NEW HAMPSHIRE LOTTERY® COMMISSION
14 INTEGRA DRIVE, CONCORD NH
MINUTES OF COMMISSION MEETING
September 14, 2018, 9:30 a.m.

Commissioners:
Debra Douglas, Chairman
Paul J. Holloway, Commissioner
J. Christopher Williams, Commissioner – by teleconference

Lottery staff in attendance:
Charles McIntyre    Kelley-Jaye Cleland    Jim Duris    Maura McCann    Carmela Nolin
Katie Brown    John Conforti    Valerie King    Lynda Plante    Irene Rondeau

Others in attendance:
Travis York, GYK Antler    Rose Longo-White, GYK Antler    Kristen Paré, Intralot    Rick Newman, NHCGA

Chairman Douglas called the meeting to order at 9:40 a.m.

1. **ACCEPTANCE AND SIGNING OF PREVIOUS MINUTES:**
   Chairman Douglas sought a motion to accept the August meeting minutes. Commissioner Holloway so moved, and was seconded by Commissioner Williams. Chairman Douglas requested clarification to Intralot Item 3 which refers to $12 million in sales for Keno; that figure is total sales from launch, not solely this fiscal year. All in favor, meeting minutes were approved as submitted.

2. **FINANCIAL REPORTS:**
   a. Chief Financial Officer James Duris does not yet have September financials as the books have not closed yet for the month. The first draft of the CAFR (comprehensive annual financial report) is due to the Department of Administrative Services today; however they have still not provided the pension information that will be part of the CAFR. Additionally, we have been instructed to include GASB 75, which identifies other than pension post-employment benefits. That is expected to be the last entry that we need to make; bringing our official last transfer up $1.25 million more than the estimate and our total transfer to the Education Trust Fund to more than $87 million for fiscal year 2018.
   
   b. The 2020–2021biennium budget is set to be filed with the State on Monday, September 17. Chairman Douglas asked Mr. Duris if he can provide a monthly budget-versus-actual report. Mr. Duris is able to produce this, but cautions that the way the expenses hit, it won’t be an accurate picture of our actual expenses. Following discussion, Commissioner Williams would still like to see certain fixed costs reported monthly. Mr. Duris described an internal report he uses to project the year-end: he tracks and rolls forward expenses as they accrue, and adjusts the future months. He noted that he does not budget sales by month, as draw based game activity is not predictable.
   
   c. Commissioner Holloway inquired about the draw based game performance and advertising strategies. Travis York of GYK Antler reiterated Director McIntyre’s comment that until the jackpots reach $300 million, we see far greater excitement and the advertising is increased. It was noted that the current $25 instant game will be replaced at the beginning of October, along with a few other price points. There are new $5 tickets that are performing well, including a double-sided “scratch my back” game. Across the industry, $1, $2, and $3 sales are declining; but our $3 tickets do better than the rest of the country.
   
   d. A lengthy conversation followed over a news story that claims that lotteries are negatively affecting areas where the median income is low. Director McIntyre related his past experience with similar articles and how the data is skewed or not reflective of several other factors (e.g., out-of-state sales in border communities). The Commissioners are concerned that we should address this issue with an op-ed, and the pros and cons of that approach were discussed. Further, Commissioner Holloway believes we should reinforce the positive message of where the money goes. Mr. York confirmed that this is the direction our advertising is taking with the upcoming corporate campaign.
e. Mr. Duris recognized the efforts of the Instant Tickets Accounting team in redesigning the weekly sales report. It now displays more information, including a breakout of the iLottery sales. The Commission complimented the changes and requested only a slight reformat of the listing of draw based games.

3. INTRALOT:
   Kristen Paré of Intralot has no news this month, but updated the Keno count to 180 MPs deployed at 159 locations. Director McIntyre noted that the Keno activity is increasing week over week, and we are setting new records for day-of-the-week sales regularly. Chairman Douglas asked how the economic impact study questions are coming along; they have been critiqued and sent back to UNH for editing.

4. ADVERTISING and TRI-STATE:
   a. After a recent meeting, the Commissioners had discussed getting firm figures of our advertising performance. Commissioner Williams would like statistics for web traffic, click rates, and similar metrics in addition to the POS artwork. This had not been communicated to Marketing Director McCann in time for this meeting, but she will work with GYK for future months’ reporting. Ms. Longo-White of GYK added that we will include iLottery data once it’s been determined which points are the most useful.
   b. The Tri-State Commission met in Concord last Friday. Part of our combined promotion for the Patriots includes a Chalk Talk tour; New Hampshire will award tickets to the tour via a social media promotion with Vermont and Maine using their loyalty clubs to award their tickets. New Hampshire’s first scheduled non-winning second-chance prize drawing for Patriots season ticket as well as game day tickets will take place in mid-October. At this meeting, the Tri-State unclaimed, expired prize money of $1.2 million was approved. The majority of the money will be used for the second chance prizes for the NE Patriots scratch ticket and New Hampshire’s portion of $615 thousand (approximately 40%) will be used for a variety of Tri-State promotional giveaways.
   c. Ms. McCann showed the three “screaming goat” television ads that GYK recently completed for New Hampshire Powerball and Mega Millions jackpot alerts. She then ran the three television commercials that FuseIdeas produced for Tri-State Megabucks. Chairman Douglas asked how those spots would translate to radio given their minimalist nature. Ms. McCann described that the radio concept is a voiceover that lists several made-in-New Hampshire products – yogurt, ball bearings, fire suits, and the number of Megabucks millionaires made over 30 plus years.

5. OTHER
   a. Director of Sales and Product Development Kelley-Jaye Cleland introduced new Product Development Specialist Jay Lau. They presented data of the first week of iLottery sales performance, which launched successfully on September 4 with no advanced marketing. The soft launch has gone remarkably well, and the systems are performing as expected. A variety of points were exhibited, including demographics, daily traffic, and deposit activity. The issues still being addressed are getting some banks to recognize and approve iLottery debit purchases; and changing the merchant identification of nhlottery.com to a state-run lottery versus a gambling website. The largest of these is TD Bank, New Hampshire’s state bank. Formal advertising for iLottery will kick off next week, at which time we expect to see the traffic and trends pick up even more.
   b. Director of Racing and Charitable Gaming Valerie King sought approval for a waiver to Pari 1207.03, increasing the table stakes limit. This was requested by the gaming operators in response to the change in the minimum wager from $4 to $10; and would allow them to increase the table stakes in relation if they choose. After much internal debate, the $1,000 table stakes limit was agreed to as a cleaner, more reasonable figure and is on par with casinos in Massachusetts. So moved by Commissioner Holloway and seconded by Chairman Douglas; motion passed. Ms. King will issue the waiver for the short term, but will need to go before JLCAR to further clean up the rules.
   c. Executive Director McIntyre’s term was renewed via a Commission vote pursuant to RSA 284.21–b II.
6. **NEXT MEETING:**
   The next meeting will be held on October 19 at 9:30 a.m. at Lottery headquarters.

   Director McIntyre introduced Bingo Coordinator Irene Rondeau. Rick Newman, representing the New Hampshire Charitable Gaming Association, sought clarification about the Pari 1207.03 waiver. Ms. King confirmed that she would send the notification this day, so it could go into effect for the evening’s activities.

   Commissioner Holloway moved to adjourn the meeting; seconded and meeting ended at 11:33 a.m.

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   Debra Douglas, Chairman

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   Paul J. Holloway, Commissioner

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   J. Christopher Williams, Commissioner

   Respectfully submitted, Carmela Nolin