

New Hampshire Lottery Commission

14 Integra Drive, Concord NH
Minutes of Commission Meeting
June 27, 2022 – 10:00 a.m.

Commissioners:

Debra Douglas, Chairman
Andy Crews, Commissioner
Erle Pierce, Commissioner

Lottery Staff in Attendance:

Charles McIntyre	Kelley-Jaye Cleland	Maura McCann	Lynda Plante	Valerie King
James Duris	Danny Maloney	Carmela Nolin	John Conforti	Richa Yadav

Chairman Douglas called the meeting to order at 10:03 a.m. Public attendance available in person and via Microsoft Teams Meeting. Commissioner Pierce was congratulated on his recent wedding.

1. ACCEPTANCE AND SIGNING OF PREVIOUS MINUTES

Chairman Douglas requested a motion to accept the minutes of the May 31, 2022, meeting. Commissioner Crews moved to accept, seconded by Commissioner Pierce. Motion passed 3-0. Minutes accepted and signed.

2. FINANCIAL REPORTS

- Chief Financial Officer, James Duris, reported on the May financial report. Sales for the period decreased \$3.6 million over the same period a year ago. Instant ticket and Mega Million sales each decreased by \$1.9 million, iLottery sales increased \$0.6 million over the same period. All other games were substantially in line with May 2021. Year to date, sales have increased \$17.7 million. Instant ticket sales have increased \$1.4 million year to date. Keno, Powerball, Lucky for Life and iLottery have all experienced increases this year.
- May was a good month for sports betting. Mobile had handle of \$60.9 million and revenue of \$2.6 million. This was an increase of \$27.6 million in handle Retail had a strong handle of \$15.3 million but disappointing revenue of only \$65,000. Year to date, sports betting revenue is \$17.9 million for mobile and \$3 million for retail, an increase of \$5.8 million over FY21.
- Racing and Charitable Gaming saw an increase of \$114,000 over the previous year. To date, RCG has generated \$1 million more than last year due to an increase in Games of Chance. The first historic horse racing revenues were \$18,000. This represented 3 days of activity in April. Commissioner Crews asked about the reporting from these machines. Chief Compliance Officer John Conforti answered that we get daily reports from each manufacturer for each location.
- Transfer to the Education Trust Fund for the month was \$12 million. Lottery has transferred \$134 million year to date, which is ahead of the estimate of \$118 million. Mr. Duris discussed the process for year-end transfers. Lottery will do an estimate at the end of the month and will wait as long as possible to ensure the estimate is accurate and we do not transfer more than we earn.
- Vendor fees remain higher than previous year, primarily due to increased iLottery sales. An interest estimate was removed from the balance sheet as a minimal interest payment was received from Treasury. Mr. Duris indicates that he is not likely to estimate interest going forward. Operating Expenses were in line with prior months with the exception of some office expenses to purchase more cubicle partitions.
- Chairman Douglas and Commissioner Crews questioned the increase in advertising expenses. Mr. Duris and Marketing Director Maura McCann answered that the increase was the result of timing on invoices and the increased PO for the year.
- Commissioner Pierce made a motion to accept the financial reports, seconded by Commissioner Crews, the motion was passed 3-0.

3. SPORTS BETTING

- Director of Sports Betting, Danny Maloney, reported that May had been a very strong month producing the third highest state revenue ever. Baseball became the top sport as there are fewer NBA games available. Foreign basketball leagues have also seen an increase as we enter the quiet time of the sports calendar. Mr. Maloney reported that hold had rebounded to a more expected number and was in line with other Northeast states. Retail numbers were blunted by VIP play that had a good read on the Celtics games.

