

## **New Hampshire Lottery Commission**

14 Integra Drive, Concord NH  
Minutes of Commission Meeting  
February 25, 2022 · 9:00 a.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	Amanda Hinton
John Conforti	Valerie King	Carmela Nolin	Maureen St.Laurent

### **Others in attendance:**

Travis York, GYK Antler	Paula Maltman, Scientific Games
Taylor Bengtson, GYK Antler	Jeremy Kyzer, Scientific Games

Chairman Douglas called the meeting to order at 9:04 a.m., which was held at Lottery Headquarters.

## **1. ACCEPTANCE AND SIGNING OF PREVIOUS MINUTES**

Chairman Douglas requested motions to accept the minutes from the January 25, 2022 meetings. Commissioner Crews so moved, Commissioner Pierce seconded, all in favor, both sets of minutes were accepted.

## **2. FINANCIAL REPORTS**

- Jim Duris, Chief Financial Officer, reported that sales for January decreased \$16.8 million compared to the same period of the prior year. Instant tickets decreased \$5.1 million, and Powerball decreased \$4.0 million and Mega Millions was \$7.9 million lower than the prior year. Mr. Duris reminded the Commission that there was a Mega Millions jackpot run that reached \$1 billion. Fast Play decreased \$1.1 million, but all other products were steady; fiscal year to date, sales are ahead \$24.5 million, with instant ticket sales growing \$9.6 million over the same period. Keno has increased by \$6.6 million, and Powerball had growth of \$6.7 million.
- Mobile sports betting revenues for January came in at \$3.6 million, which is an increase of \$1.7 million over January of last year. The handle increased for the month and came in at \$81.6 million, which is \$32.2 million over last year. Retail handle was \$18.0 million, and the net was \$396 thousand. Year to date, our revenues are \$12.2 million for mobile, and \$2.0 million for retail; combined, this is \$2.4 million over the prior year to date.
- Racing and charitable gaming revenues grew for the month by \$187 thousand compared to January last year. Year to date, games of chance has grown \$755 thousand over the previous year, and Bingo/Lucky 7 has increased \$109 thousand.
- January's net profit transfer to Education was \$14.5 million, which beat projections by \$3.5 million. Year to date, we have transferred \$87.3 million, which is above projections of \$74.5 million. This is a year to date increase of \$3.7 million.

- Accounts payable is as expected; accounts receivable are running high because of sports betting. DraftKings pays us after the end of the month and their current amount owed is \$3.75 million. Vendor fees are \$2.5 million over last year to date contributed to by the runs on Powerball and Mega Millions. Instant ticket costs have risen \$2.1 million over last year due to the change in inventory program and printing costs. Operating costs are in line, with a slight increase in printing costs for the month due to the calendar expense. Data and credit card processing fees are in line; and advertising has increased, but was expected. Commissioner Crews asked for an explanation of the Tri-State prize expenses. Mr. Duris explained that depending on the amount of ticket sales, the expense pool will fluctuate from week to week, and it's not atypical. Commissioner Pierce inquired what comes under the heading Sales Adjustment; they are promotions, not actual sales.
- Chairman Douglas asked for a motion to accept the Financial report; so moved by Commissioner Crews and seconded by Commissioner Pierce. All in favor, report was accepted.

### **3. SPORTS BETTING**

- Director of Sports Betting Danny Maloney reported on January sales: the month had record handles and record gross gaming revenue. He cautioned the Commission that February is expected to be the opposite, as we had heavy action on underdogs during the Super Bowl. On the positive side, hockey and tennis are picking up steam.
- Combined revenue of mobile and retail totaled approximately \$3.9 million. Our action was a little better on the mobile side, as the VIP players impacted retail a bit.
- Chairman Douglas asked about March Madness. Mr. Maloney noted that it's the second week of March, but players bet on the tournaments as well. NCAA will keep us busy for the whole month, and as New Hampshire doesn't have an allegiance to a particular team, the action is spread. He concluded that we're shifting the liability to DraftKings for events that could significantly impact the state.

