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

Lottery staff in attendance:
Charles McIntyre  Jim Duris  Carmela Nolin  Steve Johnston  Rebekah St. Jacques
Katie Brown  Valerie King  Lynda Plante  Laurie Ridenour-Patterson
Kelley-Jaye Cleland  Maura McCann

Others in attendance:
Travis York, GYK Antler  Taylor Yianakopolos, GYK Antler  Alaina Rodriguez Chaffee, NeoPollard Interactive
Lyndlee Hayes, GYK Antler  Kristen Paré, Intralot  

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 April 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. Chief Financial Officer Jim Duris referred to the financials and reported that the month’s results were mixed. While sales were up $3.3 million over last year driven mostly by instant games and Keno, we ended transferring less than expected. Charitable gaming continues to trend over last year and iLottery sales are strong, contributing to the total year to date sales of $41.7 million over last year. The transfer to Education was $6.3 million, approximately $1.7 million less than expected due to unclaimed prize liability of $1.2 million of the new $20 ticket combined with natural flow of other products. This is not necessarily a bad thing as we’ve been surprised by players holding onto top tier winning tickets and claiming them in June. Director McIntyre noted that it’s worth being conservative as we have to estimate the transfer for June before the end of the month. We are $2.7 million over the projected year to date transfers. The State still owes us an interest payment and expects to send it before the end of the fiscal year. In the next fiscal year, they plan to send this interest monthly instead of annually. Mr. Duris will continue to monitor on a weekly basis to ensure that we do not get an audit finding for that.

   b. The Accounts Receivable for Tri-State is lower this month, which goes on the expense side. The advertising expenses for the month include Tri-State and media buys for February and March, and the Comcast Red Sox media package and related expenses for the State House launch event with David Ortiz. Mr. Duris concluded that all other expenses were in line with expectations.

   c. Chairman Douglas inquired if the Department of Health and Human Services (DHHS) has made any progress on their RFI. Director McIntyre explained that as part of the sports betting bill, there is a reconfiguration to create a council on responsible gaming. Any effort and money spent now by DHHS would be reverted to the new council, as noted by Chief Compliance Officer John Conforti. While it will be administratively tied to us, the personnel will be appointed by the Governor.

   d. Commissioner Holloway asked about the adjustments line items, and discussion followed to describe the various promotions, subscription discounts, complimentary or replacement tickets, and retailer commission and cashing bonuses that are classified as separate expenses.
3. **SALES AND PRODUCTS**

a. Director of Product Development and Sales Kelley-Jaye Cleland reviewed the performance of tickets that launched last month. The new $1 “603” is not doing as well as expected; $2 “Easy as 1-2-3” is holding steady, and the $5 “Ruby Red 5s” is outpacing the Red Sox, which is a bit of a surprise. “Wild Cash Bonanza” at $10 is doing really well, outperforming even the “$500 Fortune.” The new $20 “My Million” series is the best performing game of the price point in five years. Overall, the $5 price points are very strong; and the $2 games are out of the negative. In July we’ll be launching the larger $1 ticket, and we’ll be interested to see what that does to improve the price point’s sales.

b. Ms. Cleland moved on to review iLottery goals, noting that we have far surpassed our targets for both First Time Depositors (FTD) and our net gaming revenues. She gave overviews of the strong online game sales through iLottery, and the ranking of e-Instants games. She acknowledged the efforts of GYK and our marketing team to convert and retain customers. Ongoing efforts will include refining player segmentation and messaging to online players versus e-Instant customers. This already contributed to record sales in April in e-Instants; and these players tend to come back month after month.

c. Average Fast Play sales are up $13,000 over last month, but overall sales are down 75% as we had to pull our most popular game due to printing errors. Business Analyst and Online Games Manager Katie Brown is testing and evaluating the software in the expectation of re-releasing it. After analyzing sales, we are moving ahead to release more Fast Play games across MicroLot, ITVM, and Keno MP platforms.

d. Keno continues to perform above goal: we have added 13 retailers, and each of the last ten weeks were above average in sales. Keno is approved in 84 cities and towns, and our internal sales team is working on recruitment efforts in those municipalities. In prospective cities, the Intralot team is focusing on promotion efforts. Chairman Douglas asked about activity in Portsmouth, given the interest from the Elks. Kristen Paré of Intralot reported that they recently hosted an open house and several retailers attended. The enthusiasm of these locations will be key in motivating the City Council to support Keno for the November ballot.

