

**NEW HAMPSHIRE LOTTERY® COMMISSION**  
**GREAT BAY COMMUNITY COLLEGE, Room 122**  
**MINUTES OF COMMISSION MEETING**  
**August 30, 2017, 10:00 a.m.**

**Commissioners:**

Debra Douglas, Chairman  
Paul J. Holloway, Commissioner

**Lottery staff in attendance:**

Charles McIntyre	Maura McCann	Sudhir Naik
Kelley-Jaye Cleland	Valerie King	Cammy Nolin

**Others in attendance:**

Travis York, GYK Antler	Francine Wendelboe, Powerhouse	Kurt Mathias, Boston Billiards
Kristen Paré, Intralot	Colleen Hernandez, CBC	Curtis Barry, Eagle Strike Entertainment
Rep. John O'Connor	Jan DiMarzio, CBC	David McKillop, Rath, Young & Pignatelli
Steve Poacher, PHG	Nick Bonardi, Tri-State Enterprises	

Chairman Douglas called the meeting to order at 10:01 a.m. and thanked Great Bay Community College for allowing the Commission to use their space.

**1. PUBLIC HEARING ON KENO RULES:**

Chairman Douglas opened the public hearing on Keno rules, and seeing and hearing no one to speak, closed the public hearing.

**2. ACCEPTANCE AND SIGNING OF PREVIOUS MINUTES:**

Commissioner Holloway moved to approve the August 10, 2017 minutes as submitted; seconded by Chairman Douglas. So voted, unanimous.

**3. FINANCIAL REPORTS:**

Executive Director Charlie McIntyre reported on behalf of Chief Financial Officer Cindy Baron that the agency transferred \$6.35 million in July, which is \$250,000 over the plan. The planned transfer for August is \$6.1 million, but we expect to exceed that thanks to strong Powerball sales around the \$700 million jackpot. Changes to the Mega Millions and Lucky for Life were discussed, and Director McIntyre pointed to the uptick in sales at State Liquor stores. Our annual report draft is due to Department of Administrative Services on September 15, which will then get added to the State's Comprehensive Annual Financial Report (CAFR).

Commissioner Holloway remarked that the \$25 ticket continues to do well, and the \$20 game seems to be falling off. Director of Product Development and Sales, Kelley-Jaye Cleland, responded that the decline of the \$20 is normal, but really, the product is holding its own and doing well. The \$5 New England Patriots ticket debuted this week, and the current \$5 ticket, 5X Lucky has been holding the price point nicely.

Chairman Douglas referred to the balance sheet and inquired about the \$400 million accounts receivable and liability line items. Director McIntyre explained that because of the Powerball jackpot win from the prior year, the money appeared in our account for a brief period of time. He noted that it was such a huge amount of money that they had to arrange the custody and transfer with State Treasury.

Chairman Douglas noted that travel expenses are very high over this time last year. Director McIntyre explained that it is a timing issue; the expenses from several vendor inspections hit at the same time. Our expenses will also be up even further due to the many trips staff are taking to city councils and public hearings around the state.

**4. INTRALOT:**

Ryan Sahr, general manager of Intralot, reported that his team is working hard on software releases. Three are scheduled: first is September 6 which will include support for subscriptions for the new matrix of Mega Millions. Second release slated for October 28 will include the game change for Mega Millions, and rolldown of Hot Lotto. Keno will be released for testing on November 20 for rollout on December 15. Because the date for Mega Millions was pushed out a week from the original plan, we will have to refund subscribers for the week for that deferred revenue.

Chairman Douglas asked Mr. Sahr if Business Analyst Katie Brown is satisfied with the progress being made. Mr. Sahr answered no, not at the moment, but meetings are held daily and weekly and software developers are addressing her concerns. A new bench technician will soon be at work testing and deploying new hardware, and several temp workers will join the team for technical support and Keno recruitment.

**5. TRI-STATE:**

Marketing Director Maura McCann referred the Commissioners to the Tri-State report. There is a Megabucks jackpot winner in Vermont who has yet to come forward to claim their prize from the November 9, 2016 drawing. Tri-State Marketing and Product Development is now under the chairmanship of Jeff Cavender. In June, plans were laid out for the coming year. This went through some upheaval with the changes at New Hampshire Lottery with Keno, changes in Hot Lotto, and the new launch of Lotto America. The group will need to meet to reassess what can be achieved this fiscal year. We would like to invite the Patriots to the November 2 Tri-State meeting to discuss a bigger 2018 ticket. On a related note, New Hampshire launched the Patriots \$5 ticket with a huge event at the State House featuring Robert Kraft, several Patriots alumni and cheerleaders. Ms. McCann reported that the day was enormously successful and the Associate Press picked up the story which went nation wide.

As chair of the Tri-State Draw Committee, Ms. McCann reported there was an emergency draw machine repair recently completed, and annual maintenance has been scheduled for all the machines in October; and new drawing balls were ordered.

**6. ADVERTISING:**

Ms. McCann referred the Commissioners to the marketing packet to review the upcoming advertising for September. GYK Antler did a great job with Powerball in promoting the rising jackpot. A picture showed the set used for Director McIntyre's live interview by Good Morning America. Because the live feed went down during the interview, we finished with a final comment on Twitter which resulted in a fun social media bump about the purchase of Chicken McNuggets® which was posted by a Good Morning America viewer.

Ms. McCann distributed the Keno to date report and the postcard that will be mailed out recruit pouring establishments. The postcards have already been mailed, and we are getting favorable calls in response. Chairman Douglas remarked that the recruitment package looks good, and Ms. McCann agreed that GYK did a nice job.