### **4. SALES AND PRODUCT DEVELOPMENT**

Chief Product and Program Officer Kelley-Jaye Cleland asked those present to keep in mind the software development team in Ukraine. NPi has gone to lengths to relocate their staff to safer locations.

- The jackpot run in January bolstered iLottery sales, and activity in December was great; we met or exceeded our topline KPIs for the month.
- Our new player app has launched and already has 3,000 downloads for Apple and about 1,500 thousand for Android. Players can enter for second chance drawings by scanning non-winning tickets, and are currently averaging 26 tickets per player. Players can participate in a welcome survey upon registering, and this helps segment them; prizes will be drawn for survey participants after March 31.
- Promotions are being mapped out and a Fast Play promo in April could include buy a ticket, get a free instant ticket.
- Scientific Games presented the sales team with a state of the industry report for calendar year 2021. Some highlights include a dip in \$1, \$2, and \$3 ticket sales, which are down across all lotteries. Some states are launching \$50 instant; Director McIntyre noted that there are a number of states that launched that price point, which is an advantage to the vendors who are

paid off of gross sales. Commissioner Crews asked what the trends are in the markets that offer that price point. While there is a quick lift, the \$50 will cannibalize the lower price points, which often have higher payouts. Director McIntyre remarked that releasing a \$50 ticket (New Hampshire is not permitted to sell higher than \$30) should be the last resort. Ms. Cleland pointed to our overall instant sales and noted how different price points tend to go hand-in-hand, and are affected by the release of higher-priced tickets – our \$25 tickets have the highest payout (79.8%). We are working with Scientific Games to plan out our next calendar year.

## **5. MARKETING**

- Marketing Director Maura McCann reported that iLottery had 4,500 new players register in January, and they're focused on acquisition. On the traditional side, the new Are You Game campaign is now broadcast on TV, radio, digital, and gas station TV.
- The Big Country Cash tickets goes on sale on Monday in New Hampshire. The first of the second chance drawings are expected to take place early this summer, and we're watching Lee Brice's tour schedule to ensure that we choose the most appealing locations for our players. Maine has had their ticket on sale for several weeks and already have collected 15,000 entries for the drawing.
- With the Keno vote coming up in several towns, we have a Keno Power Hour planned for March 3 through March 6 to drive up enthusiasm around the state. Chairman Douglas asked if we have any new retailers, Director McIntyre noted we have approximately 220, and there is a finite inventory of MPs based on the original projections of the product. Adding new equipment at this point in our vendor contract will be prohibitively expensive, so we have to assign MPs carefully and monitor the sales of the existing locations.
- Commissioner Crews inquired how our sponsorships are progressing. Ms. McCann reported that we are still in talks with New Hampshire Motor Speedway; and have settled with the Nashua Silver Knights. The Fisher Cats proposal is under negotiation.
- The current offer by DraftKings is "bet \$40, get \$20," the bonus part of which is covered by the promotional budget; and we acquired over 1,100 new first time depositors.
- Several news outlets requested interviews with Director McIntyre around the Super Bowl; they were all sports betting themed. He was interviewed by Vermont Public Radio; and Boston-based Nightside with Dan Rea, and Bloomberg Radio with Joe Shortleeve. WMUR interviewed him on-site at Filótime on Super Bowl Sunday.
- Commissioner Crews asked why the website year-over-year traffic is down 30%. Ms. McCann attributes it to fewer/lower jackpot runs. Taylor Bengtson of GYK Antler clarified that the decrease is source traffic (paid social), not page traffic, the latter of which is only down 2%. Ms. Cleland added that the winning numbers page, usually our most visited, is expected to see a decrease in traffic due to the winning numbers feature on the new app.
- Finally, Ms. McCann noted the creative for the new \$25 ticket at the end of March has been selected and highlights different areas of the state. Marketing worked with the sales staff to choose the point of sale artwork as well.

