

**New Hampshire Lottery Commission
Great Bay Community College – Portsmouth, NH
Minutes of Commission Meeting
June 27, 2019 2:00 p.m.**

Commissioners:

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

Lottery staff in attendance:

Charles McIntyre	Jim Duris	Maura McCann
Kelley-Jaye Cleland	Valerie King	Carmela Nolin

Others in attendance:

Travis York, GYK Antler	Ryan Sahr, Intralot
Lyndlee Hayes, GYK Antler	Kristen Paré, Intralot

Chairman Douglas called the meeting to order at 2:07 p.m.

1. ACCEPTANCE AND SIGNING OF PREVIOUS MINUTES

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

2. FINANCIAL REPORTS

- a. Chief Financial Officer Jim Duris confirmed that we received the interest payment from Treasury at just under \$400 thousand. It was calculated based on a different formula than was expected.
- b. May sales were up \$5.3 million over last year. Instant tickets and Mega Millions were strong performers, as was iLottery, which increased \$637 thousand for the month. Revenue for charitable gaming continues to grow, contributing \$520 thousand for May. Altogether, year to date sales have increased \$47.1 million over 2018. Transfers to Education exceeded projections by more than \$1.1 million for the month; totaling \$8.1 million. This brings our year to date for May to \$91.8 million. For the month of June, estimated profits and transfer to Education was \$8.865 million – this brings our year to date transfers for Fiscal Year 2019 to \$100.7 million, record revenue for the agency.
- c. Collections for delinquent accounts are going well, but there will be some that we will have to write off. Information Technology expenses are up for the month due to the launch of the new licensing database. We will get our final invoices for June in July; and expect some for advertising expenses. Unclaimed prize money decreased for the month, but that could come back up. We have a \$1 million Powerball winner and \$2.4 million Megabucks winner who have yet to come forward; the latter will be paid by Tri-State.
- d. Chairman Douglas referred to the financial reports and asked Mr. Duris about OPEB (other postemployment benefits) which was added to the books last year. That is an expense we won't know until Department of Administrative Services informs us in September; he believes it will hold steady at about \$77 thousand. Discussion of monthly expenses in the wake of purchasing the building followed, as well as capital expenses such as fleet vehicles.

3. SALES AND PRODUCTS

- a. Kelley-Jaye Cleland, Director of Product Development and Sales, reported on the performance of newly-launched instant tickets by price point. The \$5 "Bonus Double Match" is making up the majority of sales of the price point. "Payday Multiplier" is performing very well for a \$2 game, and \$3 "White Hot Bingo" is doing better than the last two extended play games thanks in part to the marketing effort to promote it. We are highlighting the \$10 "\$500 Thousand Fortune" green series as there is still one grand prize left, and will launch the purple series soon. The \$20 "My Million" family is the best performer ever in that price point, and the \$25 ticket is holding strong even after a year. New games will launch in July in the \$1, \$2,

\$3, \$5, and \$10 price points. Ms. Cleland demonstrated how the new, larger \$1 game should appeal to players, and retailers will like it as they won't have to refold the books to fit the tickets into dispensers.

- b. iLottery sales have far exceeded the first year goals, and there are still two months left in the calendar year. Ms. Cleland praised the Lottery, NeoPollard, and GYK teams for their efforts in achieving such success. Analysis shows that most players are in the 46-55 year-old demographic; and we are working on acquiring younger and newer players through targeted segmentation efforts. Favorite games are still Queen of Diamonds and Multiplier Max Out; and Blackjack Doubler and the new VIP Gold are performing extremely well. Chairman Douglas inquired how staffing efforts are progressing. We are working with the Department of Personnel to reclassify the digital marketing coordinator; and will post that at the same time as product coordinator to train both new hires at the same time. The State budget process will dictate the posting of a third position, analogous to the business analyst.
- c. Sales for Fast Play are down 10% over last month; Intralot is fixing terminals in the field and we expect to relaunch the popular Granite State Jackpot game soon. On the positive side, the absence of this one game has encouraged players to try some of the others. Roulette Riches launched on the MPs and increased 62% over the last ten weeks. Top ten sales haven't changed, but we hope to see movement with the reintroduction of Granite State Jackpot.
- d. A Fast Play promotion last week helped Keno achieve its first top 10 sales day in weeks. The promo, buy \$5 in Keno and get a free \$2 Fast Play ticket, was funded by New Hampshire's Tri-State expired unclaimed prize money. Keno sales have plateaued a bit; we believe it's due to new retailers coming online and nice summer weather keeping people outside. Seven new retailers since the last meeting brings our total to 189. The average weekly sales per retailer has slipped; we hope to assist the locations who are struggling by refining their sales strategies.
- e. General Manager Ryan Sahr of Intralot provided an additional update on services: the MPs and ITVMs will now validate \$50 credits on the machines, up from \$25. They are updating the disaster recovery equipment and have moved the back office system to failover (backup) in Ohio. This is required by MUSL to be done twice a year. The expected return to production is Sunday, June 30.

