

NEW HAMPSHIRE LOTTERY® COMMISSION
14 INTEGRA DRIVE, CONCORD NH
MINUTES OF COMMISSION MEETING
April 13, 2018, 3:00 p.m.

Commissioners:

Debra Douglas, Chairman
Paul J. Holloway, Commissioner
J. Christopher Williams, Commissioner

Lottery staff in attendance:

Charles McIntyre	Maura McCann	Katie Brown	Amila Hadzic
James Duris	Valerie King	Carmela Nolin	Jon St Cyr
Lynda Plante	Kelley-Jaye Cleland		

Others in attendance:

Rose Longo-White, GYK Antler	Kristen Paré, Intralot	Anna Grace Holloway, Guest
Ryan Sahr, Intralot	Curtis Barry, Eagle Strike	

Chairman Douglas called the meeting to order at 3:00 p.m.

1. ACCEPTANCE AND SIGNING OF PREVIOUS MINUTES:

Chairman Douglas sought a motion to accept the March 16 meeting minutes. Commissioner Holloway so moved, and was seconded by Commissioner Williams, who attended by teleconference. So voted, unanimous.

2. FINANCIAL REPORTS:

- a. Chief Financial Officer Jim Duris reported that February was a strong month; we are currently up year-to-date by \$8 million, and are on target to make our goal of \$81 million for the year. Lottery sales increased \$2 million over last year, with sales of instant tickets, Mega Millions and Keno contributing to the growth. Transfers to the Education Trust Fund total \$6.8 million, and Keno and Department of Health and Human Services funds will be transferred this month.
- b. The Accounts Receivable are in line with expectations; there are no outstanding issues. Operating costs are flat and salary costs are down. Advertising costs are catching up to budget expectations. The bill from Legislative Budget Assistant (LBA) for last year's audit was about \$35 thousand less than the previous year. The Lottery team did a great job to ensure that there are fewer issues, and the Commission complimented staff for their hard work. There are indirect costs from Department of Administrative Services that have come in higher than expected which offset that savings a bit; these are comprised mostly of true-ups from the last biennium.
- c. On May 2, the Tri-State auditors will be at New Hampshire Lottery. They will work in Maine on May 1st, and proceed to Vermont for two days.
- d. Commissioner Holloway noted that the sales at New Hampshire Liquor stores are doing well. He expressed concern over instant tickets sales of the \$1-\$5 price points; suggesting that the \$10 and \$25 tickets are carrying sales and he is concerned that players are dropping off. Director of Sales and Product Development Kelley-Jaye Cleland responded that the core players tend to play the higher price points. Director McIntyre confirmed that sales in the \$1-\$2 range are down industry-wide; but our \$10 ticket sales are up significantly. Collectively, as long as there is growth, we'll continue to offer the lower tier products. We have been more successful than most states in sustaining growth in our instant ticket sales; Ms. Cleland suggested there may be room for experimenting with the products to encourage sales without hurting our profitability.
- e. Commissioner Holloway asked how many Keno retailers are currently operating. Director McIntyre and General Manager of Intralot, Ryan Sahr, confirmed that there are 5-7 retailers added each week and we are at 85 retailers as of today. The Director noted that lottery sales have held steady despite the attention that has been shifted to get Keno up and running and now is being directed to iLottery development. Additionally, the Keno MPs are now able to sell online games, and many new Keno retailers have installed instant ticket vending machines which will expand growth.

3. INTRALOT:

Mr. Sahr began his report with a Keno update, and reiterated that there are now 85 establishments up and running, with approximately 100 MPs deployed. Kristen Paré and her team continue to hold trainings, having hosted over 300 people in sessions in Concord, Manchester, and Conway. The MPs, as Director McIntyre noted, now offer online games as well as Keno. He reported that the Power Cruise promotion is set to start tomorrow; and there are 72 instant ticket vending machines standing by for installation.

4. TRI-STATE:

- a. Marketing Director Maura McCann gave the report on Tri-State events, as the monthly meeting took place earlier in the day. The Product Development group signed off on next season's Patriots instant ticket project, which features prizes valued at \$600 thousand from merchandise to suite rental.
- b. The advertising brief for next fiscal year was distributed to GYK Antler and FuseIdeas for development. This will replace the "This Magic Moment" spot, which has expired.
- c. The next Tri-State meeting is in Portland, Maine, on June 14 and 15, and follows the NASPL Directors meeting. The Tri-State committee is putting the agenda together, and the theme is "Beyond Lottery," focusing on the future of gaming, entertainment, etc.
- d. Upcoming promotions include New Hampshire in a buy one/get one Vegas instant ticket; and Vermont is doing Fast Play instant wins, and will host a fairground event as part of their 40th anniversary celebration.
- e. The Tri-State commission approved the new two year audit contract with Anderson and Cloues of Concord; as well as the McLane Middleton trademark services contract.

5. ADVERTISING:

In addition to the media for April/May, Ms. McCann noted that a press release announcing the appointment of Commissioner Williams has been prepared and will go out shortly.

6. RULEMAKING:

- a. Valerie King, Director of Racing and Charitable Gaming, sought a motion to submit the final proposal "Lucky 7 Open Deals" to JLCAR for approval. So moved by Commissioner Holloway, and seconded by Commissioner Williams. Vote was unanimous, motion carried.
- b. Ms. King presented the final proposal for "Multi-State Lottery Association (MUSL)," and sought a motion to submit the proposal to JLCAR for approval. Commissioner Holloway so moved and Commissioner Williams seconded. So voted, unanimous.
- c. Ms. King sought a motion to submit the initial proposal "Locations Permitted to Sell Keno" into the rulemaking process. This rulemaking restricts the sale of Keno to adult-focused establishments. Chairman Douglas asked if doing so would too tightly limit eligibility. Director McIntyre explained that we needed to better define the type of location (i.e., a bar) to keep Keno in line with what the legislature intended. Commissioner Holloway so moved, and Commissioner Williams seconded; so voted, unanimous.
- d. Ms. King requested a motion to submit a letter in support of the Department of Health and Human Services' (DHHS) proposal to amend He-W 404 relative to the appeal process for intercept of lottery prizes for the collection of child support arrears. This rulemaking will not alter Lottery processes and procedures, but our approval is required for DHHS to move forward with this amendment. So moved by Commissioner Holloway, and second by Commissioner Williams; motion carried.

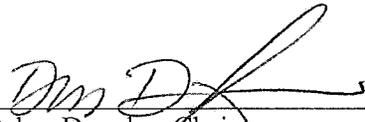
7. OTHER:

Director McIntyre introduced two Lottery employees to the commission: Jon St. Cyr, Subscriptions, and Amila Hadzic, Accounting.

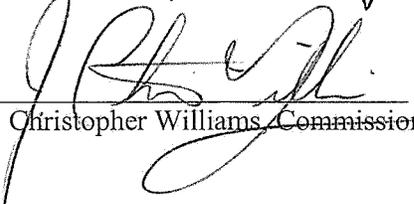
8. NEXT MEETING:

The next Commission meeting will be determined outside of this meeting and posted on the Lottery's website.

Meeting adjourned at 3:39 p.m.


Debra Douglas, Chairman


Paul J. Holloway, Commissioner


J. Christopher Williams, Commissioner

Respectfully submitted, Carmela Nolin