**6. TRI-STATE**

Ms. McCann moved on to the Tri-State update, summarizing the brief meeting earlier this month. The Product Development Committee is exploring enhancements to Tri-State Megabucks, as well as offering other games in the future. They are also monitoring what other national games and their potential changes might look like. Director McIntyre noted that Powerball may go international, but there are several considerations that are being addressed as that develops, including patent protection against black market activities.

**7. OPERATIONS**

- Chief Operations Officer Lynda Plante recapped the departments which fall under the Operations umbrella: Accounting, Administration, Licensing, and Facilities
- She introduced two new employees: Maureen St.Laurent, in a new supervisor position leading the Claims team; and Amanda Hinton, not new to Lottery, but new to the position of Games Manager, supervising retailer licensing and subscriptions.
- Positions we are still interviewing for include the business systems analyst, and digital marketing manager. Ms. Plante followed up with the Department of Personnel about participating in job fairs; the ones produced by Employment Security are general in scope, but Personnel is exploring hosting one that promotes State employment.
- Proposals for the building improvements should be provided soon and next steps will be planned for the server room.
- Finally, we will attend the Fiscal meeting next month as our audit findings will be released. Ms. Plante noted the compliment we received from our LBA auditing team, commending Lottery for being so prepared and easy to work with.

**8. COMPLIANCE**

Director of Licensing and Enforcement Valerie King appeared before the Commission to discuss Lot 700, the employee recognition program, which is due to expire this year. A group of stakeholders across the agency was assembled to analyze and revise the rules. She requested a motion of the Commission to be allowed to enter this revised rule and fiscal impact statement into rulemaking. So moved by Commissioner Pierce, seconded by Commissioner Crews. All were in favor, motion carried. Commissioner Crews commended Ms. King and Ms. Cleland for all the work they put into this revision, bringing in the stakeholders, and managing the task well.

**9. OTHER BUSINESS**

- Director McIntyre brought the Annual Comprehensive Financial Report to the Commission's attention, which will be included with the management letter that will go before the Fiscal Committee. He noted that per the preliminary data provided by NASPL (National Association of State and Provincial Lotteries), US Lotteries Ranked by % Change in Total Sales displays New Hampshire as second in the nation behind a state that did not have lottery the previous year.
- Commissioner Crews requested an update on historic horse racing (HHR). Director McIntyre summarized the events as the rules were passed and licensing process has begun. We expect to launch by late spring. One of the HHR machine vendors struck 100% exclusive agreements with a majority of the charitable gaming operators, which translates to a super-majority of the actual business. This represents a monopoly, which is not permissible in New Hampshire and we have been in contact with the vendor. Chief Compliance Officer John Conforti noted that the licensing


and compliance are a heavy lift for both the operators and our teams, and he expects that we will have a better idea of timeline at the next meeting. Commissioner Crews is concerned that there is time between licensing and launch to provide positive support and proper marketing for its success. Director McIntyre stressed that we want to do this right rather than fast. Mr. Conforti and Licensing expect the applications to come in waves as the criteria is expansive.

- Chairman Douglas referred to the report on Charity Allocations and Rentals. She appreciated the data, but was concerned with the range and rates of rents the facilities are charging the charities. Director McIntyre addressed this by noting that our authority only extends to determining whether the rates are comparable with others in that jurisdiction. Commissioner Crews asked about the Charitable Gaming Study Committee's plan; we don't know what they will ultimately do, but they have been provided with this same report. The Commission asked that they be kept aware of developments and noted that they would be happy to testify as well, with the goal of fairness to the charities.

**10. NEXT MEETING**

The next meeting will be on March 24, at 10:00 a.m.; following that, April 21, at 2:00 p.m. at Lottery Headquarters.

Commissioner Crews made a motion to adjourn, which was seconded by Commissioner Pierce, motion passed. Meeting ended at 10:08 a.m.

  
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Debra Douglas, Chairman

  
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Andy Crews, Commissioner

  
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Erle Pierce, Commissioner

Respectfully submitted, Carmela Nolin