

**New Hampshire Lottery Commission
14 Integra Drive, Concord NH
Minutes of Commission Meeting
November 20, 2020 - 10:00 a.m.**

Commissioners:

Debra Douglas, Chairman
Paul Holloway, Commissioner
H. Andy Crews, Commissioner

Lottery staff in attendance:

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

Others in attendance:

Rick Newman, NHCGOA
Jim Rafferty, NHCGOA

*Additional guests attended by teleconference, and by the nature of that platform, participants are not identifiable.

Chairman Douglas called the meeting to order at 10:00 a.m., which was held in person and by teleconference.

1. PUBLIC HEARING: LOT 7300, UNLAWFUL GAMBLING MACHINES

Chairman Douglas opened the meeting with a public hearing regarding Lot 7300 rules for Unlawful Gambling Machines. First to give testimony was Rick Newman representing the New Hampshire Charitable Gaming Operators Association (NHCGOA). He is in support this rule on behalf of the association, which sees it as an important step toward ensuring that illegal and unauthorized gambling is not conducted in New Hampshire. Next to speak was Jim Rafferty, president of the NHCGOA and owner/operator of The River Sports Bar in Nashua, a charitable gaming facility. He also spoke in favor of the rule and noted that the agency has done much to regulate and inspect charitable gaming operations. He believes that all businesses around the state should be held to the same rules, ensuring that revenues go to charities. Seeing no one else to offer testimony, Chairman Douglas closed the hearing.

2. ACCEPTANCE AND SIGNING OF PREVIOUS MINUTES

Chairman Douglas requested a motion to accept the minutes from the October 22, 2020 meeting. Commissioner Holloway so moved and was seconded by Commissioner Crews; all in favor, minutes were accepted unanimously.

3. FINANCIAL REPORTS

- a. Chief Financial Officer Jim Duris noted that his report month to month is following the same positive pattern showing increased or level sales across products. Financials for October increased by \$5.4 million over the same period last year attributed to instant, e-Instant, Keno,

and Fast Play sales. Year to date sales have increased \$21.5 million, bolstered by growth of over \$14.0 million in instant ticket and \$3.7 million e-Instant sales.

- b.** Mobile sports betting revenue reached \$1.6 million in October, and \$3.8 million fiscal year to date; the handle in October was just over \$40 million. This revenue figure includes the allowance for promotional expense, which will get trued up at the end of the calendar year. The retail sports betting handle was \$6.8 million total from both locations. The net income came to \$210 thousand for October.
- c.** Racing and charitable gaming increased \$125.8 thousand led by Games of Chance, which is \$353.0 thousand over last October, year to date. Racing and Bingo/Lucky 7 have had modest growth.
- d.** Lottery transferred \$11.1 million to Education for the month, which is above plan by \$2.6 million. Year to date, we are ahead of plan by \$4.3 million. The cost of sales which seemed high last month were re-evaluated, and Mr. Duris confirmed that it was in line with the volume of sales at that time, and cost of sales has returned to more typical levels.
- e.** In review of our accounts receivable, Mr. Duris noted that two locations which closed during the pandemic have been added to the delinquent list, which was previously cleared up. Tri-State Lotto receivables are still growing and we expect to get our disbursement in December. Other accounts receivable include the sports betting revenue which are accrued every month. Expenses are in line with expectations, and now includes rent for 53 Regional Drive. Supplies expense was high for the month due to the annual purchase of shipping supplies; the Maintenance expense also reflects the set-up cost for fixtures at the Regional Drive location.
- f.** Commissioner Douglas inquired about adding Sports Betting to the Sales Report and possibly reformatting the layout. She noted that the retail sports betting handles are up over last month and asked how they are performing in general. Both Mr. Duris and Director McIntyre responded that the two locations are significantly above what was anticipated given their locations and clientele. Commissioner Holloway added that the majority of visitors to the Seabrook location appear to be from out of state.

4. SALES AND PRODUCT DEVELOPMENT

- a.** Chief Product and Program Officer Kelley-Jaye Cleland referred to the October Sales and Product report. Starting with iLottery, October was our best month since launch, and November so far is holding strong. Deposits were about \$2.6 million with net gaming at \$1.9 million, and there is great collaboration between all teams which is supporting this growth. Fast Play continues to be successful, and its sales seem to follow the jackpots. Instant sales are declining a bit this month, but trends show that they should bounce back for the holidays, particularly with Marketing's efforts to promote new games for both traditional and iLottery channels. Keno remains steady, but we are monitoring conditions and safety at retailers as the pandemic continues.
- b.** Product and program enhancements include regular launches of instant tickets as well as bi-weekly introductions of new e-Instant games, players are liking and responding to the new content. Fast Play is performing at or above average and we continue to monitor trends.
- c.** The sales office resumed limited cash transactions with full-book ticket sales and subscriptions, and has installed an additional vending machine stocked with all holiday tickets.
- d.** Ms. Cleland noted that there are continued challenges with some retailers who are not following safety protocol and we are strongly encouraging them to adhere to the statewide mask mandate that has been enacted.

