

NEW HAMPSHIRE LOTTERY® COMMISSION
14 INTEGRA DRIVE, CONCORD, NEW HAMPSHIRE 03301
MINUTES OF COMMISSION MEETING
MARCH 30, 2016, 10:00 AM
AMENDED

Commissioners:

Debra Douglas, Chairman
Paul J. Holloway, Commissioner
David Gelinas, Commissioner

Lottery staff in attendance:

Charles McIntyre	Emily Whittaker	Lynda Plante
Leonard Mannino	Maura McCann	Kelley-Jaye Rosberg
Cynthia Baron	Paul Kelley	Sudhir Naik
Valerie King		

Others in attendance:

Thomas Garcia, Intralot
Rose Longo-White, GYK Antler
Travis York, GYK Antler
Ashley Spicer, GYK Antler
Robert Tercek, Milestone
Jim Bouley, Dennehy & Bouley
Richard Hinch, NH Representative & House Majority Leader
Terry Pfaff, NH House Chief of Staff
Aaron Goulette, Senior Legislative Aide
Chuck Douglas, Douglas, Leonard & Garvey, P.C.
Nicholas Bonardi, Tri-State Enterprises
Jan DiMarzio, Community Bingo Center
Rick Newman, The River Casino
Ryan Gloddy, Casablanca Casino

Chairman Douglas convened the Commission meeting at 10:06 a.m.

1. ACCEPTANCE AND SIGNING OF PREVIOUS MINUTES:

Chairman Douglas made a motion, seconded by Commissioner Gelinas, to approve the February 8, 2016 commission meeting minutes. So voted, unanimous.

2. PUBLIC HEARING:

Chairman Douglas opened the hearing at 10:01 a.m. in regard to the amendment to Bingo, Lucky 7, and Games of Chance rules to reflect the merger of Racing and Charitable Gaming to the Lottery Commission and inquired of those in attendance if there were questions. Jan DiMarzio of Community Bingo Center asked if this was

regarding Community Bingo's financial changes that were done, and whether it related to a 5 or 10 game schedule form. Valerie King says it includes all updates that were done. Ms. King stated that the only forms on this change are the Lucky 7 and Charity Bingo. Charlie McIntyre noted the 4:00 p.m. deadline for written comments ended today, and that the vote should be taken, and if comments were received later in the day that would be brought up at the next commission meeting.

Commissioner Gelinas made a motion, seconded by Commissioner Holloway, to adjourn the hearing at 10:06 a.m. So voted, unanimous.

Chairman Douglas moved on the condition that if no written comments are received by 4:00 p.m. that bring to light new issues not previously considered, the Commission authorizes the text of the rule as proposed and that rulemaking proceed with submission of the Final Proposal. Approval of rules, so voted, unanimous.

3. PRESENTATION BY ROBERT TERCEK – MILESTONE:

Chairman Douglas, as well as other Lottery staff had heard Mr. Tercek in December and she felt it important for the staff to hear Mr. Tercek and the state of digital adoption across technologies. At this point, the Lottery Commission was joined by Senior Legislative Aide Aaron Goulette, NH House Chief of Staff Terry Pfaff and Representative Richard Hinch. Robert spoke about digital disruption and process of digital transformation, how it will affect the Lottery and what we can be done to be prepared.

Questions were brought forward by NH House Chief Terry Pfaff about going across borders and geography restrictions. Robert spoke of the locations that should be allowed for everyone if it was a free promotion, but if it was being played for prizes then it would need to be in New Hampshire.

Mr. Tercek spoke of Europe and specifically the UK and the positive outcomes they have had regarding adoption.

Chairman Douglas spoke of embracing technology and learning more about this with due diligence. Commissioner Holloway spoke about the rules and the limiting factor of the current lottery ticket offerings and that if the lottery does not change it will not grow in revenues. Sudhir Naik inquired about the timeline for launching a program, and Mr. Tercek suggested that it would take a few years to launch. Chairman Douglas thanked Mr. Tercek for speaking and for traveling to New Hampshire.

4. FINANCIAL REPORT:

A. LOTTERY –

Cindy Baron informed the Commission that the profit transfer was \$5.4 million. With that transfer, the Lottery has forwarded \$52.2 Million year to date.

Commissioner Holloway mentioned the Tri-State Lottery analysis shows sales ahead by \$1,483,947, but with a net profit increase of only \$219,000. Director McIntyre explained it may be a matter of timing on Tri-State expenses. Cindy Baron mentioned our advertising is about half a million dollars ahead of what it was last year. Commissioner Holloway thinks we should be closer to \$400,000 net profit.

