

New Hampshire Lottery Commission
14 Integra Drive, Concord NH
Minutes of Commission Meeting
January 21, 2021 · 2:00 p.m.

Commissioners:

Debra Douglas, Chairman
Paul Holloway, Commissioner
H. Andy Crews, Commissioner

Lottery staff in attendance:

Charles McIntyre	Kelley-Jaye Cleland	Valerie King	Danny Maloney
Katie Brown	Jim Duris	Maura McCann	Carmela Nolin
John Conforti			

Others in attendance:

*Guests attended by teleconference, and by the nature of that platform, not all participants are identifiable.

Chairman Douglas called the meeting to order at 2:00 p.m., which was held by teleconference.

1. ACCEPTANCE AND SIGNING OF PREVIOUS MINUTES

Chairman Douglas requested a motion to accept the minutes from the November 20, 2020 meeting. Commissioner Holloway so moved and was seconded by Commissioner Crews; all in favor, minutes were accepted unanimously.

2. FINANCIAL REPORTS

- a. Chief Financial Officer Jim Duris reported that sales for the month of December increased \$5.9 million compared to the same period last year, due to higher sales in nearly every product. Year to date sales are higher than last year by \$32.5 million, driven by instant ticket sales' growth of over \$19.8 million, e-Instants by \$5.8 million, Fast Play \$1.0 million, and Keno by \$3.4 million for the same period. Due to the jackpot runs for Powerball and Mega Millions, those games' sales have rebounded to almost the same level of sales for last year.
- b. Mobile sports betting revenue reached \$1.7 million in December, and \$7.1 million fiscal year to date; the handle in December was \$43.7 million. As before, this revenue figure includes the allowance for promotional expense, which will get trued up in January. Chairman Douglas inquired if the vendor can renegotiate the promo expense. Mr. Duris explained that they cannot; while some month's expenses may be high, others may be low and it is factored out over time. The month of December saw increase in the retail sports betting handle to \$7.9 million and the net income came to \$415 thousand for December. Commissioner Crews inquired about payroll expense and what it is attributed to; Mr. Duris confirmed that it is for both higher commission and incentive, and payroll was due to a long fiscal month that included an extra pay period.
- c. Racing and charitable gaming revenues were flat compared to the same period last year. Year to date, Games of Chance is up \$500 thousand, and Bingo and Lucky 7 are down by \$66 thousand.

- d. The transfer to Education for December was \$14.5 million for the month, which is above plan by \$3.0 million. This puts us ahead of plan year to date by \$9.4 million. In January, we also transferred \$1.9 million, which are funds carried over from last year and confirmed after the audit and annual report were completed. The majority of this sum is attributed to the benefit expense after being trued up. The funds sent to Department of Health and Human Services as part of the original Keno responsible gambling program was transferred back to Lottery, and the sum of over \$300 thousand was transferred in full to Education. This brought the total transfers for the month to \$16.7 million. Director McIntyre noted that our transfers so far this fiscal year are more than we sent to Education in all of fiscal year 2011 combined.
- e. Our accounts receivable are typical and in line with expectations. Tri-State Lotto remitted \$839 thousand after the completion of their audit. MUSL is higher than normal due to three Lucky for Life winners; this will drop back in July to normal level. Mr. Duris contacted Treasury to see when we would receive our interest funds, and will continue to check in with them on a regular schedule. Chairman Douglas asked if we have that figure, and Mr. Duris estimates it at \$200 thousand. Commissioner Crews inquired how we manage unclaimed prizes. Draw-based games expire one year and one day after the draw date; instant prizes are one year from the date the game's sale ends.
- f. State billing for telecom services overlapped with two cycles in the month driving that expense a bit higher than normal, and advertising costs are in line for the year. Operating profit includes income from the sale of a fleet van; and there is a negative entry in income (not part of operating expenses) for services for the Council on Problem Gambling. In conclusion, the audit was completed and our Comprehensive Annual Financial Report was finished and filed.

