

**New Hampshire Lottery Commission**  
**14 Integra Drive, Concord NH**  
**Minutes of Commission Meeting**  
**April 18, 2019 9:30 a.m.**

**Commissioners:**

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

**Lottery staff in attendance:**

Charles McIntyre	Jim Duris	Carmela Nolin	Devin Goley	Candi Tibbetts
Katie Brown	Valerie King	Lynda Plante	Britni Halvorsen	
Kelley-Jaye Cleland	Maura McCann		Steve Johnston	

**Others in attendance:**

Travis York, GYK Antler	Taylor Yianakopolos, GYK Antler	Rick Newman, NH Gov't Solutions
Rose Longo-White, GYK Antler	Kristen Paré, Intralot	James Bouley, Denney & Bouley
Lyndlee Hayes, GYK Antler		

Chairman Douglas called the meeting to order at 9:34 a.m.

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

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

**2. FINANCIAL REPORTS**

- a. Chairman Douglas inquired if the State has paid us interest owed, and Chief Financial Officer Jim Duris reported that it has not. She asked further about our policy to address delinquent retailers. Mr. Duris explained each incident of delinquency carries a consequence, but as we have issues with only 1-2% of all retailers, we prefer to manage on a case-by-case basis. Similarly, if we have any that must go to collections, it's much more cost-effective to recoup it ourselves, and only in some circumstances hand off to the Attorney General's office.
- b. Mr. Duris referred the Commissioners to the March financials, and as expected it was a great month. Our sales increased \$6.6 million year to date, thanks to strong sales in Powerball, Keno, and instant tickets. We transferred \$11.3 million in March, which brings our year to date total to \$77.4 million: \$4.4 million over projections. Chairman Douglas asked what we are required to send to the Department of Health and Human Services (DHHS). It is a flat 1% of Keno revenue, and though DHHS has put out a Request for Information, they have not moved to formalize services. Director McIntyre noted that House Bill 480 includes the formation of responsible gaming council. Commissioner Holloway inquired about the potential change in Lottery's revenue allocation to the general fund. If that does take place, our revenues will still be earmarked for Education, as the State Constitution requires it.
- c. Accounts Receivable is up due to timing and the strong Powerball jackpot run. Interest is compounding at Tri-State and with the State. Expenses this month include the \$77,000 invoice for our audit from the Legislative Budget Assistant (LBA); they will be returning for a short period in June, and then will be back in September. Tri-State auditors are coming in May. Our IT expenses are trending higher with round-the-clock iLottery coverage. There is a negative line item for rent expenses in March, and depending on what happens with the state budget, may revert in July. Everything else is in line, and we just received Governor and Council approval for a new fleet vehicle, which was budgeted. This van will enable our dedicated KENO 603 representative to service accounts around the state.

### **3. SALES AND PRODUCTS**

- a. Kelley-Jaye Cleland, Director of Product Development and Sales, began her report with an update of instant ticket launches for May. These include the \$1 spring-themed "603," \$2, and \$5 instants, and a \$10 game loaded with \$500 prizes. The new \$20 game is doing well in its second week of sales, and is accounting for 50% of sales in that price point. The \$10 and \$5 price points are down week over week, but up year over year. The current "\$500 Fortune" ticket will be replaced with a new version this summer. The \$5 Red Sox ticket is accounting for 18% of sales in that price point, and the launch event at the State House with David Ortiz was a great success. Ms. Cleland complimented the work of Maura McCann and KENO 603 representative Andrea Madden for their efforts in organizing the Concord press event and Keno pub tour in Manchester. The \$2 price point games are being fine-tuned, and the plan for \$1 games as discussed last month will be implemented this summer.
- b. Commissioner Holloway inquired if we are able to service the towns that recently approved Keno. We are actively recruiting and training in those municipalities, and have approved three new retailers. There are several applications pending, and Ms. Madden is working diligently to recruit more throughout the state.
- c. Moving to iLottery, Ms. Cleland noted that we are dependent on draw based game jackpots to stimulate sales. Last month our goal was 800 First Time Depositors (FTD) based on a projected jackpot run; but we exceeded 3,400 FTDs. We also surpassed the \$1 million mark, far ahead of projections. Looking to next year, we will adjust our approach and emphasize responsible gaming.
- d. Draw-based games (DBG) are doing better month over month, but e-Instants make up the majority of the play and sales. A recent iLottery winner described that he first came to the platform to purchase DBG tickets, but found that he enjoyed e-Instants despite not being a regular scratch ticket customer.
- e. Our Key Performance Indicators (KPI) are up for the month of March. The average deposit per user did decrease, but that is not uncommon during a jackpot run where the number of users is higher.
- f. Fast Play continues to be steady at just over \$100 thousand per month. A new game just launched, and another is scheduled for mid-July. We continue to evaluate performance across the games for trends and ways to promote growth. It's a very complimentary game to Keno, and is an engaging way to pass time between the draws.
- g. Finally, Keno sales in the last ten weeks have been record-setting. We have 169 active locations, with more coming online in seasonal locations and in newly-approved towns. We did lose the recount in Londonderry, but are up to 85 approved towns, with 18 added since the spring. Moving on to the cities which will vote in the fall, Director McIntyre recently appeared before the Dover City Council. They voted to place Keno on the ballot and noted that Rochester was also leaning to do so. This was confirmed by the mayor of Rochester, who declined a visit by staff. The Portsmouth Elks are leading a grass-roots effort with a few other businesses to collect 1000 signatures to get Keno on the ballot this fall.
- h. Kristen Paré of Intralot noted that they had a software release this weekend and introduced a new Fast Play game. This release also includes a demo for retailers. Chairman Douglas asked why we can't have as many Fast Play games as we'd like. Business Analyst and Online Games Manager Katie Brown noted that we could compromise by adding games only to the MPs.

