

**New Hampshire Lottery Commission**  
**14 Integra Drive, Concord NH**  
**Minutes of Commission Meeting**  
**September 24, 2019 · 2:30 p.m.**

**Commissioners:**

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

**Lottery staff in attendance:**

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

**Others in attendance:**

Travis York, GYK Antler	Kristen Paré, Intralot	Alicia Preston, NHCGOA
Taylor Yianakopolos, GYK Antler	Rich Parsons, RYP Granite	Jim Bouley, Dennehy/Bouley

Chairman Douglas called the meeting to order at 2:30 p.m.

**1. ACCEPTANCE AND SIGNING OF PREVIOUS MINUTES**

Chairman Douglas presided by teleconference and sought a motion to accept the August 27 meeting minutes. Commissioner Holloway so moved, and was seconded by Commissioner Williams who also joined by teleconference. All in favor, meeting minutes were approved as submitted.

Referring to the minutes, Chairman Douglas inquired if the \$1.2 million in Tri-State unclaimed, expired prize money was transferred to New Hampshire. Maura McCann clarified that we must ask for the allotment of this money; but the funds stay in Vermont and we withdraw as we use it for promotions.

**2. FINANCIAL REPORTS**

- a. Chief Financial Officer Jim Duris reported that the sales in August were up 9% over the same period last year, with Instants and Keno responsible for the increase. Mega Millions sales rebounded in August after a slow start to the fiscal year.
- b. Games of chance revenues decreased by \$122 thousand, which they are investigating; however, the likely cause is the opening of Encore Casino in Everett, Massachusetts. Bingo and Lucky 7 sales did see an increase.
- c. Our transfer to Education was \$7.5 million, which includes \$463 thousand in Keno and \$22 thousand to Department of Health and Human Services. This is an increase of \$700 thousand over the previous year.
- d. Accounts Receivable are in line with expectations. Delinquent accounts are down to just under \$25 thousand; and Tri-State is at \$395 thousand. Our estimated interest from the State is \$152 thousand for the month of June, but Treasury has not confirmed this yet. Operating expenses continue to be in line with the previous year, and some items are estimated because of the Continuing Resolution. Membership expenses are up due to the WLA annual fee which is assumed in one month instead of spreading the liability over the year. We have saved approximately \$20 thousand fiscal year-to-date as a result of purchasing the building.
- e. Our total for Fiscal Year 2019 was \$106.5 million in net profit. We had an unexpected add-on of \$1.8 million from the other post employment benefits (OPEB) expenses, which were lower than expected. There was a change in assumptions of future costs when the State changed providers; but we have to watch this as it could change again. The auditors have been on-site for just over a month, and they are weeks ahead

of where they were this time last year. The first draft of the comprehensive annual financial report (CAFR) has been submitted and we are optimistic that our progress will save money in overall audit expenses.

- f. Commissioner Holloway inquired if we know where Lottery's funds are distributed throughout the state, and expressed concern to the advertising agency that we are not getting the message of our success across to the public. Director McIntyre noted that our contribution is part of adequacy funding, so roughly one of every seven dollars is Lottery revenue. Mr. York of GYK Antler added that there is a challenge in conveying this right now as sports betting has become the lead story.
- g. Mr. Duris concluded the financial update by reiterating that we transferred over \$100 million to the State; but after the CAFR final reporting is complete, an additional \$5.1 million will payment will be made to Trust Fund, bringing our total contribution in Fiscal Year 2019 to \$106.5 million.

