

**New Hampshire Lottery Commission**  
**14 Integra Drive, Concord NH**  
**Minutes of Commission Meeting**  
**March 21, 2019 9:30 a.m.**

**Commissioners:**

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

**Lottery staff in attendance:**

Charles McIntyre	John Conforti	Maura McCann	Edie Chiasson
Katie Brown	Jim Duris	Carmela Nolin	Grant Sidney
Kelley-Jaye Cleland	Valerie King	Lynda Plante	Steve Johnston

**Others in attendance:**

Travis York, GYK Antler	Rich Parsons, RYP	Ryan Sahr, Intralot	Andre Carrier, Eureka Gaming
Rose Longo-White, GYK Antler	Gina Powers, RYP	Kristen Paré, Intralot	Bill McLaughlin, Eureka Gaming
Rick Newman, NH Gov't Solutions			

**1. PUBLIC HEARING ON LOT 7200, GAMES OF CHANCE**

Chairman Douglas opened the meeting at 9:34 a.m. with a public hearing regarding proposed rules for Lot 7200, Games of Chance. Oral testimony was offered by Rick Newman of New Hampshire Charitable Gaming Operators Association (NHCGOA). He stated that NHCGOA has provided many comments and written testimony, and is generally supportive of the changes. He wants to ensure that all members are compliant and that Lottery staff have all the tools they need. Mr. Newman concluded he feels his organization has been heard. Next to speak was Andre Carrier, COO of Eureka Casino Resorts, the new owners of Seabrook. He explained that as a Nevada-based organization, they rely on that state's internal control and regulatory practices at a minimum. Therefore, they are supportive of the rule and increased efforts to properly fund regulatory oversight. Seeing no one else had signed up to submit oral testimony, Chairman Douglas closed the public hearing at 9:38 a.m.

**2. CONDITIONAL RESPONSE TO LOT 600, PRIZE CLAIMS**

Valerie King, Director of Racing and Charitable Gaming, sought a motion to submit the Conditional Approval Response to Lot 600, Prize Claims. Motion was made by Commissioner Holloway and seconded by Commissioner Williams, with all in favor to submit the conditional approval response to the Office of Legislative Services (OLS). Following this unanimous vote, the submittal letter was signed by Chairman Douglas and the response was hand-delivered to OLS, which is expected to return their approval.

**3. ACCEPTANCE AND SIGNING OF PREVIOUS MINUTES**

Chairman Douglas sought a motion to accept the February 14 meeting minutes. Commissioner Holloway so moved, and was seconded by Commissioner Williams. All in favor, meeting minutes were approved as submitted.

**4. FINANCIAL REPORTS**

a. Chief Financial Officer James Duris reported on the financials for February, starting with Sales, which have increased \$2.5 million over last year to date. Keno is largely driving that growth, but all other products are performing well. Games of Chance revenues are above expectations due to the change in bet limits. The reserves for Hinsdale's improvements have expired and reverted back to revenue, \$127 thousand. Transfers to Education totaled \$7.46 million, about \$0.5 million below projections, however we are above projections year to date.

- b.** Accounts Receivable is running in line with estimates. Interest from the State is due, but has not been disbursed yet. Changes on the income statement now include interest, utilities, and maintenance expenses in response to the building purchase. Another change was made to identify "outs" (winnings at racetracks that are not yet claimed) as temporary deposits, until the expiration of tickets and vouchers; at that time, they'll be recognized as revenue.
- c.** Membership fees were higher than normal as we just paid dues for NASPL, but are now amortized over the course of the year rather than expensed in one month.
- d.** Commissioner Holloway inquired how we are handling delinquent accounts. Mr. Duris responded that some have been turned over to the Attorney General's office, some are still with us. It makes more sense to keep these activities internal to avoid paying recovery fees.
- e.** Discussion wrapped up with the comparison of Powerball sales performance month-to-date to last year, which Commissioner Holloway was concerned seemed lower despite the high jackpot. Director McIntyre explained that the draw-based games are generally regarded as the same product, and he doesn't see how any further changes can affect them outside of jackpot runs. He foresees our growth happening through instant tickets and iLottery.

## **5. SALES AND PRODUCTS**

- a.** Kelley-Jaye Cleland, Director of Sales and Product Development, stepped through the product development update beginning with Instant tickets. We will be launching several games in April, including the \$5 Red Sox ticket which has been pushed out to coincide with baseball opening day, and will be kicked off with big press event featuring David Ortiz. We will also unveil the "My Million Dollar Series," our first \$20 instant since 2016; and the \$2 "7-11-21" game. The \$10 instant games are becoming the stronger price points, and to that end, the "\$50 or \$100" game along with new "\$500 Fortune" accounted for over 50% of all \$10 sales since their launch. Positive trends are happening with the \$3 price point week over week. While the \$1 games in New Hampshire are performing better than in other states, Ms. Cleland is committed to finding the correct strategy to pull them back up. This includes changing the size of print runs, ticket size and ease for retailers, and overall number of \$1 games on the market.
- b.** March preliminary numbers for iLottery First Time Depositors (FTD) rebounded and we have nearly doubled our goal for the month. Additionally, we have hit our twelve month goal for FTD at month eight. The average deposit per player is \$50, and acquisitions efforts through GYK now include promotional codes to encourage participation. Ms. Cleland noted that we adjust our strategy constantly to see what is effective. Director McIntyre complimented the Sales and Marketing teams for the unparalleled success of iLottery. He also noted that when we launched iLottery, our instant sales were flat. Since then, we have seen sales grow to 4% over our record year, and about 7% overall; this demonstrates that the cannibalization effect of iLottery to instant games did not happen. For the purposes of the retailer network, it should be a comfort that all aspects of the business remained healthy. Online draw-based games (DBG) are trending at 5% of all iLottery sales. Other metrics discussed were Average Deposit Per User (ADPU); demographics and player trends; and the growth of mobile adoption. Ms. Cleland praised GYK for developing a great dashboard to analyze data. Bonus analysis and plan is expected to be put in place by June, and the pop-up to encourage players NOT to opt out will soon be implemented.
- c.** Fast Play will feature a new game with the software launch in April. Lottery is collaborating with Intralot to develop games with higher payouts, and Kristen Paré of Intralot shared some great ideas for New Hampshire-specific themes. These would be marketed to Keno locations where Fast Play activity is strongest. The aim to have several Fast Play games launch per software release was revised to a single game per release.
- d.** Keno hit another record last week, breaking \$600 thousand in sales; and our average sales per retailer are above our projected goal. We anticipate recruiting another 24 locations in the towns that passed Keno this month, which would bring us to 185 (not including the seasonal locations). Director McIntyre added that this should bring the average annual sales per retailer to about \$185 thousand. Retailers report that

