

NEW HAMPSHIRE LOTTERY® COMMISSION
14 INTEGRA DRIVE, CONCORD NH
MINUTES OF COMMISSION MEETING
March 16, 2018, 11:00 a.m.

Commissioners:

Debra Douglas, Chairman
Paul J. Holloway, Commissioner
J. Christopher Williams, Commissioner

Lottery staff in attendance:

Charles McIntyre	Maura McCann	Carmela Nolin	Tiffany Perry	Britni Halvorsen
James Duris	Kelley-Jaye Cleland	Steve Johnston	Amanda Laskey	
Lynda Plante	Valerie King	Marcie Ouellette	Steve Kiander	

Others in attendance:

Travis York, GYK Antler	Curtis Barry, Eagle Strike	Steve Poucher, Powerhouse Gaming
Rose Longo-White, GYK Antler	Dick Bouley, Dennehy Bouley	Fran Wendleboe, Powerhouse Gaming
Angela Streba, GYK Antler	Rick Newman, Potts Gaming	Susan Geiger, Orr & Reno
Ryan Sahr, Intralot	Jamie Timbas, Granite State Poker Alliance	Anna Grace Holloway, Guest
Steve Beck, Intralot		

Chairman Douglas called the meeting to order at 11:04 a.m.

1. ACCEPTANCE AND SIGNING OF PREVIOUS MINUTES:

Chairman Douglas sought a motion to accept the February 13 meeting minutes. Commissioner Holloway so moved, and was seconded by Commissioner Williams. So voted, unanimous.

Chairman Douglas welcomed Commissioner Williams to the New Hampshire Lottery and thanked him for agreeing to serve on the Commission.

2. PUBLIC HEARINGS:

- a. The public hearing regarding proposed rules to Multi-State Lottery Association (MUSL) was opened at 11:05 a.m. Seeing no one signed up to submit oral testimony, Chairman Douglas closed the hearing.
- b. Chairman Douglas opened the public hearing regarding proposed rules to Lucky 7 Open Deals at 11:06 a.m. Rick Newman spoke first, appearing on behalf of Potts Gaming in Belmont, and he further disclosed that he also represents the New Hampshire Association of Charitable Gaming Operators. He expressed his constituents' favor of the rules changes. Jamie Timbas spoke next, representing Manchester Bingo Center and Poker Room; they are in favor of open deals, but their opinion is that if four deals of a certain form (serial number) are open, all of one serial number must be exhausted before another one can be added in. He also brought to the Commission's attention the disadvantage to poker rooms that Lucky 7 machines automatically shut off at 11:00 p.m. when the facilities close, while other private clubs can remain open until midnight. Fran Wendleboe of Powerhouse Gaming spoke last. She reminded the Commission that they have submitted petitions for over 150 charities, and are in favor of open deals. She added that several charities suspended games mid-play but had paid for them; so until the tickets are sold, they are out those fees. Susan Geiger of Orr & Reno signed up, but was observing only and did not wish to speak. Seeing no one else signed up to offer testimony, Chairman Douglas closed the hearing.

3. FINANCIAL REPORTS:

- a. Chairman Douglas thanked Chief Finance Officer Jim Duris for providing the financial summary to the Commission prior to the meeting. Mr. Duris reported that for the month of January, there was a profit of \$5.1 million, bringing our year-to-date total to \$50.9 million. This was a decrease on the monthly basis compared to the prior year, but was due to some adjustments. Lottery sales increased \$3.8 million over the previous year due in part to the jackpots of Powerball, Mega Millions, and the addition of Keno.

- b. The year-to-date transfers to the Education Trust Fund and Department of Health and Human Services (DHHS) total \$50.9 million, which is an increase of \$4.7 million over the forecast. The portion to DHHS will be held pending confirmation of their problem gambling program. There will be two separate transfers to the state; one for the Education Trust Fund, and one specifically to Education Trust Fund – Keno. The Powerball winner’s prize was transferred to Treasury which will affect the accounts receivable figures for the month, but they will return to normal next month. We are still running below plan on salaries and expenses. Commissioner Holloway asked how many vacant positions we currently have. Deputy Director Lynda Plante answered that there are about five vacancies; discussion followed about the difficulty of finding qualified applicants. Chairman Douglas complimented Director of Sales and Product Development Kelley-Jaye Cleland for keeping instant tickets interesting and sales increasing. Ms. Cleland acknowledged that it is a team effort.
- c. Mr. Duris continued that salary expenses are down. Chairman Douglas inquired why benefits costs have risen. Director McIntyre responded that the cost of insurance has risen as have our costs to Information Technology (DoIT), which is not a figure we can control. Additionally, we had retirement buyout of several employees’ compensated and annual time. Yesterday, the agency’s budget process kicked off for the next fiscal year. Commissioner Williams questioned why there is no performance to budget column. Mr. Duris responded that he is looking at ways to adapt this information: state agencies do not report monthly performance like private industry does, but rather track year-to-date. Director McIntyre added that as a practical matter, two-thirds of revenues are stable and one-third is volatile. Likewise, operating expenses stay relatively stable, but advertising can change. Chairman Douglas noted that compensated absences total over \$500 thousand. Mr. Duris explained that it is sick, compensated, and earned time that is booked to its maximum liability; it grew this year due to Keno-related overtime as staff attended public hearings and meetings.
- d. Chairman Douglas asked how applications and background checks for Keno licenses are progressing. Ms. Cleland responded that that they are coming in steadily. Following last Tuesday’s vote, we are already installing equipment in newly-approved towns. The vast majority of towns we were depending on to pass Keno did, including the Massachusetts-border communities.

