

A special meeting of the Board of Aldermen was held Tuesday, September 10, 2019, at p.m. in the Aldermanic Chamber.

President Lori Wilshire presided; City Clerk Patricia D. Piecuch recorded.

Prayer was offered by City Clerk Patricia D. Piecuch; Alderman Jan Schmidt led in the Pledge to the Flag.

The roll call was taken with 9 members of the Board of Aldermen present; Alderman Gidge, Alderman Lopez, Alderwoman Kelly, Alderman Jette, Alderwoman Melizzi-Golja, Alderman Tencza were recorded absent.

His Honor, Mayor James W. Donchess and Corporation Counsel Steven A. Bolton were also in attendance.

COMMUNICATIONS

From: Lori Wilshire, President, Board of Aldermen
Re: Special Board of Aldermen Meeting

There being no objection, President Wilshire accepted the communication and placed it on file.

DISCUSSION

Charles McIntyre, Executive Director of the New Hampshire Lottery Commission re: R-19-162, Relative to a Ballot Referendum to allow Sports Betting within the City of Nashua

President Wilshire

Tonight we will have a discuss with Charles McIntyre the Executive Director of the New Hampshire Lottery Commission regarding Resolution 19-162 relative to a ballot referendum to allow Sports Betting within the City of Nashua. Mr. McIntyre, would you join us please? You can sit in the second seat there because we don't expect her to be here this evening. Right next to Alderman Caron. Thank you for being here.

Charles McIntyre, Executive Director of New Hampshire Lottery Commission

Good evening members of the City Council and Aldermen of Nashua. My name is Charlie McIntyre, I have the privilege of being the Director of the New Hampshire Lottery. I think you folks had received correspondence from my office. And that was more based around the election cycle and when the law was passed. If you folks were interested in hosting a Sports Betting Facility in the City you need to act before the election cycle only because you would lose the rights to over 2 years. The year the election cycles work or the calendar works out, you folks obviously vote in November and the towns vote in the Spring. So the towns would obviously have time to review the matter after it presented; you folks wouldn't.

The Legislature approved Sports Betting during the last Legislative Session in a couple of forms. One of which is a physical sports book. It is limited to 10 locations State-wide. So this is not a type of, like Keno was, where we have 109 locations across the state; you are talking about ten. We are, under the terms of the law, out to bid right now to find a vendor or vendors to help in the Sports Betting process. That process, as you can imagine, is confidential until it is complete and approved by the Governor and the Executive Council. So the questions I can answer are limited because I frankly don't know yet. The responses are not due for a couple weeks and we don't know what is coming in the door yet and obviously we don't want to negotiate in public as to what we are going to do and what we are not going to do.

Those are the very broad parameters. I am happy to answer, Madam President and Aldermen, any questions you may have regarding it and regarding what we expect it to look like in Nashua, if indeed it is approved.

President Wilshire

Thank you. I'll open it up to questions.

Alderman Klee

I introduced myself to you earlier that I am also a State Rep. I was under the impression and I actually spoke last night in favor of this that it was a three-step process. One was to get it on the ballot, one was for the license approval and then once all that happened, then the City or Town would have the additional ability of being able to say yay or nay to whoever it is that gets that license. Am I accurate on that last one?

Mr. McIntyre

You are, just the steps reversed. So you are absolutely right, I'm not sure, Alderman, Representative, take your pick?

Alderman Klee

Alderman today.

Mr. McIntyre

Put it on the ballot obviously for democratic choice; the City or Town, in this case City obviously would vote or yay or nay and then I would imagine in short order we will know where the locations will be or will not be. And then once again you will have an opportunity as sort of your normal licensing process in a City, any business you would have the option then as well.

The citizens will vote for it, saying whether we want it or not as a general concept and then once we know where the folks think these will best be sited, we will come back to you and say this is where they were sited, City of Nashua for example you know, do you grant them the normal business licenses they would need. You know, occupancy permits, business permits and the like; that really doesn't require a City vote, more of your town or city processes for opening a business.

Alderman Klee

OK so that does not necessarily have to come City Council?

Mr. McIntyre

It does not.

Alderman Klee

So I want to clarify that I made that statement that I thought it needed a second Board of Aldermen approval and that may not be the case. I have two more other questions actually. One was the question was the amount collected by the State, I've gone through everything and I remember the discussion in the State House. What percentage or what fee, I know there is a fee for the licensing requirements and so on. But what is the fee that the State will be taking from these organizations.

Mr. McIntyre

So that is to be negotiated. The terms are under the RSA is to be the most beneficial financially to the State. They submit first the technical aspects and then we negotiate financials and then that is approved by the Governor Council. It is estimated for the purposes of budgeting that the second year of the budget will be \$10 million dollars additional which goes to the Education Trust Fund which is by the terms of the Constitution, all of our money goes. If we had a budget, I have to talk in terms of if we have a budget because the terms of the budget which does not exist, the second year is an additional \$10 million dollars which is sent to the cities and towns by the formula for adequacy of which I think we are 18% of adequacy grants. So that gets bumped up \$10 million and that gets spread out by the formula, which we have nothing to do with.