they are also selling more product because they are offering the game, and the improved sales may help to offset increases in business expenses. There will be a ballot recount in Londonderry next week, following the discovery of a mistake in their tally. Chief Compliance Officer John Conforti will be attending to oversee the process. Merrimack and Conway are voting on April 9.

- e. Ryan Sahr, General Manager of Intralot, introduced regional director Steve Beck, and assured the Commission that his team will have ten new Keno applications submitted by the end of the week. Director McIntyre reminded the Commission that locations that offer Keno also contribute to increased revenues of draw-based games which are sold on the MPs. Mr. Sahr went on to describe the next software release, which will include training software on the MP; the new Fast Play game "9's in a Line;" and a revised Keno multiplier draw show. Steve Beck complimented the team on the success of iLottery.

## **6. MARKETING**

- a. Marketing Director Maura McCann presented the month's advertising activity, starting with the planned April 10 kickoff of the Boston Red Sox \$5 instant ticket and press event.
- b. iLottery marketing now features a monthly theme, which will be emphasized by GYK on the website banner and email invites, and in digital and social media advertising.
- c. Ms. McCann described the overwhelming participation on Facebook to giveaways such as "What is New Hampshire Famous For?" with over 1,600 people vying for \$4 in instant tickets; and "Tell Us a Famous Jack," which amassed more than 2,700 comments for a chance to win ten of the \$2 "Blackjack Tripler." We did not have the same level of participation for some reason with our 55<sup>th</sup> Anniversary post.
- d. Lottery has been in the state and national news several times in the last month. Coverage has ranged from a \$100 thousand Powerball winner in Portsmouth, to pending legislation and the upcoming lawsuit, New Hampshire Lottery Commission v. US Department of Justice.
- e. Travis York of GYK Antler echoed Ms. McCann's point that there is a lot going on with all the new product launches and initiatives. GYK is regrouping with the Lottery team to see how best to plan the last three months of the fiscal year; forming strategies with both current and new channels, and executing to continue our current momentum.

## **7. COMPLIANCE**

Chief Compliance Officer John Conforti presented a Memorandum of Understanding (MOU) to the Commission from the Department of Health and Human Services (DHHS) formalizing the child support intercept. While Lottery and DHHS have been operating under the terms of intercept, DHHS sought to ensure that Lottery staff are adhering to their procedures. Mr. Conforti confirms that our Claims department has been acting in accordance, particularly in preserving confidentiality in data sharing. He suggested a small change to a typographical error referring to a form number, but recommends adopting it. Commissioner Holloway moved to adopt the MOU, and was seconded by Commissioner Williams. All were in favor, the motion passed; and Chairman Douglas signed the MOU.

## **8. RULE MAKING**

- a. Ms. King requested a motion to adopt Lot 1000, All Instant Lottery Game Rules, which was expanded to accommodate iLottery and recently approved by JLCAR. Motion to adopt was made by Commissioner Holloway and seconded by Commissioner Williams. Motion passed unanimously, and will go into effect within 24 hours of receipt by OLS.
- b. The Conditional Approval Response was granted by OLS for Lot 600, Prize Claims. Ms. King requested a motion to adopt these rules, which was similarly expanded to include iLottery. Commissioner Holloway so moved, and was seconded by Commissioner Williams. All were in favor and motion passed unanimously.

## **9. OTHER**

- a. Director McIntyre briefed the Commission on the State budget process. We have not had any issues to our proposed budget; which includes an increase to our advertising line item.
- b. Keno revenues may be moved from exclusively funding kindergarten to instead supporting building aid grants. This wouldn't affect our mission in any way.

- c. Our sports betting bill crafted by Mr. Conforti was submitted to the House and is currently in Ways and Means. Revisions per the Committee include more robust rules and allowing a number of physical sports books around the state. It also permits Lottery to partner with several sports betting providers. Director McIntyre expects that this bill will be rolled into HB2 as it is an additional funding request, though it would come from our own funding stream. Finally, sports betting will include the formation and funding of the Commission on Problem Gaming.
- d. Director McIntyre concluded by introducing Rick McLaughlin, Information Technology Lead, to the Commission.

**10. NEXT MEETING**

The next meeting will be on April 18 at 9:30 a.m.

Chairman Douglas entertained a motion to enter into non-public session at 10:52 a.m. to discuss personnel issues. So moved by Commission Holloway and seconded by Commissioner Williams. Upon a roll call, the following reported: Commissioner Holloway, Commissioner Williams, and Chairman Douglas.

  
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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