

NEW HAMPSHIRE LOTTERY® COMMISSION
14 INTEGRA DRIVE, CONCORD NH
MINUTES OF COMMISSION MEETING
February 13, 2018, 2:00 p.m.

Commissioners:

Debra Douglas, Chairman
Paul J. Holloway, Commissioner

Lottery staff in attendance:

Charles McIntyre	Maura McCann	Sudhir Naik	Theresa Christiansen
James Duris	Kelley-Jaye Cleland	Carmela Nolin	Kellie Wermers
Lynda Plante	Valerie King	Steve Johnston	Jeanne Youmatz

Others in attendance:

Travis York, GYK Antler	Ryan Sahr, Intralot	Jan DiMarzio, Community Bingo Center
Rose Longo-White, GYK Antler	Bill McLaughlin, Seabrook	Colleen Hernandez, Community Bingo Center
Angela Streba, GYK Antler	Greyhound Park	Anna Grace Holloway, Guest
Mike Schiano, MP&C		

Chairman Douglas called the meeting to order at 2:00 p.m.

1. ACCEPTANCE AND SIGNING OF PREVIOUS MINUTES:

Commissioner Holloway moved to approve the January 25, 2018 minutes; seconded by Chairman Douglas. So voted, unanimous.

2. FINANCIAL REPORTS:

- a. Chief Financial Officer James Duris provided a draft sales report for January; this is a preliminary overview of the figures as the books are not yet closed for the month. We are at approximately \$191 million year-to-date, which is \$4 million more than this time in the prior year. This puts us at 8.5% increase in Sales over this time last year. Commissioner Holloway referred to the State of New Hampshire Revenue Focus report for January noting that we are ahead of plan. Executive Director McIntyre confirmed that we had budgeted a disbursement of \$8 million to the Education Trust Fund, but sent \$12 million – in part because December was a five week month, and the Powerball jackpot drove up sales.

Mr. Duris will provide a breakdown of the accounts receivable to the Commissioners going forward so they have a better idea of categories. The \$8 million in receivables last month is down to less than \$2.5 million. He cautioned that the Powerball jackpot winnings will show as a receivable when the money is transferred from MUSL to the State Treasury. The winner has elected to take cash, which means \$330 million will be transferred to our account.

Commissioner Holloway asked how we are handling RSA 91-A right-to-know requests for the Powerball winner who wishes to remain anonymous. Director McIntyre responded that it is subject to the court's determination. The winner, known through the lawsuit as Jane Doe, is asking for her name and location to be redacted and replaced with Good Karma Family Trust. Following the court hearing this morning, the judge has taken the request under advisement; additional filings must be made, and a ruling will be handed down at a later date.

- b. Commissioner Holloway remarked that Keno appears to be doing well. Director McIntyre responded that we expected locations to do about \$500 per day. At last calculation, each establishment is averaging \$650, thanks in large part to Lottery and Intralot teams' support. The majority of towns vote in March whether to approve Keno in their jurisdictions. We are aware of 67 towns that have placed Keno on their warrant, which means a pool of more than 600 eligible establishments. Director McIntyre had originally estimated that we would need 250 establishments selling \$500/day to reach our revenue numbers; at our current run rate, we would only need 175, particularly in areas near the state borders.

Commissioner Holloway asked if there has been any discussion around the fact that towns that do not adopt Keno will still get grant money for kindergarten. Director McIntyre acknowledged that this may be a topic of conversation in the legislative session.

- c. The liquor store sales, Commissioner Holloway noted, are going well. Commissioner McIntyre attributed this to an improved partnership between our sales representatives and the local liquor store management. Ms. Cleland added that we are undertaking a Lean project management initiative with Liquor, led by Edith Chiasson, Sales Team Manager, and Candice Weingartner of DoIT, to improve their lottery sales/prize cashing processes. Our relationship in general is getting stronger. New Liquor employee shirts have been ordered and should be arriving at the stores shortly.
- d. Commissioner Holloway asked if we have new games coming out to stimulate the \$1, \$3, \$5, and \$20 games. He remarked that the \$25 ticket is doing better than the \$20. Ms. Cleland responded that the \$25 is indeed doing very well; and that the \$3 tickets are also gaining strength. She added that the \$1 and \$2 ticket sales are declining industry-wide, but these are entry price points and important ones to maintain in the portfolio.