B. RACING AND CHARITABLE GAMING –

Sudhir Naik stated that he had changed the format in the the way it was requested by the commission, and tried to include both revenues and expenses: ending January 2016 revenues are up by \$216,681 from the same period last year. However, the expenses are up \$66,000 from last year and majority increases are for retirement benefits billing in 2016/2017 budget cycle, increase from the state retirement system - \$14,000 vs. \$160,000. The reason for the increase is based on retirement had less employees than they should have had being charged to racing with the other employees being charged out of the general fund. Charlie McIntyre mentioned we will eventually be paying the \$3 million liability on the books for the underfunded retirement.

Mr. Naik suggested that the increased revenue is mostly from the table games. The increased expenses are from the retirees and salaries and benefits. The net transfer is \$1,652,000 to education trust fund, which is \$150,000 more than the same time last year. The plan called for \$2.5 million which has been increased to \$3 million for the year, and that the expectation is that we will meet that larger number.

5. INTRALOT REPORT:

Intralot gave a brief update.

6. ADVERTISING:

Commissioner Holloway asked if Chuck McLuck would be doing more as he had not seen him. Commissioner Gelinis mentioned seeing a lot of Chuck McLuck. Travis York mentioned lots of promotions for the character, and that The Home Depot is the next big push and he will be doing live appearances. This will be coming out online with the Home Makeover Instant Ticket at the end of April. Rose Longo-White mentioned that the campaign is more online than broadcast but he has been on WMUR, Comcast and Warner.

Maura McCann spoke of the most recent Marketing and Advertising initiatives for mid-March report.

7. TRI-STATE REPORT:

Ms. McCann stated that the Tri-State Product development is researching whether to retain Gimme 5 as it is or perhaps expand the game to five times a week

She also reported that the Draw Committee has plans that are finalized and that the new draw room would be in the garage area to alleviate space out in the general office area, but that we are awaiting costs. Director McIntyre mentioned that \$30,000 had been allocated, with Maine and Vermont paying 60% of the cost.

8. UPDATED EMPLOYEE TICKET PURCHASE POLICY:

Chairman Douglas made a motion, seconded by Commissioner Gelinis, to approve the Updated Employee Ticket Policy. So voted, unanimous. Charlie McIntyre mentioned it was written to update the merger.

9. OTHER BUSINESS:

Commissioner Holloway asked about effect of the closure of Rockingham and the effect on the Racing Finances. Administrator Paul Kelley spoke of both properties currently for sale with Seabrook potentially to close this year with Rockingham potentially will close next year. They are taking in \$1.2 million for revenue, 25% of revenue stream. His concern is once those two facilities are closed the licenses are not assignable or transferable and cannot be sold, based upon current law. He recommended a statutory change to protect the revenue stream.

Chairman Douglas asked if it was foreseeable for anyone to purchase Seabrook and getting license. Paul Kelley said that the law is written that if you are not a viable race track in 2008 then you are not eligible for a license for Simulcast. He believed there was a covenant in the Seabrook agreement that there would be not gambling allowed by the new owners, but he believed this has come off the deed and the price has gone up. It was also mentioned that there was a great deal of interest for the Rockingham property.

- **DESIGNATE HEARING OFFICERS**

The commission reviewed a motion to designate Paul Kelley and Charles McIntyre as hearing officers for the Lottery Commission. Commissioner Gelinis made a motion, seconded by Chairman Douglas, to approve the motion. So voted, unanimous.

10. UPDATE OF ADMINISTRATIVE SUBPEONAS:

Sudhir Naik updated the commission on the status of the 10 subpoenas sent out to the charitable gaming operators. He elaborated that 8 had come back with responses and documentation. The remaining two, which are owned by the same entity, responded through their attorney that they viewed the subpoena as excessively broad and not within the scope of the Commission authority.

The Lottery forwarded the matter to the Attorney General's office, and expected to hear back the following week. Director McIntyre expects to have full compliance and cooperation. Administrator Paul Kelley mentioned the former Racing Charitable Gaming had never issued the subpoenas.

11. AGENCY MISSION STATEMENT:

This is being reviewed and updated.

12. NEXT MEETING:

Chairman Douglas made a motion, seconded by Commissioner Holloway, to schedule the next Commission meeting for April 22, 2016 at 9:30 a.m. and May 18, 2016 at 9:30 a.m. So voted, unanimous.

Commissioner Gelinis made a motion, seconded by Commissioner Holloway, to adjourn the meeting at 12:05 p.m. So voted, unanimous.

Debra Douglas, Chairman

Paul J. Holloway, Commissioner

David Gelinis, Commissioner