

New Hampshire Lottery Commission
14 Integra Drive, Concord NH
Minutes of Commission Meeting
June 25, 2020 · 11:00 a.m.

Commissioners:

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

Lottery staff in attendance:

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

Others in attendance:

Kristen Paré, Intralot	Rich Parsons, RYP	*Others attended by teleconference, and by the nature of that platform, not all participants are identifiable.
Ryan Sahr, Intralot	Peter Bragdon, PretiStrategies	
Lyndlee Hayes, GYK Antler	Tyler Clark, PretiStrategies	
Taylor Yianokopolos, GYK Antler	Jim Rafferty, River Casino	
	Rick Newman, NHCGOA	

Chairman Douglas called the meeting to order at 11:05 a.m., which was held by Webex and telephone teleconference platforms, and attended remotely by Commissioner Williams, staff, and guests.

1. ACCEPTANCE AND SIGNING OF PREVIOUS MINUTES

Chairman Douglas sought a motion to accept the May 8, 2020 meeting minutes. Commissioner Holloway so moved, and was seconded by Commissioner Williams. All in favor, meeting minutes were approved unanimously.

2. FINANCIAL REPORTS

- a. Chief Financial Officer Jim Duris delivered the May financial report in the wake of the COVID-19 close-downs. Overall, sales increased slightly year to date over last year, with gains of 17% in instant sales and 108% in iLottery. Keno fell off sharply due to restaurant and bar closures. Powerball and Mega Millions sales are \$6.3 million lower than projected which has offset any gains by the other product lines. Sports betting contributed \$168 thousand for the month, which reconciled to \$112 thousand after receivables were factored in. Year to date sports betting net revenue totals \$1.9 million.
- b. Lottery transferred \$8.3 million to Education for the month, which is \$200 thousand more than May, 2019. To stay on target for the year-end, we will have to transfer \$9 million in June.
- c. Accounts Receivable are in line with projections; Tri-State receivables have been accumulating. Advertising expenses are lower than projected due to the hold on promotions, and indirect costs were billed early in preparation for year end. The FY 2019 audit invoice from the State has come in at \$98 thousand, and includes an expense billed by independent auditors KPMG. The retirement expense has doubled due to sick leave that has become available to eligible

employees and is now counted as a liability. The Council for Responsible Gambling now appears as a new line item as they have submitted their first expense.

- d. The audit team from the Legislative Budget Assistant has met with us to initiate the FY 2020 audit. They will conduct much of their work remotely instead of setting up an office at headquarters; and will send a list of documents they'll need to scan to PDF for their review.

3. SALES AND PRODUCT DEVELOPMENT

- a. Chief Product and Program Officer Kelley-Jaye Cleland reported that sales with iLottery and instant tickets have increased over the last several weeks. iLottery has resumed the launch schedule of a new game every two weeks, and as of this date we have exceeded the fiscal year's revenue goal by 23%. There are many enhancements in the works for the platform; and we will soon launch a \$20 progressive Fast Play game and Tri-State Gimme 5 will go from three to five draws per week to reinvigorate the game.
- b. Ms. Cleland referred the Commission to RSA 284:21-s in their product and sales report which describes the retailer incentive program. She requested a motion to expand the incentive to include instant ticket sales, which currently only rewards retailers for draw based game activity. Motion was made by Commissioner Holloway and seconded by Commissioner Williams; all in favor, motion carried. As a further explanation, this expansion would be an additional cost to the agency, but remains a good incentive and reward program for our retailer partners.
- c. The Lottery Sales Representative (LSR) bonus program, RSA 284:21-f, must have the goal percentage approved by the Commission. There was m discussion over the rate, which is currently set at 5% annual growth. Ms. Cleland and Director McIntyre proposed 6% for the base and 9.6% (60% over base) for double-bonus. Commissioners Holloway and Williams are not in favor of raising the goal, which they believe de-motivates the staff. Discussion and debate continued for several minutes, and Chief Compliance Officer John Conforti clarified that the rate can be set at the first meeting of the new fiscal year, which allows the Commission time to evaluate the plan. Commissioner Holloway moved to table this discussion to the next meeting; Commissioner Williams seconded and all were in favor.
- d. The instant ticket contracts with our two vendors will be due for extensions next year, July, 2021; renewable for two periods of one year. Ms. Cleland requested a motion to start negotiating with the vendors now, as there may be options and products we wish to add to our current contracts. Commissioner Holloway moved to allow negotiations, and Commissioner Williams seconded; motion carried unanimously.