4. MARKETING

- a. Marketing Director Maura McCann opened her report with the new July instant ticket and Keno Power Hour social media collateral. We are highlighting the first series of "\$500 Fortune" to motivate sales and make way for Series II. Social media posts include our sponsorships of the Fisher Cats and Swamp Bats; White Hot Bingo instant game; Keno; and iLottery. Ms. McCann included the search engine marketing terms that point to iLottery, optimized for users located in the state.
- b. Sample emails sent to acquire new iLottery players include bonus offers ranging from first time deposit matches to free games; and the offer periods can range from an afternoon to a day or two. The pool of players from the current Replay data base is dwindling and we are mindful of that.
- c. There is a new pop-up active on the Lottery website home page, encouraging the purchase of Powerball and Mega Millions online, as well as playing e-Instant games. A refreshed winning numbers page layout is in development and scheduled for deployment next month.
- d. A new social media promotion is scheduled to launch mid-July for the classic \$1 "603" ticket: players can send in photos of their favorite New Hampshire landmarks to have them turned into the next series of stylized tickets.
- e. The school bus drag race with New Hampshire's Teach of the Year is scheduled for Saturday, August 3 at New England Dragway in Epping.
- f. The Santa Paws holiday ticket promotion was very popular and Ms. Cleland attended the photo shoot with the winning pets. We may rethink the approach to the look of the tickets based on what other lotteries have done.
- g. Our PR firm is standing by to support Keno in the cities that may vote for it in November. We will be appearing at Keene and Concord city councils in the coming weeks. Both cities put it on the ballot two years ago, but it did not pass the November election.

- h. Ms. McCann noted that she and GYK Antler traded several hundred emails last week, and she especially appreciates the efforts of our account manager, Lyndlee Hayes. Travis York of GYK concurred, adding that the iLottery planning meeting was an epic session establishing a roadmap for 2020, and wrap-up for 2019. Ms. Hayes reported that in addition to the email opt-out message, a new landing page launched to provide a welcome and overview of the platform. As part of the overall strategy to convert and acquire players, Mr. York noted efforts to reach Replay customers through direct emails; but they are also using social media platforms, tailoring the landing page, and offering targeted bonuses.

5. COMPLIANCE

Director of Racing and Charitable Gaming Valerie King is in the final stages of amending and renumbering Lot 600 Games of Chance rules. We now require that in addition to the individual representing an organization, all charitable organization officers/owners must also get a criminal background check through State Police. Because this represents a financial impact to the retailer/organization, we must submit an amended fiscal impact statement to the Office of Legislative Services. Commissioner Holloway moved to submit the fiscal impact statement, and was seconded by Commissioner Williams. All in favor, motion passed.


6. OTHER

- a. Director McIntyre reported that retail growth this year was 6.5%, which is phenomenal. In planning for the sales representative bonus plan for next fiscal year, maintaining that degree of growth would be remarkable, but difficult. Therefore, he and Ms. Cleland recommend a level of 5% growth for the bonus plan. Commissioner Holloway moved to approve that structure, and Commissioner Williams seconded; so voted, unanimous.
- b. Keene's Finance Committee meets on July 11, and Director McIntyre will be present to request they place Keno on the November ballot. The committee meeting is open to the public, and they suggest interested retailers should attend. Concord City Council meets on July 8, and Director McIntyre will appear before them as well. We do expect Keno will be on the ballot in both Keene and Concord, however the bigger question is how the public will vote. The agenda for Portsmouth's July 15 meeting has not been posted yet, but the expectation is that Keno will be discussed. There are several establishments actively collecting signatures for a petition to place Keno on the ballot should the City not move to do so.


7. NEXT MEETING

The next meeting will be on July 25 at 2:00 p.m. at Lottery headquarters.

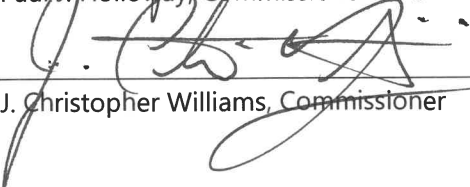
Commissioner Holloway moved to adjourn, and was seconded by Commissioner Williams. All in favor, meeting adjourned at 3:20 p.m.



Debra Douglas, Chairman



Paul J. Holloway, Commissioner



J. Christopher Williams, Commissioner

Respectfully submitted, Carmela Nolin