### **3. SALES AND PRODUCTS**

- a. Director of Product Development and Sales Kelley-Jaye Cleland presented her report in a different format to focus on Operational and Programmatic enhancements. On the Operations side, efforts are underway to increase collaboration with Intralot through our Sales Support unit. Internally, sales staff is cross-training; strengthening retailer relations; improving the process and collaboration with marketing in promotional events; and developing sales strategies to hold sales reps accountable and motivate them through friendly competition.
- b. Commissioner Holloway requested an update on \$5 and \$20 instant games. Ms. Cleland noted that the \$5 is strong at over \$1 million per week. The \$20 price point appears down, but that is only when compared to last year; the launches of \$20 and \$25 games have a direct impact on each other's sales, but over time, they will equalize. Ms. Cleland continued that the \$10 games are replacing \$5 price points in popularity across the industry. The \$5 games are holding their own, but she noted that \$1 ticket changes appear to have positive effect on sales and we are an outlier with our success.
- c. Chairman Douglas inquired the status of new hires in Ms. Cleland's team. Our new product coordinator is Ryan Eddy, formerly of our warehouse team, and the new digital marketing coordinator, Sydney Ouellette, starts next week. We are in the process of filling the analyst position.
- d. Programmatic enhancements to iLottery include continued monthly system and games releases; retention and acquisition marketing efforts; and analysis of the results. We have a request for proposal open for 3<sup>rd</sup> party e-Instant providers, which closes on October 11. Coming up, we will test the iLottery claims process to ensure staff understand the flow. Instant games will continue to launch on a monthly basis, and we're surveying retailers to determine what shipping day works best for this. Also, we are aware that some retailers are not paying claims, and want to understand why and what the highest prize is that they will pay. Holiday preparations are underway with shipping, field staff, and Tel Sell. For Fast Play, new games will launch on the MP in October and November, and sales have been over \$100 thousand per week for the past six weeks. Keno retailers total 192, though some are seasonal and will be closing soon.
- e. Kristen Pare from Intralot confirmed the two Fast Play deployments; and the holiday subscription program will kick off on Black Friday. They continue to support Keno recruitment efforts across the state.

### **4. MARKETING**

- a. Ms. McCann presented the October marketing report and called attention to the fun Halloween graphics. The November graphics are standing by and will flow into the December holiday season. iLottery will feature a website takeover of our new e-Instant game King of Clubs on October 2. The homepage in October features animated Halloween graphics in addition to the scrolling header. This year's Light Up the Lottery campaign will run October 23 through December 15, and last year's winner will appear on a series of \$5 tickets releasing soon. Social media activity included giveaways for New England Patriots Super Suite tickets and a package of assorted instant tickets worth \$18 for a Gratitude Day giveaway. Curiously, the Patriots promotion garnered only 282 entries, while the Gratitude Day offer resulted in over 1,300.
- b. Our request for proposal for sports wagering services has received a great deal of press; and we had a press release announcing the claim by anonymous trust of the \$160 million Mega Millions jackpot.

- c. Taylor Yianakopolos of GYK presented highlights of our monthly marketing activity. Chiefly, iLottery had nearly 1,400 new first-time registrants, including 420 from email efforts. Of all traffic to the website, nearly one third of the 1.7 million pageviews are to the winning numbers page, and more than half of visitors are accessing the site from a mobile device. Engagements are doing quite well, despite August not being a high jackpot period. New ticket launch announcements on Facebook continue to have the most player interaction; they will continue to do giveaways with those announcements.

**5. COMPLIANCE**

Chief Compliance Officer John Conforti announced that four members of the Council for Responsible Gambling were recently appointed by Governor and Council, and a fifth member, Maura McCann, is awaiting confirmation. They will have their first meeting tomorrow, and are administratively attached to the Lottery Commission. The members were part of the private Council on Problem Gambling, so Mr. Conforti will advise and transition them into the public, state-funded council. Their goal is training and education; there is very little problem gaming treatment available in the state so their focus will be to create a screening process for healthcare providers. Studies show that approximately 1.5% of players have issues with control. The funds that have been held at Department of Health and Human Services from Keno revenues will be reverted back to this new group upon approval by Governor and Council.


**6. OTHER**


The selection committee for the Sports Wagering System and Services request for proposal is busy reading the submissions.

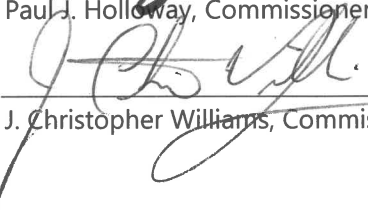
**7. NEXT MEETING**

The next meeting will be on October 15 at 2:30 p.m. at Lottery headquarters and will include three public hearings for Bingo, Lucky 7, and sports betting.

At 3:35 p.m., Chairman Douglas entertained a motion to adjourn. So moved by Commissioner Holloway, seconded by Commissioner Williams, and meeting adjourned.

  
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Debra Douglas, Chairman

  
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Paul J. Holloway, Commissioner

  
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J. Christopher Williams, Commissioner

Respectfully submitted, Carmela Nolin