

NEW HAMPSHIRE LOTTERY® COMMISSION
14 INTEGRA DRIVE, CONCORD, NEW HAMPSHIRE 03301
MINUTES OF COMMISSION MEETING
July 11, 2017, 9:30 a.m.

Commissioners:

Debra Douglas, Chairman
Paul J. Holloway, Commissioner

Lottery staff in attendance:

Charles McIntyre	Katie Brown	Valerie King	Adam Hopkins
Lynda Plante	Kelley-Jaye Cleland	Sudhir Naik	James Downey
Cindy Baron	Maura McCann	Cammy Nolin	Steve Johnston

Others in attendance:

Travis York, GYK Antler	Ryan Sahr, Intralot	Jim Bouley, Dennehy & Bouley
Rose Longo-White, GYK Antler	Kristen Paré, Intralot	Ryan Gloddy, Casablanca Casino
Angela Streba, GYK Antler	Dick Bouley, Dennehy & Bouley	Kurt Mathias, Boston Billiards

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

1. ACCEPTANCE AND SIGNING OF PREVIOUS MINUTES:

Commissioner Holloway moved to approve the June 22, 2017 minutes as submitted; seconded by Chairman Douglas. So voted, unanimous.

2. FINANCIAL:

Chief Financial Officer Cindy Baron reminded the Commission that it is too early for June reporting. Additionally, once the month is closed, the year-end reports will be prepared followed by the Comprehensive Accounting Financial Report (CAFR). Data is shared from the State, which is not released until August, so that impacts our year-end schedule. Ms. Baron reported that, as anticipated at the last meeting, the Lottery Commission transferred over \$73 million to the Education Trust Fund against a plan of \$75 million; a deficit of about \$1.8 million.

It was noted that the funds transfers going forward would be from both Lottery and Racing and Charitable Gaming under a combined accounting unit. Commissioner Holloway inquired if, with the merger, we fill vacancies from within across both agencies. Director McIntyre responded that we do and cited examples; we are filling positions without increasing the staff count. We may need additional staff to support Keno, and Commissioner Holloway inquired where they would go. Director McIntyre said that we are in the midst of a request for information for building space to address that issue.

Ms. Baron referred to the sales report. Commissioner Holloway called attention to the sales at liquor stores and asked why the figures are falling behind. Director McIntyre indicated that the deficit is due to last year's record Powerball and Mega Millions jackpots. He directed the Commissioners to the instant sales figures, which are at a notable high. Director of Sales and Product Development Kelley-Jaye Cleland confirmed that the \$25 is still doing very well, and there are several new \$1 games that have been introduced, as well as a strong \$5 game.

In summary, Ms. Baron expects that the year-end financial reports will be complete after the next meeting.

3. INTRALOT:

Intralot General Manager Ryan Sahr noted the passage of Keno, and assured the Commission that his team is working hard to support us. They are moving on project planning with timelines, and corporate is monitoring their progress. They will be participating in the upcoming NASCAR event for which ticket sales are reportedly doing well. Changes to Mega Millions are on track, and Hot Lotto is on schedule to be replaced by Lotto America in late October.

4. TRI-STATE:

There was no Tri-State Commission meeting this month, therefore Marketing Director Maura McCann has nothing to report.

5. ADVERTISING:

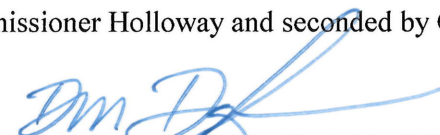
Ms. McCann referred the Commissioners to the Advertising report.

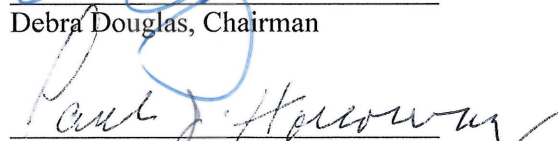
- a. The Vision Critical market research focus group of consumers ("WINnovators") has reached nearly 2,000 participants. Two surveys a month are sent out to the group, and we're seeing an average participation rate of 35% for each one. A recent survey asked how consumers pay for their purchases; the results were split into age demographics, which showed that those born after 1965 carry less cash and would be comfortable using credit/debit cards for their lottery purchases if they could. They further would be most likely to purchase and play lottery games online and on their mobile devices.
- b. Travis York of GYK Antler reported that they have been working hard to reorganize their team based on a new approach to handle New Hampshire Lottery as an e-commerce brand. They are meeting regularly to formulate new creative ideas; changing the business strategy also means changing the marketing strategy. Chairman Douglas asked if they have a plan that they will present to the Commission. Mr. York responded that they should have something by the September meeting. The strategy is on track, but the creative concepts need to be worked out in parallel.

6. OTHER:

- a. Kurt Mathias of Boston Billiard Company in Nashua thanked the Commission for allowing him to speak. He is concerned about the recent \$10 maximum wager bill that did not pass, and suggests that if charitable gaming in the state is to survive, wagers have to rise to be competitive with the large casino opening in Massachusetts. This new casino is already scouting in New Hampshire for employees, which is problematic for Boston Billiard as they are having a difficult time finding the 30 additional staff the facility needs. Further, staff may choose to work in Massachusetts where the minimum bets are higher and workers can earn a higher wages and tips. Mr. Mathias believes that a 50% wager increase (a \$4 bet limit currently in place) would result in an additional \$750K annually. Chief Compliance Officer Sudhir Naik also reported that the fiscal note submitted for the original bill projected a similar figure. Director McIntyre believes that the tabled portion of House Bill 164 will come up again, and it was agreed that the charities would need to rally to support this bill when reintroduced.
- b. Procedures Administrator Valerie King requested approval to submit the proposed Keno rule into the rulemaking process. This process begins by submitting a request for a Fiscal Impact Statement to the Office of Legislative Budget Assistant (LBA), and the subsequent submission of the Rulemaking Notice Form (RNF), which sets forth the public hearing date. Based on the contingency that the governor signs Senate Bill 191 into law, Commissioner Holloway so moved and Chairman Douglas seconded; so voted, unanimous. Based on the prescribed deadlines of these steps, the public hearing was set for Wednesday, August 30 at 9:30 a.m.
- c. Director McIntyre introduced Lottery Sales Representatives James Downey who covers Nashua and surrounding towns, and Adam Hopkins who serves the southwestern region of the state.

Motion to adjourn was made at 10:19 a.m. by Commissioner Holloway and seconded by Chairman Douglas; so voted, unanimous.


Debra Douglas, Chairman


Paul J. Holloway, Commissioner