

NEW HAMPSHIRE LOTTERY® COMMISSION
14 INTEGRA DRIVE, CONCORD, NEW HAMPSHIRE 03301
MINUTES OF COMMISSION MEETING
September 20, 2016, 9:30

Commissioners:

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

Lottery staff in attendance:

Charles McIntyre	Cynthia Baron	Stephen Johnston	Leonard Mannino
Katie Brown	Kelley-Jaye Cleland	Valerie King	Lynda Plante Sudhir Naik

Others in attendance:

Ashley Spicer, GYK Antler	Jasmin Plaza, CBC	Rick Newman, The River Cardroom
Kristen Pare, Intralot	Colleen Hernandez, CBC	

Chairman Douglas convened the Commission meeting at 9:30 a.m.

1. ACCEPTANCE AND SIGNING OF PREVIOUS MINUTES:

Commissioner Holloway moved to approve the August 19, 2016, minutes; seconded by Commissioner Gelinaz. So voted, unanimous.

2. FINANCIAL REPORT:

CFO Cindy Baron reported that for the month of August, \$5.5M was transferred to the Education Trust Fund from Lottery, and an additional \$270K was transferred from Racing and Charitable Gaming.

The (preliminary) budget will be submitted by tomorrow for inclusion in the "outgoing governor's budget." The budget will likely undergo revisions based on the incoming governor's priorities and initiatives.

The (preliminary) 2016 CAFR was submitted to the Department of Administrative Services. This is a combined CAFR, including both Lottery and Racing and Charitable Gaming data.

The Commission reviewed the latest sales data. Executive Director McIntyre pointed out that comparing the same fiscal week in 2016 to 2017 for Powerball shows comparable jackpot totals, but a 11.7% decrease in ticket sales. He also noted that there was a halo effect in sales post-jackpot win that lasted 3-4 weeks, which resulted in an increase in on-line sales.

Commissioner Holloway noted that the \$1 ticket has been a poor performer. Kelley-Jaye Cleland explained that this was due to too many tickets being launched at the same time, which resulted in a lot of tickets being returned to the warehouse (unsold). At this time last year, there were 5-6 tickets on the market; today, there are only two. In two weeks, a new \$1 ticket will be launched, and in January, the "Grumpy Cat" \$1 ticket will be launched. Executive Director McIntyre explained who Grumpy Cat was and its popularity with the under-30 crowd.

Commissioner Holloway asked about any upcoming \$25 tickets, and if there were any plans to “spice up” the instant tickets. Kelley-Jaye indicated that they did not want to launch the next \$25 ticket because the current \$25 ticket was still performing well. Chairman Douglas asked if there were any prizes left for that ticket. Kelley-Jaye indicated that there was a \$2M prize still available, and a \$2M second chance drawing coming up. The ticket is about 80% sold. A new \$20 ticket will be launched in December (Mega-Cash with a top prize of \$1M). Commissioner Gelinis asked if there were any plans for a \$30 ticket. A discussion ensued about the State’s tickets being capped at \$30, the history of the (controversial) legislation that raised the cap to \$30, and the initial ticket launch (2008 time period), as well as some of the shortcomings of a \$30 ticket.

Commissioner Holloway asked why there were surges in subscriptions. Executive Director McIntyre explained that a lot of people buy 3, 6, or 12-month subscriptions during the holidays as gifts, which results in surges at every 3, 6, 12 months as these subscriptions are renewed. There was also a heavy push with the Lucky for Life subscriptions (launched April 19), which is something new for NH Lottery, and has proven very successful. Katie Brown noted that subscribers receive a mailing to remind them to renew their subscriptions, which includes the renewal forms. This helps generate the observed surge in subscriptions.

3. SUBPEONAS:

Sudhir Naik provided the Commission with an update on the second round of subpoenas that were recently sent to charitable organizations. The deadline to respond was September 1st, and about 80% have responded. Sudhir noted that this has been “a slow process” because many of the organizations are staffed with part-time employees, or with volunteers, who do not work/volunteer during normal business hours. He also stated that he has received responses from all but one of the Game Operator Employers from the first round of subpoenas. He e-mailed this GOE with follow-up questions last month, and has not yet received a response. He will follow up with another e-mail. Executive Director McIntyre indicated that the next step would be a motion to compel, followed by sanctions (i.e. license suspension).

On the racing side, Sudhir noted that Rockingham Park officially closed on August 31st. The Division received their last (tax) payment for approximately \$140K. Commissioner Holloway asked if there were any Game Operators taking over the charities that were previously handled by Rockingham. Sudhir stated the Division has not received any applications for Game Operator Employers in the Salem area, but the Division has received one for a new location in Nashua. There has been talk of at least three entities interested in opening a game room in Salem, but they must first obtain approval from the town before submitting a formal application with this agency. As for racetracks, both Seabrook and Hinsdale have submitted their license renewal for 2017. Licensing is pending the return of their criminal background information, and the AG’s subsequent review and approval of the application.

4. INTRALOT:

Kristen Pare reported that Intralot is getting ready for the next software release on November 11th, and preparing for another release at the end of January. She also noted that instant tickets shipped through Tel-Sell program increased \$1M when comparing July of last year to July of this year. Executive Director McIntyre noted that Katie Brown and Kelley-Jaye Cleland will be traveling to Ohio this week to observe their operations.