Commissioner Holloway asked Director McIntyre what the outlook is for Keno approval in the cities that vote in November. Director McIntyre responded that twelve cities will vote this fall and we are still working to get Keno approved for the ballot in some municipalities. Manchester, Nashua, Rochester, and Somersworth appear to be positive, but some other cities and city councilors are more hesitant to support it. Concerns include local control over zoning and problem gambling. Senior staff have and continue to attend city council meetings to represent the agency and answer questions about the game.

Travis York of GYK Antler reported briefly: the coverage of the Patriots launch went very well, and his team is working on multiple initiatives that will be marketed aggressively later this year.

**7. RULEMAKING:**

Valerie King, newly promoted to Division Director, requested a new motion relative to the racing rules repeal (Pari-various) and concurrent adoption (Lot 8000). At the August 10<sup>th</sup> meeting, the Commissioner's had approved submitting the repeal of the Pari racing rules under the "expedited" rulemaking process; however, it has since been determined that the rule does not qualify for this exception. A new motion is needed to approve submission of the racing rules (both the repeal and adoption to ensure concurrent processing) under "regular" rulemaking. Commissioner Holloway moved to authorize the submission of the racing rules under regular rulemaking; Chairman Douglas seconded. All in favor, passed unanimously.

Ms. King reminded the Commissioners that the public hearing for the Fantasy Sports rulemaking will be held at the next Commission meeting, October 4, 2017. Director McIntyre noted that the current fantasy sports providers can continue to operate while rulemaking is underway. Ms. King will contact all known providers and interested parties to make them aware of the upcoming hearing.

**8. PUBLIC HEARING ON LUCKY 7 ENHANCED DEALS:**

Chairman Douglas opened the public hearing on Lucky 7 enhanced deals (also known as "commingling") at 10:42 a.m. Several guests in attendance expressed interest in speaking.

- a. Jan DiMarzio of Community Bingo Center (CBC) in Manchester addressed the Commission. She has circulated the public comment form to many of her players to get their direct feedback. CBC has between 1200 and 1400 players per week, and they use paper Lucky 7 tickets. Ms. DiMarzio is opposed to commingling as she feels the players at CBC are used to paper tickets and not familiar enough with the electronic machines to know that they are playing a commingled game. She asked if there is a deadline for submitting the customer feedback forms. Chairman Douglas indicated that it would be helpful to get these in in the next few weeks. Ms. DiMarzio will collect and submit all of the survey responses together, and any additional information she provides does not duplicate what Mike McLaughlin, CBC's lobbyist, submits.
- b. Curtis Barry, representing game manufacturer Eagle Strike Entertainment, reported that his client is leery about commingling as a concept, chiefly that they don't believe that it is transparent to the player. If the Commission moves forward with a commingling rule, they prefer to avoid the rolling addition of deals (also known as "perpetual deals"). They prefer the option for "similar deals", which consist of four deals of the same game theme, but with different prize structures which are played together to artificially create a larger game. Ms. King explained that the State would still get the deal fee for each of the individual deals used to create the larger game.
- c. Fran Wendleboe of Powerhouse Gaming reported that they have submitted written testimony; however in response to Mr. Barry, they want to point out that there have been three attempts to statutorily change the definition of a "deal". She wonders if charities would lose money in reality: in a non-commingled deal, once the big prize is won, people will stop playing from that deal. She suggested that the questionnaire may be skewed to the dealers and wonders whether the average player has a grasp of the terminology or the details of the game to answer the questions.

Ms. DiMarzio responded that tickets sold in machines are instant tickets. Many of the bingo halls use and rely on paper tickets. They do not close a game early when the jackpots are won as the players understand that the proceeds go to charities and are more likely to play the game through. Ms. DiMarzio strives to explain the rules to her players and workers to ensure their feedback is educated. She concluded by reaffirming that they would never commingle paper tickets as her players would not accept them, but they do sell multiple deals.

- d. Ms. King closed by stating that the questionnaire has been posted to the Racing and Charitable Gaming website with instructions for public comment.

As no one else requested to speak, Chairman Douglas closed the public hearing at 10:55 a.m.

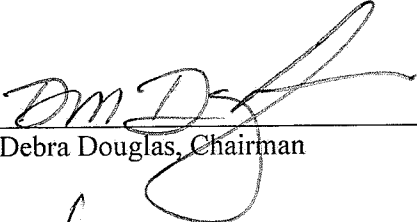
**9. NEXT MEETING:**

The next meeting will be October 4 at 9:30 a.m. and will include a public hearing for Fantasy Sports, and instant ticket provider Scientific Games will be presenting an abridged state of the industry report.

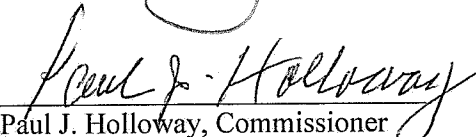
**10. OTHER:**

Commissioner Holloway asked whether television advertising is cheaper in Maine. Mr. York responded that he wasn't sure, but there are more options for network advertising in Maine. He added that the media plan will be shared when GYK finishes with launch strategies for Keno, etc. With the demise of one local television station, we are garnering higher viewing rates on the remaining statewide channel. Additionally, we are purchasing time on cable packages including sports channels which have a good return on investment; but we observe protocols to not buy in other states' territories.

Motion to adjourn was made at 11:08 a.m. by Commissioner Holloway and seconded by Chairman Douglas; so voted, unanimous.



Debra Douglas, Chairman



Paul J. Holloway, Commissioner

Respectfully submitted, Cammy Nolin