New Hampshire Lottery Commission
14 Integra Drive, Concord NH
Minutes of Commission Meeting
July 25, 2019 2:00 p.m.

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

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

Others in attendance:
Travis York, GYK Antler Kristen Paré, Intralot James Bouley, Dennehy/Bouley
Lyndlee Hayes, GYK Antler Rich Parsons, RYP Granite Byron Boothe, Intralot

Chairman Douglas called the meeting to order at 2:00 p.m.

1. **CONDITIONAL RESPONSE TO LOT 7200 GAMES OF CHANCE**
   Director of Racing and Charitable Gaming Valerie King requested a motion to submit the Conditional Approval Response for Lot 7200 (Games of Chance). Motion was made by Commissioner Holloway and seconded by Commissioner Williams, with all in favor to submit the conditional approval response to 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.

2. **ACCEPTANCE AND SIGNING OF PREVIOUS MINUTES**
   Chairman Douglas sought a motion to accept the June 27 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.

3. **FINANCIAL REPORTS**
   a. Chief Financial Officer Jim Duris reported that sales for the fiscal year were record setting. Year to date sales of instants, Powerball, Mega Million, and Keno were combined $5 million over this date last year, and across the board, we are up $52 million. All but two game categories were up over last year, and those were only down a little. Transfers to Education for the month of May and the estimate for June were $16 million, and Keno topped out at nearly $1 million. For the year, that brings our total to Education at $100.7 million.
   b. Our balance due carry-over is higher than expected at $2 million; this is based on the accrual for prize liability. Mr. Duris explained that the biggest variable every month is instant ticket liability, and there are many different ways this can be calculated. Director McIntyre noted that only about half the state lotteries accrue liability for instant tickets. Mr. Duris recounted how having that carry-over has saved us with winners claiming prizes in June that they'd won months earlier. We have some other adjustments expected, such as OPEB (other post employment benefits), and MUSL restricted accounts (reserves).
   c. Accounts Receivable is where we expect it to be; we still don't know what the interest will be in Fiscal Year 2019 from the State. Mr. Duris will address that with Treasury so as not to be taken by surprise.
   d. Commissioner Holloway inquired how funds are received for Racing and Charitable Gaming operations. Ms. King explained the various sources, such as the licensing fees for operators and dealers; racetrack license fees; and the tax from the handle. He inquired further if that will change with the launch of sports betting. Director McIntyre responded that it is not expected, and in theory should be additive.
e. Delinquent accounts went down, due in part to the direct collections that we are pursuing. We did write off some accounts that we won’t be able to collect. Advertising expenses were high, as they caught up with end of the fiscal year deadlines. Information Technology expenses were higher due to the MLO database project and iLottery support. Vendor and commission fees were higher, but that is in direct relation to the increase in sales. There will be manual adjustments for Racing due to the filing of activity in July that took place in June.

f. Chairman Douglas inquired what our projection for Keno was for the year; Director McIntyre answered that we expected to reach $7 million. Commissioner Holloway asked our progress for the next round of voting. We are on the ballot in the cities of Keene, Dover, and Rochester. We will be appearing before the Concord and Portsmouth city councils in August. The towns vote again in spring at annual town meeting. Sports betting falls under the same provision as Keno, and must be voted on by municipalities in order to allow physical sports books to operate; and up to ten physical sports book locations will be selected via bid process.