### **4. MARKETING**

- a. Marketing Director Maura McCann recognized the effort by all at the Red Sox ticket launch, and the appearance of the ever-gracious David Ortiz. It was a great day despite the wind and cold. We are working with the Fisher Cats in Manchester this season, who are promoting the Red Sox ticket. Our last second chance drawing from the 2018 Patriots scratch ticket will take place in June.
- b. Travis York of GYK Antler reported they are drawing down this year's marketing plan and will be looking ahead for the next fiscal year. Rose Longo-White noted they are working on a social promotion for players to upload photos of their pets for a chance to be featured on a holiday scratch ticket. Another promotion will offer players the chance to upload photos from their favorite spots around the state for a chance to be featured on the next edition of the "603" ticket.
- c. Commissioner Holloway remarked that he was surprised how many people are not aware that Lottery revenues support education. Discussion followed over the challenge of messaging: while our revenues go to the education trust fund by law, we do not fully fund it and must be careful to not imply that we do.

**5. COMPLIANCE**

- a. Director of Racing and Charitable Gaming Valerie King has no items for rule making this month, but wanted to highlight her department's licensing and enforcement activities. She referred to the newsletter they distribute to game operator employers, which reports charitable gaming revenues, policies, and rules. Ms. King introduced Britni Halvorsen, Licensing Specialist, who composes the newsletters; she has been with Lottery since 2016 and has made many improvements to her work unit.
- b. Chairman Douglas inquired about the process of approving Keno applications, as a retailer reached out to us to protest being denied a license. Ms. King and Ms. Cleland explained the requirements, which not only include the appropriate liquor license, but also the type of business, and separate adult-only bar area. The licensing team is diligent and takes all criteria into consideration; and in the case of this retailer, are actively advising him what is necessary to be in compliance.
- c. For the meeting in June, Ms. King expects to present new proposals; and by then, her licensing group will have launched a new state-customized off-the-shelf database.


**6. OTHER**


- a. Director McIntyre introduced two new employees: Devin Goley from the Sales group, and Candi Tibbetts in Claims.
- b. The budget that passed the House includes sports betting (HB 2); Senate Finance will take up our agency's budget which should be an uncomplicated discussion. The casino bill (SB 310) passed the Senate and is now in being heard in the House.
- c. The Wire Act case was heard in Federal District Court last week and the presiding judge gave the US Department of Justice two weeks to reply whether the Wire Act applies to lotteries, their employees, and their vendors. We have filed a brief relative to state sovereign rights, and will have a week to reply to the DOJ's response. This is a decision of national proportions; we expect to have it by the end of May.
- d. As mentioned, the LBA invoiced us for the Fiscal Year 2018 audit. It is unclear whether the state will have a budget in place for the next biennium by the end of June, but we should be in good shape.
- e. Commissioner Holloway noted that the pace at the Liquor Stores appears slow, and instant sales seem lower. The Liquor store sales may be affected by decreased foot traffic, and Director McIntyre pointed out that in 2018, we were in the top ten in per capita sales in the US, and the top five in terms of growth.

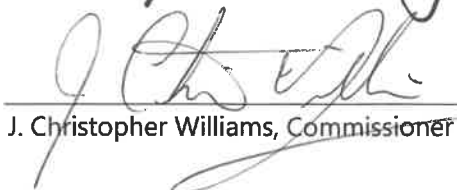
**7. NEXT MEETING**

The next meeting will be on May 23 at 1:30 p.m.

Chairman Douglas entertained a motion to enter non-public session at 11:00 a.m. to discuss personnel matters. 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