e. Ms. Paré congratulated Chairman Douglas on her recent reappointment to the Commission. She reported that Intralot will release new software next week and provided more details on the open house in Portsmouth.

f. Alaina Rodriguez Chaffee from NeoPollard Interactive (NPI) introduced herself and described her role as our account manager. She recapped the roadmap session that took place earlier in the week in which Lottery and NPI evaluated the last year and set goals for the next two years. This list of 23 items will be prioritized at her next visit in two weeks.

g. Ms. Cleland introduced new Sales Support Supervisor Laurie Ridenour-Patterson who presented her analysis of the dip in Pick 3/Pick 4 sales over the last year. She identified several factors that could be contributing to the decline, including the average age of players; complexity of the game; and lack of marketing. Suggestions for improving sales include surveying and rebranding for a younger demographic; adding the games to iLottery; YouTube tutorials to assist play; and player promotions.

h. Commissioner Holloway was asked by a legislator what we do to support problem gambling. The senior managers stated that in addition to the NH Council on Problem Gambling, we have a self-exclusion feature in iLottery. Legislation for sports betting includes a fully-funded council on responsible gaming as noted.

4. **TRI-STATE**

a. Marketing Director Maura McCann recapped the two-day spring Tri-State meeting in Gorham which took place two weeks ago. On the first day, gaming vendors IGT, Intralot, Pollard Banknote, and Scientific Games presented game concepts and second-chance drawing packages. The product development group will summarize the pitches in a white paper and present it at the next meeting in August. The Tri-State Commission meeting took place the following day, where retiring Chairman Orland McPherson was thanked for his years of service and the gavel was passed to Commissioner Douglas.
5. MARKETING
   a. Ms. McCann directed the Commission to the Marketing report and the artwork for online game tickets; the point of sale for Liquor; social media promotions for late May; and public relations/news articles. She described the new landing page for iLottery that is in development. Clicks from display advertisements would land on this page, which is designed to give players an overview of the platform, and include details on how to register and make deposits.
   b. Travis York of GYK Antler announced that Rose Longo-White has retired after 35 years of dedicated service to GYK, much of that in service of the Lottery. A productive and focused kickoff to Fiscal Year 2020 planning took place earlier in the day with staff from all areas of the agency. Mr. York noted that the dynamics continue to come together across all channels.

6. COMPLIANCE
   a. Chief Compliance Officer John Conforti highlighted the Auditing unit, which monitors games of chance, Bingo, and pari-mutuel operators. They have retooled their processes to do shorter, more focused site reviews and quarterly audits. In the last six months, they have conducted 17 site visits and nine audits. They’ve done a tremendous job and uncovered a $30,000 employee theft at one of the card rooms. The unit expects to call on all game operators this year and are tightening up the standards to ensure that operators’ compliance and internal controls are in place, particularly with the bet limit increase to $10. Chairman Douglas inquired if the game operators know that the auditors are coming. Mr. Conforti confirmed that they are scheduled to ensure the necessary financial reports are ready; but there are some drop-ins to see that the same procedures are followed when we’re not expected. Valerie King, Director of Racing and Charitable Gaming, added that report forms will be standardized as part of rulemaking to ensure that all the operators are correctly submitting their financials.

7. OTHER
   a. Director McIntyre introduced new employee Rebekah St. Jacques from the Administrative team.
   b. Sports betting appears to be on track to become law; the House is expected to concur with the Senate and from there will head to the Governor. Director McIntyre and Mr. Conforti recently attended a trade event at which the Director was a speaker; vendors were very attentive, given the impending legislation. Though the state budget is still being debated, we should be in good shape. Sports betting would be fully staffed and likely housed offsite due to space constraints at headquarters.
   c. Director McIntyre directed the Commission to NASPL’s ranking of lotteries for calendar year 2018. NH Lottery is 7th in terms of sales growth, and 5th when profitability is factored in. We are the number one lottery in New England, and our cumulative growth rate is more than the rest of New England combined.

8. NEXT MEETING
   The next meeting will be held on June 27 at 2:00 p.m. at Great Bay Community College in Portsmouth.

   Commissioner Holloway moved to adjourn at 2:53 p.m., and was seconded by Commissioner Williams. All in favor, meeting adjourned.

Respectfully submitted, Carmela Nolin