4. SALES AND PRODUCTS
   a. Kelley-Jaye Cleland, Director of Product Development and Sales reviewed the four new instant tickets that released last month. They are strong performers in a mix of price points, and the new $10 “$500 Fortune” series II is doing better than the original. New launches in August will be the larger $1 ticket, which will be supported through marketing; and $2 and $5 money-themed games. The $25 “Granite State Millions” is the most profitable and successful to date, and as a result we are moving up the launch of the next $25 game.
   b. iLottery goals for the new fiscal year are very high. While we don’t expect to always achieve the First Time Depositor (FTD) numbers, we hit our deposit goals as players who do enroll are depositing at high rates. The unsubscribe feature seems to have slowed the rate of opt-out activity. Segmentation analysis has allowed us to tailor offers and bonuses to encourage player participation.
   c. Fast Play Granite State Jackpot is back, and we now have eighteen games, including having relaunched some of our older games. A Keno and Fast Play Power Hour promotion this month contributed to a top ten week; results will be presented at next month’s meeting.
   d. Keno ended Fiscal Year 2019 strong, and we started our new fiscal year with the best weeks ever. We have a few new applications for retailers, and are currently at 189 active. We are returning to the cities that have yet to approve it to at the fall ballot, notably Keene and Portsmouth. Meanwhile, recruitment continues in approved cities and towns to expand the retailer base.
   e. Byron Booteh, Interim CEO of Intralot, addressed the Commission and remarked how exciting sports betting is to New Hampshire and the industry as a whole. He added that under Director McIntyre’s leadership, it will be a very positive step for the State.

5. MARKETING
   a. Maura McCann, Marketing Director, presented the August artwork collateral, including monitor slides, hero graphics, and BMP images for draw-based tickets. We participated in Lottery Week with giveaways through social media. The larger $1 ticket is being promoted heavily.
   b. Marketing is collaborating on recruitment efforts for iLottery, and will continue to target email offers to the Replay mailing list as long as there are contacts. We are seeing customers register, but they don’t always make a deposit; we are exploring how to educate and get them comfortable with that step.
   c. Press activity has been positive this month: we had print, radio, and television reporting of the Governor’s signing of sports betting into law here at headquarters. There was also coverage of our $168 million Mega Millions jackpot winner in Exeter; and in particular the owners of the location that sold the winning ticket.
   d. GYK Antler’s monthly activity report yielded some interesting metrics: June saw the acquisition of over two thousand iLottery registrants; the usage of mobile devices is at 57%; website traffic is most frequent to winning numbers; and the elusive younger demographic is starting to gain momentum on social media.
   e. Travis York of GYK reported on the meeting with Lottery today: planning is ahead of where we were this time last year in setting priorities, budgets, creative strategies, and high level media plans.
6. COMPLIANCE
   a. Director of Racing and Charitable Gaming Valerie King requested a motion to enter initial proposal for Lot 7000 (Bingo) into rulemaking. The changes include renumbering to Lot and incorporating an amendment to the statute requiring Bingo consultants to be licensed. Motion to authorize Bingo into rulemaking was made by Commissioner Holloway and seconded by Commissioner Williams. All in favor, motion carries.
   b. There is a similar change to the Lot 7100 (Lucky 7) rules requiring renumbering and the amendment that consultants must now be licensed. She requested a motion to enter into rulemaking, which was made by Commissioner Holloway and seconded by Commissioner Williams. Motion passed unanimously.
   c. The conditional approval response was granted by OLS and Ms. King asked the Commission to entertain a motion to adopt Lot 7200 (Games of Chance). So moved by Commissioner Holloway and seconded by Commissioner Williams; all in favor, motion passed. This will go into effect twenty four hours after receipt by OLS, which will be delivered tomorrow.

7. OTHER
   a. The MLO database presentation scheduled for today will be postponed until next month.
   b. Director McIntyre briefed the Commission on Legislative activity, first noting that the sports betting bill was signed into law. The State has not passed a budget and we are operating under a continuing resolution of 3/12 of Fiscal Year 2019's budget. We cannot add new expenditures, but hiring should not be impacted as we are working with reclassified positions and sports betting staffing which was written into the law.

8. NEXT MEETING
   The next meeting will be on August 27 at 2:30 p.m. at Lottery headquarters.

Chairman Douglas entertained a motion to go into non-public session to discuss personnel matters. So moved by Commissioner Holloway at 2:58 p.m. and seconded by Commissioner Williams. Upon a roll call, the following members reported: Commissioner Holloway, Commissioner Williams, and Chairman Douglas.

Respectfully submitted, Carmela Nolin