

NEW HAMPSHIRE LOTTERY® COMMISSION
14 INTEGRA DRIVE, CONCORD NH
MINUTES OF COMMISSION MEETING
October 19, 2018, 9:30 a.m.

Commissioners:

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

Lottery staff in attendance:

Charles McIntyre	Kelley-Jaye Cleland	Jim Duris	Maura McCann	Carmela Nolin
Katie Brown	John Conforti	Valerie King	Lynda Plante	Steve Johnston

Others in attendance:

Rich Parsons, RYP Granite Rose Longo-White, GYK Antler Kristen Paré, Intralot Alicia Preston, NHCGOA

Chairman Douglas called the meeting to order at 9:30 a.m.

1. ACCEPTANCE AND SIGNING OF PREVIOUS MINUTES:

Chairman Douglas sought a motion to accept the September meeting minutes. Commissioner Holloway so moved, and was seconded by Commissioner Williams who joined via teleconference. All in favor, meeting minutes were approved as submitted.

2. FINANCIAL REPORTS:

- a. The August and September financials were submitted by Chief Financial Officer James Duris. The September transfer to the Education Trust Fund was \$9.3 million and we are on target year-to-date. Sales for August were down due to the hit on the Powerball jackpot. Despite that, the sales have leveled out and we are back on target thanks to Keno and the Mega Millions jackpot run. The transfers in August and September were \$7.3 million and \$8.9 million respectively. The accounts receivable for Tri-State appears high, but will true-up once they complete their audit.
- b. Commissioner Holloway inquired if the state audit is complete. Mr. Duris responded that is mostly done, and believes we are in good shape. Director McIntyre agreed that our staff did a lot in more in preparation which has saved the process time and billing hours. The comprehensive annual financial report (CAFR) is 90–95% complete, with a few pieces of data still due from the Department of Administrative Services.
- c. Discussion about the jackpots and their impact on sales followed; Commissioner Holloway asked if we are behind. Director McIntyre responded that we are in fact catching up with last year, and the week-end sales summary should demonstrate that.
- d. Operating expenses are in line with what we'd expected. Advertising is up a bit, but that is attributable to CRM with iLottery. Mr. Duris gave an updated June year-end statement, for which he doesn't foresee any adjustments when the audit completes. Commissioner Holloway asked about the accounts receivable. We are doing fine, but still waiting for the state to do their transfer on the interest. Mr. Duris explained that OPEB (other than post-employment benefits) rolled up to an accumulate adjustment of \$16 million on the balance sheet.

3. INTRALOT:

Kristen Paré of Intralot reported that there will be a software release on Sunday that will add a new Fast Play game to Keno MPs. Phase two of Keno recruiting should identify new retailers in towns. We currently have 163 locations and 190 MPs deployed. We are aiming for 250 locations, and Director McIntyre commented that we are waiting on research to come in from the UNH economic impact study. Marketing Director Maura McCann added that UNH is still trying to reach retailers, but the survey should close at the end of the month or first of November. The response rate has been exceptionally high. Commissioner Holloway would like to see advertising for Keno, focused on retailers and the benefits to their business.

Ms. Paré described the plans for Keno recruitment for the coming months, which include attending the STARS of the Industry event in Nashua hosted by the New Hampshire Lodging and Restaurant Association on November 5. She is planning two Keno open houses in November and December. In general discussion of sales performance, Director of Sales and Product Development Kelley-Jaye Cleland reported that the new \$25 instant ticket is doing remarkably well and has generated nearly \$1 million in sales per week since its release.

4. ADVERTISING and TRI-STATE:

- a. Ms. McCann commented that the media is doing a great job promoting Lottery with stories on the Mega Millions jackpot. There has been a tremendous amount of national press, and Director McIntyre is being called on to do television and press interviews. The goat jackpot alert advertisements are also proving to be very effective.
- b. The upcoming Patriots Chalk Talk tour has changed from mid-day to late afternoon, and will take place in early November.
- c. GYK submitted new creative for both the corporate campaign and Keno. We like the corporate pitch and chose a concept for Keno and tasked them to refine their submissions.
- d. New holiday instants will go on sale on October 29 and include a “Light Up The Lottery” promotion developed by Ms. Cleland. Players can enter photos of their homes decorated for the holidays for a chance to have their image appear on a lottery ticket next year. The game is advertised on face cards, social media, and the holiday instant tickets.
- e. The Tri-State meeting will be next month in Burlington; session work will focus will be the five year strategic plan.
- f. iLottery is going well, but advertising support is impacted a bit by the election and the coming holiday push. We do expect to focus on it in January. Rose Longo-White added that GYK Antler is pleased with the results of their iLottery efforts so far and the volume that it has generated, and will be advertising through digital and social channels they own until the political season is over.

5. OTHER

- a. Director of Racing and Charitable Gaming Valerie King reported that JLCAR approved the amendment to Lot 1100 relative to “Locations Permitted to Sell Keno,” which limits Keno to adult environments. A motion to adopt is needed for this change to be put into effect. So moved by Commissioner Holloway, seconded by Commissioner Williams. All were in favor and motion to adopt was passed.
- b. Ms. Cleland submitted the Lottery Sales Representative (LSR) Compensation program, RSA 284:21-h VII, and sought approval to reaffirm for the coming year. A change was incorporated to extend the calculation for the bonus threshold to 6.50%, carrying out one extra decimal place to ensure the full bonus number is achieved, rather than rounding. Chairman Douglas stipulated that the LSRs be made aware of the new level of precision, and called for the motion: Commissioner Holloway so moved, and was seconded by Commissioner Williams; motion passed.
- c. Ms. Cleland further sought the Commission’s approval of the Retailer Incentive Policy for iLottery sales. This program provides a bonus to retailers following the launch of iLottery, and incentivizes them to continue selling traditional instant tickets. The program will divide 4.5% of iLottery deposits among the retailers based on their percentage sold of instant tickets, and in addition, increases that to 5.5% for the first year of iLottery sales (starting with the September 4 launch date). This program will be “paid” in the form of credit to the retailers’ Lottery accounts on a quarterly basis. Commissioner Holloway moved to approve the program, and Commissioner Williams seconded; all were in favor and the motion passed.

6. NEXT MEETING:

The next meeting will be held on November 13 at 2:00 p.m. at Lottery headquarters.

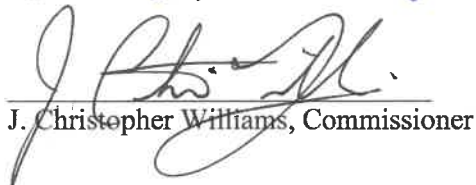
Chairman Douglas entertained a motion to go into non-public session under RSA 91-A to discuss contract negotiations. So moved by Commissioner Holloway and seconded by Commissioner Williams at 10:12 a.m. Upon a roll call, members Commissioner Holloway, Commissioner Williams, and Chairman Douglas reported.



Debra Douglas, Chairman



Paul J. Holloway, Commissioner



J. Christopher Williams, Commissioner

Respectfully submitted, Carmela Nolin