

NEW HAMPSHIRE LOTTERY® COMMISSION
Great Bay Community College – 320 Corporate Dr, Portsmouth NH
MINUTES OF COMMISSION MEETING
June 21, 2018, 3:00 p.m.

Commissioners:

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

Lottery staff in attendance:

Charles McIntyre John Conforti James Duris Maura McCann Carmela Nolin

Others in attendance:

Travis York, GYK Antler Rose Longo-White, GYK Antler Ryan Sahr, Intralot Mike Schiano, MP

Chairman Douglas called the meeting to order at 3:03 p.m.

1. ACCEPTANCE AND SIGNING OF PREVIOUS MINUTES:

Chairman Douglas sought a motion to accept the May 30 meeting minutes. Commissioner Holloway so moved, and was seconded by Commissioner Williams. To follow up on a question from the last meeting, Director Douglas inquired about the travel expenses line item. Chief Financial Officer Jim Duris reported that there had been a misclassification of fleet expenses across current and year-to-date line items for several years. He has corrected this going forward. He noted that state auditors have returned to headquarters, so he will be going through several years' books and LBA requests to prepare to work with them.

2. FINANCIAL REPORTS:

- a. Mr. Duris referred to the financials for May, and apologized for their lateness. He discovered a \$1.7 million liability that wasn't reported. This was the result of an erroneous formula which caused games to drop off reporting before they'd concluded and a second-chance drawing prize was awarded.
- b. Commissioner Holloway noted that the delinquent retailer line items appeared high. Director McIntyre and Mr. Duris explained that the figure is comprised of just a few of our 1,200 retailers, and collection plans are established which will recover most of that debt. The sales reps are trained to spot warning signs in failing retail locations which curbs much of the loss. The few delinquent accounts have been vetted and addressed; Mr. Duris is confident the spike is not a trend and will be resolved.
- c. The decrease from low revenues and profits are due to the adjustments and corrections to line items conducted on the reconciliations in advance of the audit. Instant ticket and Keno drove sales, and a second transfer will be made next week. Expenses increased due to high Department of Information Technology (DoIT) costs resulting from the development of the Racing and Charitable Gaming database; new tires for the fleet; and advertising costs coming due. The statement of cash flows was not included in their report due to pending corrections, but Mr. Duris will forward it to the Commissioners soon. Commissioner Williams observed there is a large variance in the Accounts Receivable compared to last year. Mr. Duris replied it is mostly due to timing and depends on when the transfers take place.

3. INTRALOT:

Intralot General Manager Ryan Sahr complimented the Commission on the venue and reported on the current Keno sales of over \$7.7 million. Chairman Douglas asked the status of retailer recruitment, and Director McIntyre responded we are about halfway to our goal of 250. The towns that didn't approve the game impacted our projections, but the Seacoast locations are doing well, particularly given the summer weather. New retailers are applying and coming online every week, so he anticipates growth in the coming months. Mr. Sahr noted that the current backlog of installations is between one and two dozen. The next software update on July 8 will include the capability to validate instant tickets and add two new Fast Play games. He and Marketing Director Maura McCann noted that progressive Fast Play games are now being won most frequently at Keno locations. Director McIntyre has requested a report to see how other product sales are doing at Keno retailers. There is a question whether the revenue from other games played at Keno locations is restricted to the kindergarten fund or is placed in the more general education fund.

In discussion over the recent Supreme Court ruling repealing PASPA, Director McIntyre clarified that we do not have sports betting in New Hampshire yet, but the ruling now authorizes states to legalize it. Professional sports leagues are pushing for federal regulation and a 1% integrity fee (from states' 5% gross revenue). Director McIntyre and Chief Compliance Officer John Conforti will be reviewing other states' sports betting legislation to draft recommendations for lawmakers. Mr. Conforti noted that states that have casino or physical sports booking infrastructure in place have an advantage; and mobile applications will be more complicated. Director McIntyre will present an outline at the next commission meeting. He cautioned that if Lottery is tasked with regulating sports betting, we will have to hire additional staff.

4. TRI-STATE:

- a. Ms. McCann reported that the Tri-State meeting in Portland, Maine was held last week on June 14 and 15. Advertising companies FuseIdeas and GYK Antler pitched creative plans for the sequel to the This Magic Moment creative. It was a difficult decision, but a creative campaign proposed by FuseIdeas was chosen by all three lotteries. The new campaign highlights that Megabucks does make millionaires.
- b. There were two speakers at the development meeting: Chris DiPierro from the Bruins presented their most recent campaign in which they focus on the fans, not the team. They promote the team by supporting youth hockey and highlighting their fan base in their advertising. Paul LaRocca, Vice President of Brand Marketing at Foxwoods stepped in to speak at the last minute, and focused on the use of data and metrics in promoting a product.
- c. The development meeting ended with a solid discussion of the past, present, and future of Tri-State. Gregg Mineo tasked the committee with coming up with a 5-year strategic plan by the next meeting in August.

5. ADVERTISING:

- a. Ms. McCann announced that the grand prize drawing for the \$30 Million Granite Giveaway will soon take place; discussions as to where and when are taking place.
- b. Sales promotions are going well. Unclaimed prize money funds many of those promos, and prize packages are being given away at Fisher Cats and Swamp Bats games this summer.

6. OTHER:

- a. Director McIntyre sought approval of Lottery's revised code of ethics. So moved by Commissioner Holloway and seconded by Commissioner Williams. Motion adopted unanimously.
- b. Per RSA 241:21-h, Director McIntyre sought Commission approval for the employee recognition program goals used in calculating Lottery Sales Representatives' bonuses. This was so voted by Commissioner Holloway and seconded by Commissioner Williams. Motion adopted unanimously.

7. NEXT MEETING:

The next meetings will take place on July 18, 9:30 a.m. at Lottery headquarters. This meeting will include a public hearing for proposed changes to Keno rules.

Motion to adjourn was made at 4:05 p.m. by Commissioner Holloway and seconded by Chairman Douglas; so voted, unanimous.

Debra Douglas, Chairman

Paul J. Holloway, Commissioner

J. Christopher Williams, Commissioner

Respectfully submitted, Carmela Nolin