4. INTRALOT:

Ryan Sahr of Intralot welcomed Commissioner Williams and introduced Steve Beck, their new regional director. Mr. Sahr reported that Intralot received 32 WinStations recently, and his team continues to focus on Keno recruitment, training, and installations. The next release of software targeted for April 1 will enable the MPs (Keno kiosks) to offer Powerball, Mega Millions, and Megabucks. They are also prepared for the Powerball Power Cruise promotion with vendor Alchemy3. Commissioner Holloway inquired how Intralot will handle all the Keno requests from the newly-approved towns. Mr. Sahr responded that they have hired additional field technicians who will prepare and install equipment at up to five locations per day on average. The Commissioners asked how much equipment is typically installed at each establishment. Ms. Cleland answered that most have one MP, but some of the larger ones have many kiosks if the sales warrant.

5. ADVERTISING:

- a. Commissioner Holloway asked if we are participating at the New Hampshire Motor Speedway’s race this summer. Director of Marketing Maura McCann reported that she has just received an introduction from the track’s new representative. We do have a large prize to award in a second-chance drawing; but will need to evaluate their proposal to see if that venue makes the most sense and offers the best value. Travis York of GYK Antler reminded the group that we have made the appearance more impactful than just a prize drawing, and it is the largest single annual event in New Hampshire.
- b. Ms. McCann referred to the marketing and advertising report, and drew particular attention to the Keno Luck After Dark promotion. This was a monumental Keno event that Lottery, Racing and Charitable Gaming, and Intralot personnel staffed in over 50 locations in seven cities. One evening’s activities were canceled due to snow, but Edie Chiasson and Travis Emerson delivered promotional items in advance to ensure that the locations could still give away prizes.

- c. The press conference on March 7 went well and was a positive event at which the attorneys for the Powerball winner donated prize money to charities. We are still getting press coverage from around the globe a week later.
- d. Travis York from GYK Antler welcomed Commissioner Williams and introduced his team. He explained that Lottery advertising has progressed from anonymous, cash-based transactions to a much more targeted approach utilizing digital channels as well. He noted that 70% of advertising dollars support instant tickets; and 30% is geared toward online games and jackpot blitzes. Commissioner Holloway remarked that he has seen more advertising from the Maine casino in our market. Mr. York acknowledged this campaign and added that we can target our digital presence and spending, and we now have new avenues of advertising through Keno retailers.

6. RULEMAKING:

- a. Valerie King, Director of Racing and Charitable Gaming, sought a motion to submit a final proposal to repeal Pari racing rules. She explained to the Commission that we are renumbering all rules under the Lot prefix. In order to re-number the racing rules, we must first repeal the Pari rules. Commissioner Holloway moved to repeal the Pari rules as requested, and Commissioner Williams seconded. All in favor, motion was adopted.
- b. Ms. King sought a separate motion to submit a final proposal for adoption of new racing rules under Lot 8000. Commissioner Holloway so moved and Commissioner Williams seconded. So voted, unanimous.

7. OTHER:

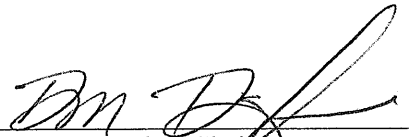
Ms. McCann requested permission from the Commission to pursue a two-year extension of our contract with McLane Middleton, P.A. for legal and trademark services. This extension is an option in the current contract, but must go before Governor and Council for approval. Commissioner Holloway moved to approve the extension request; Commissioner Williams seconded. So voted, unanimous.

8. NEXT MEETING:

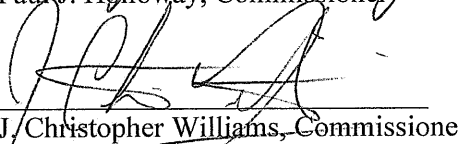
The next Commission meeting will be on Friday, April 13 at 3:00 p.m. at Lottery Headquarters in Concord.

Director McIntyre introduced several Lottery employees to the Commission: Tiffany Perry, Accounting; Britni Halvorsen, Licensing; Amanda Laskey, Administration; Marcie Ouellette, Human Resources Coordinator; and Steve Kiander, Auditing Manager.

Chairman Douglas entertained a motion to go into non-public session under RSA 91:A to discuss contract negotiations. At 12:00 p.m. Commissioner Holloway moved to enter non-public session, seconded by Commissioner Williams. Upon a roll call, the following members reported: Commissioner Holloway, Commissioner Williams, and Chairman Douglas.


Debra Douglas, Chairman


Paul J. Holloway, Commissioner


J. Christopher Williams, Commissioner

Respectfully submitted, Carmela Nolin