

## **New Hampshire Lottery Commission**

14 Integra Drive, Concord NH  
Minutes of Commission Meeting  
October 25, 2021 · 10:00 a.m.

### **Commissioners:**

Debra Douglas, Chairman  
H. Andy Crews, Commissioner  
Erle Pierce, Commissioner

### **Lottery staff in attendance:**

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

### **Others in attendance:**

Curtis Barry, Castle Hill Gaming	Taylor Bengtson, GYK Antler	Ryan Sahr, Intralot
Kurt Mathias, Boston Billiards	Paula Maltman, Scientific Games	Allen Blankenship, Scientific Games
Peter Bragdon, PretiStrategies	Mike McLaughlin, Capitol Insights	Jeremy Kyzer, Scientific Games
Jim Rafferty, NHCGOA	Jamie Timbas, GS Poker Alliance	Jackson Bouley, Dennehy & Bouley
Rick Newman, NHCGOA		

Chairman Douglas called the meeting to order at 10:00 a.m., which was held at Lottery Headquarters.

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

Chairman Douglas requested a motion to accept the minutes from the September 30, 2021, meeting with a minor spelling correction. Commissioner Crews so moved, Commissioner Pierce seconded, all in favor, minutes were accepted.

### **2. FINANCIAL REPORTS**

- Jim Duris, Chief Financial Officer, reported on September financials: sales for the month increased \$12.8 million over last year, with Powerball seeing the largest increase of \$4.7 million due to the jackpot run. iLottery and instant ticket sales are up, and we are \$26.6 million over our sales last fiscal year to date. Instant sales have grown \$9.7 million over first quarter of last fiscal year; Keno is up \$4.2 million and Powerball increased by \$5.9 million. Most other products had modest to moderate increases.
- Mobile sports betting revenues for the month totaled \$1.3 million, with a record handle of \$50.5 million for the month which includes the adjusted allowance for promotional expense which is being accrued monthly. Revenues for mobile were \$183 thousand over September of the prior year. Handle at retail was \$17.7 million, with net income of \$248 thousand for September. Year to date, revenues are \$3.1 million for mobile and \$0.7 for retail.

- Racing and charitable gaming revenues increased for the month by \$67 thousand over the same period last year. Year to date, games of chance has grown \$285 thousand over this period last fiscal year to date. Bingo and Lucky 7 and cash receipts have had another month of modest decreases.
- Our net profit transfer to Education for September was \$16.7 million, which beat projections by \$6.2 million. Our year to date transfers total \$33.9 million, which is above our projection of \$30.5 million; we are back on track following a slow August.
- Accounts receivable are in line with expectations; once our audit is complete, we'll true up fiscal year 2021. For other accounts receivable, we are waiting on iLottery and DraftKings. Overall operating costs have come into line with the prior year, so we are now at an increase of \$102 thousand. Payroll expenses have increased as expected due to hiring new staff, and supplies expense reflects the purchase of new workstation chairs. Maintenance expenses were reclassified to move the alarm equipment to the proper line item. Unclaimed prizes saw a large increase of \$2 million over previous year; prize expense for an instant ticket winner who chose to take the prize in annuity (a new Annuities Payable account will be set up for this line item on our balance sheet). Prizes for a second chance drawing coming next month have also been added, bringing total unclaimed prizes to \$3 million.
- Accounts Payable stands at \$7 million this year over the \$3 million last year. Approximately \$1.2 million of that is in retailer incentives, and \$700 thousand is DraftKings promotional costs. A big winner hit our revolving account for nearly \$1 million. One other note is that we Governor and Council approved our request to increase our revolving fund (prize account) to \$2 million. We can still re-fund it if it gets depleted during the week, but will save time and man hours required to reconcile accounts before requesting additional funds.
- The figures for the annual report are complete; we're waiting on input from the auditors and final audit reports from Tri-State. Mr. Duris performed a vendor analysis, and went through the data line by line. There was a misclassification of iLottery prize expense that was corrected, resulting in MUSL funds being moved to Accounts Receivable for a draw game prize. Chairman Douglas asked at what point in the lease of our satellite office we should consider building out at headquarters. Director McIntyre responded that it is in our long-range plan to add square footage and reallocate office space in the building.
- Commissioner Crews moved to accept the Financial Report as submitted. Commissioner Pierce seconded; motion passed unanimously.

### **3. SPORTS BETTING**

Director of Sports Betting Danny Maloney reviewed the sports betting sales for the month of September. We had a record-breaking handle of \$68 million (combined), which is \$9 million ahead of our last record month. Action was not surprisingly NFL and college football, and we have two home teams now as so many players still follow Tom Brady. Hold at retail is low, but is somewhat based on fewer games and players at the books. Handle is up across both mobile and retail, but is really evaluated over time due to its volatility. Revenue for September was \$1.75 million. Director McIntyre noted that and has totaled \$19.7 million – nearly double the revenues of what we projected.

A new sportsbook has opened in Dover; it is a satellite location of the Manchester book, Filótime. Director McIntyre added that Nashua has a vote in a few weeks and includes sportsbook retail locations on their ballot; and Portsmouth has put Keno on the ballot again this year.

