity has submitted, and where the application is in the process. Director McIntyre expressed that we do not expect that there would be a large number of fantasy sports operators who will apply in the State. He submitted that it would be at the Commission's pleasure whether to require the certificate or accept a waiver from the applicants.

As no other parties came forward to speak, Chairman Douglas closed the public hearing at 9:37 a.m.

3. SCIENTIFIC GAMES INTERNATIONAL, STATE OF THE INDUSTRY:

Jeremy Kyzer and Sean Athey of Scientific Games International, New Hampshire Lottery's instant ticket provider, presented a State of the Industry report. They shared data citing national trends in lottery sales, and granular details of New Hampshire's performance compared to other states. Among other statistics, both citing individual and comparative figures, Mr. Kyzer reported that New Hampshire Lottery's revenue has grown by 3%, which is just under the national average of 3.5%. Commissioner Holloway asked how New Hampshire compares with states with casinos. Mr. Kyzer offered to break that data out and get it to the Commission, as it is not currently a measured statistic. He concluded by report New Hampshire's top-ranking instant games by price-point and indicated where there was room for improvement. Overall, New Hampshire ranks number 10 in the country in sales by price point.

4. FINANCIAL REPORTS:

Chief Financial Officer Cindy Baron reported that August books are closed. \$15.6 million in profits were recorded against a \$12.2 million plan, putting us \$3.4 million ahead, due in part to the \$700 million Powerball and \$300 million Mega Millions jackpots. Year to date operational costs are on pace with last year: salary costs are down, but retirement costs are up. We are in good financial shape as instant ticket and Powerball sales are strong; and she expects the numbers to level up over the next few months. Director McIntyre reminded the Commissioners that Mega Millions will change at the end of the month; the new matrix and prize structure will mirror Powerball. Hot Lotto terminates at the end of the month, but will not relaunch until January as Lotto America because our software development resources are concentrated on Keno. Hot Lotto averages \$55K per week, but is up to \$80K per week due to the jackpot and end date. If the jackpot is not hit by the drawing on October 24, it is likely the prize will roll down to lower level matches (four balls matched, three balls matched, etc.) for the final drawing; however that decision has not been reached yet.

Commissioner Holloway asked whether a town still gets funding if Keno does not get passed in the municipal election. Director McIntyre affirmed that that town still receives funding; but the drawback is that they have to wait until the next election cycle to vote again, which may hurt taverns and restaurants. Staff have been working extremely hard to get the word out and visit establishments.

5. INTRALOT:

Ryan Sahr, general manager of Intralot, introduced Terry Patterson and Byron Booth from the corporate division. Mr. Sahr reported that his team delivered the software release on September 18 that includes the new Mega Millions support. It is going smoothly, and he believes that Lottery Business Analyst Katie Brown is pleased with the performance. Intralot has brought in another resource to oversee release 4 efforts. Mega Millions play slips have been printed and will be delivered to retailers to time with the launch of the new game. Keno development is progressing, and they are working with Lottery in recruitment efforts and getting materials in place, including face plates and wraps for the Multi-Purpose (MP) kiosks. Keno software releases are ahead of schedule, and they are on track to deliver it for testing on November 20.

6. TRI-STATE:

Marketing Director Maura McCann has nothing to report as the next meeting takes place in November.

7. ADVERTISING:

Ms. McCann directed the Commission to the advertising report for upcoming creative through the fall. She also turned their attention to the Keno recruitment packet, which is part of the materials that Product Development and Sales Director Kelley-Jaye Cleland and the Lottery Sales Representatives use on their calls to potential Keno establishments. A new postcard has dropped to spur momentum; and Franklin recently had their city election and voted to allow Keno.

Ms. McCann invited the team from GYK Antler, including Travis York, Rose Longo-White, Angela Strega, and Nichole Maggio to deliver their annual advertising and marketing plan for the year. Their presentation included the status of creative initiatives including holiday, Keno 603 plans as well as other lottery products. GYK Antler spoke of the key performance indicators of existing programs. They described their strategies around new product and “always on” advertising, specific to timing, target audiences, and media platforms. NH Lottery Replay will be terminating in December, and its wind-down will culminate in daily cash prize awards leading up to a grand prize giveaway on December 7, 2017. The funding for these cash drawings will come from expired, unclaimed prize money.

8. OTHER:

- a. The City of Franklin voted to allow the operation of Keno in the municipality. Lottery staff will attend the public hearings in other cities around the state over the next few weeks prior to the November 7 election.

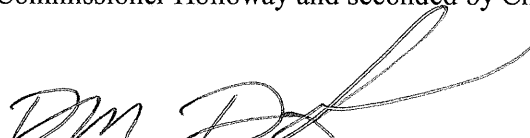
- b. Racing and Charitable Gaming Division Director Valerie King sought a motion to submit the final proposal of Keno rules to JLCAR for the October 19 hearing. Commissioner Holloway so moved, seconded by Chairman Douglas; unanimous.
- c. Ms. King reported that Powerhouse Gaming has submitted 151 signatures in favor of enhanced deals (also known as “commingling”), primarily from members of fraternal halls. Since the last Commission meeting, she and Executive Director McIntyre met with representatives from the Governor’s office, spoke with Representative Neal Kurk, and represented the agency before the Ways and Means Committee to answer each of their questions. The Governor’s Office had no objections to the concept of enhanced deals. Representative Kurk expressed his concern that the agency seek legislative approval before moving forward on this concept; however, the agency already has rulemaking authority relative to the “sale of Lucky 7 tickets”, which would include the commingling of deals. Representative Almy on Ways and Means expressed a similar concern, but all members of the committee were receptive to amending the structure of the deal fee to allow the agency to increase the deal size without negatively impacting revenue to the state. Ms. King noted that amending the statute to revise the deal fee would be the best option to address this issue, but noted that this option does take time. Fran Wendelboe of Powerhouse asked that “deal switching” (a form of commingling) be allowed to resume for deals that were suspended mid-play (per the agency’s request while this issue was being decided). She also noted that there is a bill before the Legislature to raise the price of a deal from 50 cents to \$1.00, and proposes that the text of this bill be stripped and replaced with deal fee language to expedite this process. Mike McLaughlin contested that the definition of a deal doesn’t comply with the law, and therefore, electronic deals, commingled or otherwise, were not lawful. Ms. King explained that the definition of a deal needs to be cleaned up as the tickets are not distributed in the manner in which they were when the rule was written (that is, in a box or in a bag). Representative Hatch has been asked to clean up the language, but there has not been any action. Ms. King provided the Commissioner’s with a letter from Powerhouse contending that, with commingling, the charities could see sales increases of \$50-\$100 per machine per week.
- d. Director McIntyre introduced several members of the Lottery staff: Jenn Rouse and Tom Rues of the sales team, and Karima Barniat from the Accounting group, and Stratos Argiras from Racing’s auditing staff.
- e. The building search is under the Request for Proposal phase; details are currently sealed.

9. NEXT MEETING:

The next meetings will be as follows:

- Wednesday, October 25 at 9:30 a.m.,
- Thursday, November 16 at 9:30 a.m., and
- Wednesday, December 13 at 9:30 a.m.

Motion to adjourn was made at 11:30 a.m. by Commissioner Holloway and seconded by Chairman Douglas; so voted, unanimous.



Debra Douglas, Chairman



Paul J. Holloway, Commissioner

Respectfully submitted, Cammy Nolin