3. SALES AND PRODUCT DEVELOPMENT

- a. Chief Product and Program Officer Kelley-Jaye Cleland reported that December was a great month, and January thus far is even better. The Powerball jackpot was hit last night, but Mega Millions is still climbing. Overall our sales are up, first time depositors (FTDs) increased by a huge margin of 26% over our last best month; and in January we are 41% over our goal for new FTDs. We have over 14 thousand new players, and our task now is to convert them from draw based games to e-Instant players.
- b. Our new progressive e-Instant was launched, and players are enjoying it. Scratch tickets are going strong, and we had our first \$900 thousand week in Keno this month. Our holiday scratch ticket sales are usually at their highest for the year during Christmas week. However, this year, the sales increased even more the week following the holiday, and dropped off but not nearly as dramatically as they usually do the week after that.
- c. Product and program enhancements are in the planning phase for the next fiscal year; and we are ensuring that we're on track for the remainder of this fiscal year. Fast Play, scratch, and iLottery are our focal points. In addition, an agency-wide customer relationship management project is in its first stages; each work unit will be giving input to help determine what we need to create a robust program to see all aspects of our customer base. Gimme 5 will be launched on iLottery this spring, and is going to user acceptance testing (UAT). Finally, Sports 603 development is ongoing. Commissioners Crews and Holloway commended Ms. Cleland on her team's efforts and success.

4. MARKETING

- a. Marketing Director Maura McCann noted that a press release announcing the First Circuit Court of Appeals ruling in favor of New Hampshire Lottery and others v. US Department of Justice will be dropped this afternoon.
- b. The Powerball and Mega Millions jackpot runs have reflected that iLottery players favored purchasing Mega Millions online, and Powerball sales were stronger at retail. The promotion of these jackpots were a combined effort between Lottery, GYK, and Montagne Communications across all channels. We had a \$1 million Mega Millions winner in N. Stratford which generated a great reaction on social media.
- c. The annual Jingle All the Way promotion awarded \$62,000 in Tri-State unclaimed expired prize money in December. The subscription discount promotion at retail brought in \$145 thousand in sales, which is down approximately \$5 thousand from last year and may be partly attributed to our own sales office closure to over the counter sales. Ms. Cleland explained that sales at headquarters was halted due to a spike in positive Covid-19 rates over the Thanksgiving holiday.
- d. Website visits are up 30% from November to December, with the jackpots driving the traffic. For the first time, our homepage exceeded the winning numbers page in total page views. Commissioner Crews would like the team to analyze how many new users versus repeat users visit the site, and measure the brand recall. He commended the team for doing an outstanding job, particularly with driving new players to the website.

5. TRI-STATE

- a. The Big Spin instant sales are doing exceptionally well and all states have reordered tickets. Maine has sold \$7 million, New Hampshire has so far sold \$5 million, and Vermont has sold \$3 million. The first of three semi-finalist drawings has taken place in all states.
- b. The next focus is on Megabucks and refreshing the game; the states' software vendors were tasked with analyzing current sales and pitching ideas for new opportunities to improve the game. We may also take our research directly to the players and see what they would like.
- c. Next meeting is February 12, and the Product Development team has invited several vendors to present game and promotion ideas for the next big collaborative Tri-State ticket.

6. COMPLIANCE

Valerie King, Director of Racing and Charitable Gaming, sought a motion to both adopt changes to Lot 7300, Unlawful Gambling Machine rules, and submit the rules to JLCAR. Commissioner Holloway so moved, and was seconded by Commissioner Williams. All in favor, motion carried.

7. SPORTS BETTING

- a. Danny Maloney, Director of Sports Betting, presented a breakdown to the Commission of December's sports betting handle. More than one third was on NFL, but it we are seeing a good array of activity across other sports such as college football and basketball, as well as table tennis. Our hold for December was near 9%, which is above expectations of 6-8%, and shows a good momentum. We are above projections year to date, and still have NHL coming back as well as action on the Super Bowl. Chairman Douglas asked what the original projection for the first year

was when we launched last December. Director McIntyre noted that we had estimated \$10 million across all platforms for the first year. In calendar year 2020, we exceeded \$11 million, and that was with no professional sports for four months due to the pandemic. Going forward, he estimates that we could reach \$15 million, and Mr. Maloney concurred.

- b.** January outlook is strong; the New England Patriots were one of two top handle events in December. In breaking down the demographics of mobile betting, 88% of bets were placed by New Hampshire residents, and 9% were players from Massachusetts. Mr. Maloney concluded his report that NBA and NHL are back in January, and we are already taking bets on the Super Bowl with the Tampa Bay Buccaneers showing as a favorite with players. Chairman Douglas and Commissioner Crews both noted their appreciation for the format and content of Mr. Maloney's report.

8. NEXT MEETING

The next meeting will be on February 18 at 10:00 a.m. which will be by teleconference. *Editor note: the meeting time was later changed to 2:00 due to a scheduling conflict.*

Commissioner Holloway sought a motion to adjourn, seconded by Commissioner Crews; motion passed and the meeting was adjourned at 2:48 p.m.

Debra M. Douglas, Chairman

Paul J. Holloway, Commissioner

H. Andy Crews, Commissioner

Respectfully submitted, Carmela Nolin