5. TRI-STATE:

Executive Director McIntyre reported that they are working toward an early-spring launch of a progressive, multi-state Fast Play (NH, VT, OH, AR, NM, and DC). A subsequent discussion ensued regarding the Maine Lottery (which does not participate in Fast Play) relative to their success and limitations.

Cynthia Baron noted that the Tri-State Finance Committee will be presenting their proposal (relative to investments) at the upcoming meeting in New York. Commissioner Holloway asked if Tri-State still sends out monthly financial reports, Cynthia indicated that they did. Both Cynthia and Chairman Douglas receive copies. When the new Administrative Assistant arrives (September 30th), she will be asked to ensure that Commissioner Holloway also received copies of these reports every month.

6. ADVERTISING:

Ashley Spicer reported that the press conference last week announcing the Powerball winner created the most media coverage in New Hampshire Lottery history (even surpassing the "Bacon" ticket), with 32K media hits between print, on-line radio and television. Rose and Maura McCann are on a commercial shoot today with Chuck McLuck. They are filming 4 spots today. A fifth spot will be filmed in Bethlehem later this year to give it a "wintery feel." The commercials will air beginning sometime in October/November. The 2017 advertising plan is being finalized. The preliminary version has been reviewed by Charlie and Maura, and they are in the process of incorporating their edits. A finalized version should be ready to share in about two weeks. Commissioner Holloway requested that the marketing plan be in a booklet format, like it was in previous years. Ashley indicated that there is no reason why they can't accommodate that request.

Executive Director McIntyre noted that this is the last year of the advertising and instant ticket contracts. Work has begun on these RFPs as well as a "systems" RFP. Kelley-Jaye noted that the Granite Give-Away launch was this past Sunday at the Bass Pro Shop in Hooksett, and was very successful. Next Wednesday (6:00-7:30 p.m.) the Patriots game will be launched. The event will include a football/cheerleader clinic for 130 Amherst students. Pat the Patriot, 2-4 Patriot cheerleaders and Patriot alumni will be there.

Commissioner Holloway asked what the reaction was to the Powerball winner remaining anonymous. Executive Director McIntyre indicated that reaction varied. Most people understood, but some (mainly the press) were disappointed.

Commissioner Holloway is having issues in that he is not receiving the "newsletter" again. Ashley will look into this, and make sure he gets back on the list.

7. RULEMAKING:

A. Valerie King presented three final proposals that require approval for submitting to Joint Legislative Committee on Administrative Rules (JLCAR) for consideration at their October 21, 2016, meeting. The changes made to the proposals were based on comments received from JLCAR's legal advisors at the Office of Legislative Services (OLS).

Commissioner Holloway moved to approve the submission of Final Proposal 2016-84 (relative to Sw 1000-Instant Games), seconded by Commissioner Gelinis. So voted, unanimous.

Commissioner Gelinis moved to approve the submission of Final Proposal 2016-85 (relative to Sw 6000-Second Chance Drawings), seconded by Commissioner Holloway. So voted, unanimous.

Commissioner Holloway moved to approve the submission of Final Proposal 2016-128 (relative to Pari 1200-Games of Chance), seconded by Commissioner Gelinias. So voted, unanimous.

- B. The Commission had previously approved submission of the Initial Proposal for Sw 900 (Lottery Intercept), but a hearing date was not set at that time. The Commission scheduled their next meeting for October 26th at 9:30. The public hearing for this rule will be held at the beginning of this meeting.
- C. Seven Initial Proposals require approval to submit into the rulemaking process. To prevent any delays in the process, it was requested that the public hearing dates also be set at this time.

Commissioner Holloway moved to approve the submission of the Initial Proposals relative to Sw 200 (amending the Practice and Procedures of the Lottery Commission), and Pari 100 and Pari 200 (repealing the Organizational, and Practice and Procedure rules of the former Racing and Charitable Gaming Commission), seconded by Commissioner Gelinias. So voted, unanimous. The Commission scheduled their November meeting for November 30th at 9:30. The public hearing for these proposals will be held at the beginning of this meeting.

Commissioner Holloway moved to approve the submission of the Initial Proposals relative to sanctions in Pari 1000 (Bingo), Pari 1100 (Lucky 7) and Pari 1200 (Games of Chance), seconded by Commissioner Gelinias. So voted, unanimous. The public hearing for these proposals will be held at the November 30th Commission meeting following the above noted hearing.

Commissioner Holloway moved to approve the submission of the Initial Proposals relative to Shared Bingo (Pari 1000), seconded by Commissioner Gelinias. So voted, unanimous. The Commission scheduled their December meeting for December 14th at 9:30. The public hearing for this proposal will be held at the beginning of this meeting.

8. OTHER BUSINESS – None

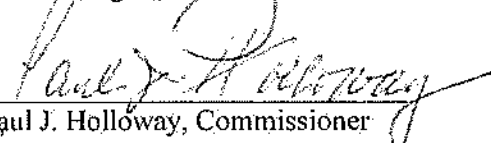
9. NEXT MEETING:


Chairman Douglas confirmed the next meetings scheduled for New Hampshire Lottery Commission to be:

- October 26th at 9:30 a.m.
- November 30th at 9:30 a.m.
- December 14th at 9:30 a.m.

Commissioner Holloway made a motion to adjourn the meeting at 10:37 a.m., seconded by Commissioner Gelinias. So voted, unanimous.


Debra Douglas, Chairman


Paul J. Holloway, Commissioner


David Gelinias, Commissioner