#### **4. SALES AND PRODUCT DEVELOPMENT**

- a. Chief Product and Program Officer Kelley-Jaye Cleland reported on September sales.
- iLottery had a great month, with first time depositors (FTDs) up 47% attributed to the jackpot run. The average deposit per user was less as Powerball players tend to purchase only those tickets and don't stay online to play e-Instants. Our third birthday promotion brought in record deposits of nearly \$500 thousand. Players' favorite e-Instant games include the newly-released Vegas Cash Drop. It's designed to have a higher payout and players love the style of game; and it was noted that the top three games are designed by IWG.
  - Ms. Cleland researched Lucky for Life data following a report from Chief Operations Officer, Lynda Plante. Since the game moved to seven days a week, our sales are up 43% overall, but the per capita sales are down a bit. We will analyze when and how often players are purchasing their tickets and work to get the per capita sales up; and we anticipate that sales will increase as they did with Gimme 5 when we add it to iLottery.
  - Fast Play sales for the first quarter are very strong when compared to past years' full fiscal year sales. We are gaining good traction to exceed last fiscal year's sales of \$16 million, proving that the effort put into this product has been successful.
  - Instant ticket sales are down, which is not atypical for this time of year. It will start to rebound for the holidays. Our new \$500 Thousand Fortune ticket has already exceeded the previous ticket in the same period by 4%.
  - Keno sales are stable, but down slightly. We should see nearly \$55 million for the year, and it's expected that as the weather gets colder, sales should rise a bit as people dine indoors.
- b. Ms. Cleland provided an overview of upcoming products:
- Our family of new holiday instant tickets, Holiday Frenzy, has gone out to retailers. This seasonal design will "pulse" (change to a traditional design) when the holiday games sell down.
  - Sports603 release has been delayed; it will take place after our Scientific Games inventory project and the player app are launched.
  - Personnel have been hired for the following positions: Aime-Jo Bacon, data analyst; Richa Yadav, project and development director; and sales team manager, Laurie Ridenour-Patterson. Openings still include the business systems analyst and sales support supervisor. Ms. Cleland noted that they will get back to the retailer bonus discussion when the new staff has settled in.
  - The customer relations management software contract was approved by Governor and Council, and the statement of work is nearly done.
  - Ms. Cleland praised Intralot for their support of Keno with the retail network in Portsmouth, and reported that the public hearing went well and the City Council was receptive and more positive than in the past.
  - The new player app is going through user acceptance testing and verifying the data that has been uploaded. iLottery has a scheduled software release which includes a compliance update for unclaimed property. The new SciTrak launch went well and she thanked all the teams at Lottery and Intralot for all their effort in training and converting data to the new

system for the launch. Ms. Cleland introduced Paula Maltman, our local site director from Scientific Games.

## **5. MARKETING**

- Maura McCann, Marketing Director, reported on social engagement in October. Since the jackpot was recently hit, the number of FTDs had dropped off. The digital team has tried new approaches, which have been very successful in bringing on quality players, and we're seeing an 80% conversion rate. In researching what other states are doing, we found that they are advertising big jackpots earlier (\$200 million, versus our \$300 million). With the mobile app and players in iLottery, it makes sense to start that messaging earlier as players have the convenience of purchasing tickets right on their mobile devices.
- Film production for the "Where the Money Goes" campaign took place in a few locations this weekend, including drone footage that will be added to tell the story. The holiday campaign, an animated campaign supporting the Holiday Frenzy family of tickets is being developed. Finally, "Are You Game?" featuring NH comedian Juston McKinney is in drafting phase.
- DraftKings ran several promotions for sports betting last month, and we're waiting on their results. Commissioner Crews inquired the residual betting and retention of those new players. Director McIntyre remarked that because they have no competition, they don't have to spend as much for new player acquisition by out-offering another platform, which in turn costs us less and returns more funds to the state.
- The press over the last month included some positive coverage of the effort in Portsmouth for Keno; and the soft launch of the new sports book in Dover. We have also dropped pieces to inform the press of the votes in Portsmouth and Nashua, and the great results in September.

## **6. COMPLIANCE**

- Valerie King explained that the Conditional Approval Request for JLCAR is a way to fast track corrections for items that would be an objection by the group. There are two areas that we want to address: changes to the rules as noted by OLS; and referencing our own documents, which we can address by dating those particular forms. Additionally, there are stakeholder concerns that include increasing the HHR revenue from a cap of 5-times the games of chance revenue to 6.33. Legacy charities expressed concern over their split of eighty-twenty percent with second tier charities. As a compromise, legacies will retain 100% of games of chance, and the tiers will split HHR revenues fifty-fifty. We will be on the November 18 agenda, and the Commission can vote to adopt those rules at the November 23 meeting.

**7. NEXT MEETING**

The next meeting will be on November 23 at 10:00 a.m. at Lottery Headquarters, and no meeting will be held in December.

Chairman Douglas entertained a motion to adjourn at 11:11 a.m., which was made by Commissioner Crews and seconded by Commissioner Pierce, motion passed.

  
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Debra Douglas, Chairman

  
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H. Andy Crews, Commissioner

  
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Erle Pierce, Commissioner

Respectfully submitted, Carmela Nolin