4. MARKETING

- a. Maura McCann, Marketing Director, reported that there are currently three active marketing campaigns: the #603PRIDE ad will slowly come off the air, replaced by the Play Your Way series, and soon there will be a tie-in promotional campaign for iLottery. She complimented GYK Antler's work on new animated jackpot alert ads, which promote playing online.
- b. iLottery acquisition efforts continue with email and popup offers for first time depositors. In July, these will continue with generous offers for free games and the launch of video ads with promotional codes.
- c. The DraftKings section of our sports betting website pages will get a boost to include more content and soon will list the retail sports book locations. Development of Sports 603, Intralot's parlay wagering platform, is coming along.

- d. The contract for legal and trademark services with McLane Middleton LLC was recently approved by the Governor and Executive Council. The advertising contract is up in June, 2021. In preparation, a request for proposal will be released this fall; which will contain a much wider scope of products given the dramatic expansion of programs and platforms.
- e. Chairman Douglas referred to the previous meeting's minutes; where several organizations had approached Lottery for sponsorship. Ms. McCann confirmed that the Keene Swamp Bats and Manchester Fisher Cats have cancelled their season. We will be sponsoring the New England Dragway, and the annual the Teacher of the Year school bus race will take place on August 1. The New Hampshire Motor Speedway sponsorship will include promotion of the DraftKings app for the August 2 race via their mail list and to the 18 thousand fans allowed inside the track.

5. TRI-STATE

Ms. McCann summarized the Tri-State Commission's June 5 meeting which included a review of Commission's long term investment portfolio. Megabucks was reviewed and approval was given to adjust the roll increments based on sales as well as allowing member states to sell the game through online lottery platforms. Gimme 5 will change from three to five draws per week starting on July 13, and will be promoted in August with a chance to win cash prizes for multi-draw purchases. The Big Spin multi-channel instant game is progressing toward launch: Maine sales will start on September 3, and Vermont and New Hampshire will follow later that month. The responsible gambling public service announcement which will be used by the three states (and costs for which are shared) is slated to film on July 15 and be ready for the August 14 meeting.

6. COUNCIL FOR RESPONSIBLE GAMBLING

The Council met on June 24 and elected Ms. McCann as the Council Chair. The members of the Council are all uniquely qualified in the field of gambling addiction and its treatment. Among the concerns of the Council is the lack of resources in the state, including the number of Gamblers Anonymous groups, and inclusion of gambling as part of addiction screening. A request for proposals for addiction services is being prepared, and once reviewed by the Attorney General, will be distributed statewide. The group will meet regularly each quarter.

7. COMPLIANCE

- a. Valerie King, Director of Racing and Charitable Gaming, sought a motion to adopt Lot 7000, Bingo Rules which approved by JLCAR at the June 19 meeting. Commissioner Holloway so moved, and was seconded by Commissioner Williams. All in favor, motion carried.
- b. Ms. King requested another motion to adopt Lot 7100, Lucky 7 Rules, which was met with some animated discussion by JLCAR, but also passed at the June 19 meeting. Commissioner Holloway made the motion and Commissioner Williams seconded. Motion passed unanimously. Ms. King noted that there are no pending rules changes, and any future ones would be housekeeping and renumbering from Pari to Lot.


8. OTHER

Director McIntyre and Chief Operations Officer Lynda Plante reported to the Commission that additional office space has been identified at 53 Regional Drive in Concord. This space will accommodate up to fifteen employees after a fit up; Mr. Duris noted that the lease price is fair and comparable to other properties in the area. This must go before Governor and Executive Council for their approval, and is planned to be submitted for a meeting in August.


9. NEXT MEETING

The next meeting will be held on July 23 at 10:00 a.m. in Concord, with limited personal attendance and by teleconference. *Editor note: the meeting date was later changed to July 30 at 10:00 due to a scheduling conflict.*

Chairman Douglas requested a motion to adjourn, which was made by Commissioner Holloway and seconded by Commissioner Williams. All in favor, motion carried and the meeting was adjourned at 1:07 p.m.



Debra Douglas, Chairman



Paul J. Holloway, Commissioner

Respectfully submitted, Carmela Nolin