3. INTRALOT:

Ryan Sahr of Intralot reported that his team is busy recruiting and gathering Keno application from retailers. To build on that success, the next release of software will enable the MPs (Keno kiosks) to offer Powerball, Mega Millions, and Megabucks; and they will be eventually adding Fast Play. Mr. Sahr attended the recent Governor and Council meeting for the Intralot contract extension. He complimented Director McIntyre's representation of the Lottery in what became a challenging line of off-topic questions.

4. TRI-STATE:

Marketing Director Maura McCann had an extensive Tri-State report this month, beginning with the financial summary that gross revenue and net profit is up 22%. The Megabucks jackpot is over \$5 million, which is still very popular with its core players. The Tri-State financial audit Request for Proposal evaluations have concluded with the recommendation to choose Macpage Auditors in Maine. Jeff Cavender's Marketing and Product Development report observed that the individual states in the commission have had several independent initiatives, and have not collaborated a great deal. Tri-State is looking at a new Patriots ticket, which would be New Hampshire's seventh. A decision will be made after the dust settles from the Super Bowl.

There is a two-day meeting scheduled for June in Portland, Maine; and the Product and Development Group is discussing agenda items for that meeting. The focus will be on Tri-State's future as a group; unfortunately, there is no other similar business model in the industry that combines states' efforts to examine or emulate.

The Tri-State draw audit Request for Proposal has been posted as our current contract with Andersen and Cloues ends on June 30. Auditors must be present for both day and evening drawings. Ms. McCann has posted it on our website, the Concord Monitor, Union Leader, sent it to the New Hampshire CPA Society, and to nearly twenty CPAs in the area. The annual cost is about \$80,000.

5. ADVERTISING:

Moving on to Advertising, Ms. McCann reported that the graphics, copy, and radio spots are ready for March sales.

Travis York from GYK Antler noted that his team participated in the initial iLottery discussion with software contractor NeoPollard at Lottery last week. Rose Longo-White announced they are preparing to kick off the Powerball Power Cruise promotion, which will run from April to June. Additionally, they are waiting to get started on a Lotto America campaign, which is slated for June. Director McIntyre commented that it is selling nation-wide, but sales are lackluster. Lotto America's sales started off at about 40% of the

sales of Hot Lotto, and are not doing well in several states. Mr. Sahr requested that whatever schedule is decided, Intralot should be informed right away as their development kickoff date is February 26.

Ms. McCann ended her report by citing the volume of press that the Lottery has been receiving. Keno sales surpassed \$1 million, and several news articles quoted retailers' positive comments on the impact to their businesses. The Powerball Jane Doe lawsuit has been publicized all around the world, with newspapers from as far away as Bulgaria and New Zealand running the story. Finally, a press release is standing by to talk about the number of towns that have put Keno on the warrant for annual town meeting.

6. OTHER:

- a. Director McIntyre introduced several Lottery employees to the Commissioners: Kellie Wermers from accounting; Jeanne Youmatz from claims; and Theresa Christiansen from Racing's audit group. He concluded by announcing the retirement of Sudhir Naik, Chief Compliance Officer at the end of the month. Director McIntyre noted what a privilege it has been to work with Mr. Naik, and what a true professional and confidante he has been. Mr. Naik returned the compliment, and expressed his thanks to the senior staff and Deputy Director Lynda Plante in particular, for making the merger of the two agencies run so smoothly.
- b. Valerie King, Director of Racing and Charitable Gaming, sought a motion to adopt the Fantasy Sports rules. Commissioner Holloway so moved, and Chairman Douglas seconded. So voted, unanimous. Ms. King then requested to set the hearing dates for the Lucky 7 open deals and MUSL rules. The next meeting will take place on March 16, and public hearings will be held then for those rules.

7. NEXT MEETING:

The next Commission meeting will be on Friday, March 16 at 10:00 a.m. at Lottery Headquarters in Concord.

Motion to adjourn was made at 2:50 p.m. by Commissioner Holloway and seconded by Chairman Douglas; so voted, unanimous.


Debra Douglas, Chairman


Paul J. Holloway, Commissioner

Respectfully submitted, Carmela Nolin