- e. Chairman Douglas asked about Marcus Thomas, as noted in the Product report. Ms. Cleland explained that they are the vendor with whom Intralot is working to develop a player app. This project has been in discussion for over a year, but has not yet come to fruition. Chairman Douglas then noted that The Big Spin instant ticket is doing exceptionally well and praised Marketing Director Maura McCann for advocating for the product. Ms. Cleland agreed; the retailers and players are enjoying it, and it's great offer another Tri-State product to New Hampshire.
- f. Ms. Cleland reviewed that omni-channel performance of Halloween Extreme and Frosty Fun. It's still early for results of Frosty Fun which offers both new and existing players free \$5 iLottery bonus, but we are seeing that both new and existing players are taking advantage of that offer.
- g. Commissioner Holloway expressed concern over the Lucky for Life sales performance and asked what the plan is for that game. Director McIntyre responded that the game is going to move to daily, following the model of Cash for Life, which is played in other jurisdictions. Due to the change of the Powerball draw schedule in August, we don't have an exact date of when Lucky for Life will go to daily as the roll out for both games is big lift for all lotteries.

5. MARKETING

- a. Marketing Director Maura McCann referred to her report and noted that the colors red and green will dominate our advertising through the holidays. Television and radio advertising for The Big Spin, as well as holiday promotions, will pick up to support those products and iLottery. Upcoming promotions for iLottery include Cyber Monday and Merry Monday series; and we're seeing engagements from both new and existing players.
- b. In the event of rolling jackpots for our two big games, we are prepared to promote them with jackpot alerts. We expect this to attract new iLottery players for the convenience of purchasing online.
- c. The one year anniversary of the launch of sports betting is coming up; we're working with all our partners to plan a fun virtual promotion. This would happen the first or second week of January.
- d. Ms. McCann addressed Commissioner Crews' previous question about web traffic. The winning numbers, home page, and iLottery games, in that order, are our three most visited pages. Traffic has grown by 40% year over year to the website in general, and iLottery visits have increased 133%. Commissioner Crews inquired what our new strategy for the iLottery email campaign is. Ms. McCann explained that we have been sending direct email offers to our remaining database of Replay customers and the responses have dwindled. Our new campaign will be a last-chance offer of e-Instant and scratch tickets over the next several weeks, which will get more urgent in tone of a last-chance offer with each successive email.
- e. In closing her report, Ms. McCann repeated how pleased we are with the success of The Big Spin, and acknowledged the hard work of Ms. Cleland and her team. Tri-State is looking ahead to 2021 and the next product we can collaborate on.

6. COMPLIANCE

- a. Chief Compliance Officer John Conforti reported first on the Licensing and Enforcement division. Two new investigators in Enforcement round out the staff and are out on their own building relationships with the game rooms, and are working alongside the Audit team. We are nearing the end of the biennial audits of all the rooms and it's going well.

away. Our Attorney General's office sees a few possible outcomes depending if the remaining two judges' opinions are unanimous or in opposition to each other. And the timeline has become more uncertain; he later noted that the more time goes by, the less likely it is that Judge Torruella left a draft of his opinion.

- c. Mr. Conforti introduced Sports Betting Director Danny Maloney to give a more nuanced picture of sports betting activities behind the financials. Mr. Maloney noted that the September hold (revenues) was impacted by many favorites winning which is generally not good for the house. In October, the hold bounced back; so there is an ebb and flow month over month, and in the annual view should be relatively level. The top three sports getting the majority of action are NFL, NCAA, and the World Series. College basketball returns next week, and NBA is scheduled to return in December. Mr. Maloney noted that table tennis is still going strong and apparently is not a fad; it props up the big sports and keeps players interested. The retail sports book handle has been exceeding expectations and the locations are doing a great job attracting players. Chairman Douglas requested that a summary distilled from detailed weekly data be given at meetings going forward. Commissioner Crews would like to know how sports betting has impacted other activities at the sports books since launch. Director McIntyre had been given a figure of 3% lift to hospitality at Filotimó, but believes it might be higher by now.

7. OTHER

Director McIntyre noted that we were called upon to testify during the Governor's phase of the budget with regards to our own budget. Due to the makeup of the Legislature, we don't anticipate any surprises going forward as gambling is politically in the middle for both parties. Finally, there are a number of bills being drafted that will affect the agency, and Director McIntyre will brief the Commissioners as the bills get filed. .

8. NEXT MEETING

The next meeting will be on January 21 at 2:00 p.m. which will be by teleconference.

Commissioner Holloway sought a motion to adjourn, seconded by Commissioner Crews; motion passed and the meeting was adjourned at 10:53 a.m.



Debra M. Douglas, Chairman



Paul J. Holloway, Commissioner



H. Andy Crews, Commissioner

Respectfully submitted, Carmela Nolin