

New Hampshire Lottery Commission

14 Integra Drive, Concord NH
Minutes of Commission Meeting
September 30, 2021 · 1:00 p.m.

Commissioners:

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

Lottery staff in attendance:

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

Others in attendance:

Curtis Barry, Castle Hill Gaming	Taylor Bengtson, GYK Antler	Tom Leccese, Chasers
Ben Cambra, Castle Hill Gaming	Travis York, GYK Antler	Alicia Preston, NHCGOA
Peter Bragdon, PretiStrategies	Jeff Newman, GYK Antler	Jackson Bouley, Dennehy & Bouley
Jeff Clifford, Exacta Systems	Jamie Timbas, GS Poker Alliance	Jim Bouley, Dennehy & Bouley
Adam Schmidt, JG Strategies	Kristen Paré, Intralot	

Chairman Douglas called the meeting to order at 10:00 a.m., which was held at Lottery Headquarters.

1. ACCEPTANCE AND SIGNING OF PREVIOUS MINUTES

Chairman Douglas requested a motion to accept the minutes from the August 26, 2021, meeting. Commissioner Crews so moved, Commissioner Pierce seconded, all in favor, minutes were accepted.

2. FINANCIAL REPORTS

- Chief Financial Officer Jim Duris presented the August financials, and reported an increase of \$3.2 million compared to the same period last year. Keno saw the biggest growth of \$1.0 million and instant ticket, Powerball and Mega Million sales had modest increases. Year to date, sales have increased \$13.9 million over last fiscal year. Instant games have grown over \$7.2 million for the same period and all other games have increased compared to last year.
- Mobile sports betting revenues for the month totaled \$0.9 million, or \$1.7 million fiscal year to date, with a handle of \$29.6 million for the month which includes the adjusted allowance for promotional expense which being accrued monthly. Handle at retail was \$6.7 million, with net income of \$43 thousand for August.
- Racing and charitable gaming revenues for the month of August increased \$167 thousand over the same period last year. Year to date, games of chance has grown \$197 thousand over last year, though Bingo and Lucky 7 and cash receipts have had modest decreases.
- The August transfer to Education was \$7.8 million, which was below the target of \$10.5 million. Transfers year to date are \$17.2 million, which is also below our projection of \$20 million. Because of the higher sales, the cost of sales are running higher, commensurately. Vendor fees are also

higher as a result, and have been adjusted due to prior understated months. Commissioner Crews inquired about the split of vendor fees, and Mr. Duris responded that the iLottery feels are at a higher rate than other vendors; the percentage is twice that of traditional lottery products. Draw based games are calculated on gross gaming revenue, where the traditional games are net revenue. Discussion followed regarding the mix of products and vendor fees across the different platforms.

- Accounts receivable shows a negative line item for MUSL because the money that came in for prizes is being paid out again. Operating costs have increased by \$409 thousand over last year to date, due to increased staff and payroll costs, the purchase of five new vans to replace older vehicles in the fleet, and the update of security equipment for the building. Both the fleet and security upgrade will be capitalized at the end of the year with the appropriate depreciation. SWCAP expenses are being estimated as the state is improving how they're calculated. And finally, the delinquent accounts are at zero.
- Chairman Douglas requested a motion to approve the financial report; so moved by Commissioner Crews and seconded by Commissioner Pierce; motion passed unanimously.

3. SPORTS BETTING

Danny Maloney, Director of Sports Betting broke down the relatively slow activity in August which was driven by baseball; on mobile there's some activity with table tennis staying reliably active. Commissioner Douglas asked if golf is gaining popularity, and while the PGA is supporting it, there are ways to cheat the system with broadcast lags from the events that they need to address first. The handle in August was not great, but the profit reached \$723 thousand and the hold was on the low side at 4.39%. This should level out over time as diversity in the games have already started picking up this month.