4. SALES AND PRODUCT DEVELOPMENT

- Chef Product and Program Officer, Kelley-Jaye Cleland, reported that iLottery saw an increase in the average deposit per user after the jackpot run. Additionally, we saw a strong rate of retention (25%) of draw game players after jackpots were hit. Additionally, we have seen a strong percentage of auto-renewal customers (19%) for draw games.
- Ms. Cleland stated that the Lottery is starting to see the mobile play drive players to iLottery to make deposits. Chairman Douglas asked about future enhancements with the application. Ms. Cleland reported that we are looking at developing a scope of work for a future sole source contract with the existing app developer to allow for a number of enhancements including in app play.
- Ms. Cleland acknowledged that Fast Play sales are lower due in part to the timing of progressive jackpots. These jackpots have been replenished in June and we have seen stronger sales numbers as a result. Keno sales were also lower in May, likely due to a number of factors including staffing shortages forcing restaurants and bars to limit hours. Keno at retail is still waiting for the Governor's signature, which is expected.
- Instant games are struggling to compare to the historical FY21 but are still relatively strong as compared with other recent years and our goal. Commissioner Crews asked about the impact of higher gas prices. Ms. Cleland indicated that there was anecdotal evidence of some behavior change, including the possibility of players moving to lower price points. She notes, however, that the core players are still playing and that we have seen strong sales at the \$25 price point.
- Ms. Cleland reported on future developments including the addition of Lucky for Life to iLottery in the fall, a retailer affiliation program through QR codes, and the termination of the subscription program when Megabucks is added to iLottery.

5. MARKETING

- Director of Marketing, Maura McCann, reported that the Lottery had preliminary meetings with GYK Antler to plan for FY23. GYK will be doing an advertising shoot shortly at Pawtuckaway State Park which will include the updated jackpot alert campaign. The screaming goat will be getting a well-earned retirement. Lottery is currently supporting dual jackpots for Mega Millions and Powerball. Marketing support for the mobile application has been successful with over 25,000 downloads to date.
- Ms. McCann noted that sponsorships are in place with NHMS for race week which will be partially supported by DraftKings. There are also ongoing promotions with the Fishercats and other minor league baseball teams in the state.
- Commissioner Crews asked about decreased web traffic and the "quality of users." GYK identified that some users are now using the app to check winning numbers, reducing website traffic. GYK is better targeting ads to high value players.
- Commissioner Crews also asked GYK for information on how they are navigating the changes with Google analytics. GYK promised additional information at a future meeting.

6. TRI-STATE REPORT

- Ms. McCann reported that the group received an excellent presentation from US Bank on investments. Tri-State also approved distribution of \$1.5 million from the expired unclaimed prize fund to be given to players. These funds are distributed pro-rata based on tri-state sales.
- Big Country Cash game is nearly all sold. Tri-State received vendor presentations on a new scratch ticket for consideration.
- Launch date of September 18, 2023, has been agreed to for the Megabucks game change.
- Next in-person meeting for Tri-State is tentatively set for November 2-3 in Burlington, VT. That meeting will be used to review new promotional structures and to listen to presentations on a Megabucks brand refresh.

7. OPERATIONS

- Chief Operating Officer, Lynda Plante, reported that we have one new employee joining July 1. We currently have several positions that remain open and in recruitment. Ms. Plante also noted that we have had substantial staff development including 7 employees who graduated from the State of New Hampshire supervisory academy, and Carmela Nolin is utilizing tuition reimbursement and has a 4.0 GPA. Employees also participated in a Know Your Numbers clinic.
- Physical plant changes include the new signage and the sealing and re-striping of the parking lot.

8. COMPLIANCE

- Director of Charitable Gaming, Valerie King, asked the Commission for a motion to submit the final proposal for Lot 700, Employee Recognition Program. Motion by Commissioner Crews, Second by Commissioner Pierce. Motion passes 3-0.
- Commissioner Pierce asked about the Charitable Gaming report and the distinction of games with chips w/value and chips without value. Chief Compliance Officer John Conforti explained the different ways that games are categorized for tax purposes. Commissioner Pierce further asked why the numbers are down for April. Mr. Conforti explained that he did not have any specific information on why taxes were down for April but over the long term the industry is on a slight upward trajectory. Mr. Conforti indicated that he will provide more information at the next meeting.
- We remain at 2 HHR licensees with 4 license applications pending.

9. NEXT MEETING

The next meeting will be on July 26, 2022, at 10:00 a.m. at Lottery Headquarters.

10. NON-PUBLIC SESSION

At 11:45 a.m., Chairman Douglas entertained a motion to enter non-public session per RSA 91-A for the purpose of discussing personnel issues. So moved by Commissioner Pierce and seconded by Commissioner Crews. Upon a roll call, Commissioner Crews, Commissioner Pierce, and Chairman Douglas were present. Motion passed 3-0.



 Debra Douglas, Chairman



 Andy Crews, Commissioner



 Erle Pierce, Commissioner