4. SALES AND PRODUCT DEVELOPMENT

- a. Chief Product and Program Officer Kelley-Jaye Cleland reported on August's activity:
 - We have positive momentum in iLottery with a 21% increase over July in first time deposits thanks to the jackpot run. The Sales and Marketing teams are analyzing the results to understand where we can improve promotions, determine our return on investments, and refine tactics.
 - Online sales of Gimme 5 has added visibility to the game overall. There has been a very slight dip in retail, but we will address that with promos to stimulate in-store sales. Lucky for Life sales have increased almost 55% since the game moved to seven days a week, and is up 34% year over year.
 - Fast Play has had amazing growth: the sales so far this fiscal year exceed our FY 2018 total sales by 13%. The new player app will give players the Fast Play QR codes which they scan at retail to play. New games will be launching throughout the year, including progressive games.
 - Instant ticket sales are still up 5.6%, but we are pulling away from last year's numbers a bit and we have work to do.
 - We had a Keno promo last month and need to analyze the results. Sales are dipping slightly, but we're holding steady at an estimated \$54 million for the year. Director McIntyre noted that we are 42% above our projections from our original fiscal impact estimate, and went on to report that Ways and Means has approved an expansion of the game to convenience

stores in towns and cities that have already passed it (those locations will not have a Keno monitor). Further, the city of Portsmouth is holding the required public hearing for their Keno ballot item on October 4, and Ms. Cleland will go to answer any questions from the Council or public. Dir McIntyre will be going to Nashua the following week for the Board of Aldermen's required public hearing for sports betting retail locations which is on their November ballot.

- b.** Ms. Cleland updated the Commission on the development of several new initiatives:
- Commissioner Crews inquired about the progress of hiring a new sales manager. Ms. Cleland responded that we have a number of positions open, and some great candidates have been identified, but she would like to expand the search externally before moving to second interviews.
 - The CRM vendors should have been considered by the Governor and Council yesterday, but the meeting was cancelled due to a political protest. We hope to have it re-heard at the next meeting. The player app is being tested and is making good progress; it has many features our players will love. NPi is planning a release for iLottery this week, and the Scientific Games inventory management transition is in full swing with Finance, the warehouse, sales, and software development all testing the new software. We're close to having a site director hired by SciGames, and they'll have to hire some Tel Sell staff to round out the team.

5. MARKETING

- Marketing Director Maura McCann noted both the Mega Millions and Powerball jackpots are "dueling" and we're vigorously advertising the games. Powerball has had a spike and we're ahead of our neighboring states in sales for that game. GYK has done a great job working with DraftKings with assets and planning offers for new players. We have locked in DraftKings advertising for three years on WMUR including a sports ticker during the sports casts. This advertising cannot be bumped even during political advertising seasons – it's "not pre-emptible."
- A video of The Big Spin event in early September will be released soon. Our next event will be to draw semifinalists in our \$20 Double Diamond Spectacular second chance which has a top prize of \$1 million. This is expected to be held at Filótime in Manchester. Next year's Tri-State second chance instant ticket is Big Country Cash, and Ms. Cleland's team is developing the artwork for New Hampshire's version. Maine Lottery is analyzing the results from the Tri-State Megabucks survey, and we're waiting on their report. On the horizon is the Tri-State multi-state Fast Play game, which we know our players will love.
- Our web activity July to August saw 21 thousand more visitors to our home page, 31 thousand more visitors to our winning numbers page, and 4 thousand visitors to iLottery. This was all before the jackpot run, so September's numbers should be even stronger. We gained over 2,400 new players, and 2,000 first time depositors. Marketing, GYK, and NPi are working on a quarterly acquisition plan, developing deposit-based offers. A 24-hour cash match offer ran in promotion of iLottery's third anniversary and was hugely successful.
- Creative projects include the "Where the Money Goes" campaign, "Are You Game?" featuring NH comedian Justin McKinney, and holiday advertising. Our PR coverage has been great with the start of the NFL season and sports betting news – particularly the Buccaneers v. Patriots game.

6. COMPLIANCE

- Valerie King addressed the Commission and presented the Final Proposal for Lot 8200 Historic Horse Racing rules. Chairman Douglas requested a motion to submit the Final Proposal to JLCAR, which was made by Commissioner Crews and seconded by Commissioner Pierce. All in favor, motioned carried.
- Chief Compliance Officer addressed Commissioner Pierce's previous request for charitable gaming revenue figures, and provided a summary for FY 2021 by charitable gaming operator. We will report these figures quarterly, with totals by location and then in aggregate.

7. NEXT MEETING

The next meetings were set for October 25 at 10:00 a.m., and November 23 at 10:00 a.m. at Lottery Headquarters.

Chairman Douglas entertained a motion to adjourn at 11:16 a.m., which was made by Commissioner Crews and seconded, motion passed.



Debra Douglas, Chairman



H. Andy Crews, Commissioner



Erle Pierce, Commissioner

Respectfully submitted, Carmela Nolin