Alderman Klee

Just one more question. This one is kind of more of a broad one and I may put you on the spot a little. Could you explain the mobile sports wagering portion of this? And how that would affect ...

Mr. McIntyre

Certainly this may come as a shock to you, but folks now use their phone to bid on sports. I say this as a former organized crime prosecutor, who spent a lot of times when phones were bookmakers and the like capturing wagering. So it was suggested to the Legislature at the time that the Bill was being debated that if mobile wasn't part of it we would never recapture that which is an illegal market. Which is most of what we are trying to do is not create a new gambling market. It's more a transfer from an illegal market to a legal market and all the consumer protections that come with it, right? Better as a complaint with a bet, they thought they won and they didn't win, what do they do now if it's illegal? Call the Police? They are not going to enforce an illegal bet, but versus now when you can come complain to me directly and if you don't get satisfaction you can call the Governor's Office.

So that's why mobile was part of the Legislation. It is certainly the way folks wager currently by and large. There is obviously no physical sports books. And really when the physical sports books which the Resolution you folks are debating tonight is to create an entertainment environment as well. The Governor has impressed upon me very directly that he wants sort of first class, high end, very nice facilities. This is not to be like the old style R&V's or if you know New York, off track betting was linoleum floors and the crappy lighting. No these are all going to be very nice facilities across the State. So that's the difference if that answers your question Alderman.

Alderman Klee

I just have one follow up. I know it's in HB480 but could you also explain the verification of age that you know the person doing the mobile is, in fact, 18.

Mr. McIntyre

Certainly. We use the, well back up a second; we have a very active mobile product now. It's called I-Lottery, it's lottery tickets you can buy through the Web. We contract with software providers whose job it is to do what is known as KYC, which is Know Your Customer, very high-end software algorithms that guarantee the age of the person. That program has been up and running for a year as of 3 days ago. And we haven't had a single complaint from a parent saying, "I had a charge that was not mine". So surely that's your fear, is your kid gets your credit card, but in order to register an account you have to answer a bunch of questions that a child would not know hopefully in terms of information of the account holder.

Alderman Klee

Thank you so much.

Alderman Dowd

Just a couple questions, at 50,000 foot level, you mentioned a little bit, but what types of places are you looking at? What kind of criteria? And when they are selected is it a year-to-year thing or is it 5 year or is it a licensing, how does that work?

Mr. McIntyre

So it is by contract. One of the reasons we decided to do it as a contract basis is to have closer ties with them. We really want to control marketing to a large extent. One of the lessons we discovered certainly, and I've been in gambling for a long time; like I said first as the Director of Lotteries and then previously as an organized crime prosecutor, so I know a lot about gambling. New Jersey has been spending 10s of millions of dollars monthly on advertising, in fact, that's almost what you see is sports book and the like. We tried to impress upon the Legislature that we didn't want to see that here, we wanted to try sort of control messaging. So we also want to control the facilities that are licensed, and we are looking for high end of sort of sports bar type; entertainment, good food. The ideal thing would be that the sports book is just a side part of an overall robust business where the ideal thing is to sell more food and hospitality. And it is what we have seen with Keno, when we did our research through UNH we found that three quarters of our retailers who sell Keno, replied back that they have an increase in their business on the rest of it, up to 30%. So ideally that's the kind of place we are looking for Alderman.

Alderman O'Brien

I'm also a State Representative just to put that and an Alderman and I did support this Bill when it was up at the House. The main reason in doing so is we have in Nashua, in my opinion, two current places where people can go in for Charitable Gaming. They are well lit, very nice places, you wouldn't believe just for the public knowledge the amount of money that gets turned back to this community and to the Greater Nashua Area that

comes from that facility that we as a City cannot really contribute to some of these worthwhile charities that absolutely need it.

So this Bill here, the reason I supported it, was it would be another door opener, I would imagine if they are not making the bet on the phone that they are going to come physically into the place. And if they have some extra cash on hand, they could immediately open this up and go to their favorite game and play that game, which would enhance the charities that seem to be quite dependent now upon this. So I hope when you look at Nashua you take into account that again if I may remind the State and I say the "State" to you generally that 35% of the State Economy is generated right about in-between Nashua and Manchester. I'm sure you have numbers on Keno, Nashua stepped up to the plate compared to other communities. And thank God the Nashuan has very broad shoulders for the State of New Hampshire.

But the thing is, I see this as a good door opener that will enhance the backdoor would be some of the money coming in would go to the charitable gaming industry.

Mr. McIntyre

So to your point Alderman, certainly as the Chief Regulator of the Charitable Gaming Halls I am remarkably familiar with all of their math. I would also wager, no pun intended, that the amount of traffic going there is mostly Massachusetts plates. I firmly believe retail behavior doesn't know or care about geography. So I would imagine a facility on the border is going to be 2/3 to 3/4 Mass residents and the best kind of money is out-of-state money. Like I said I can't negotiate contracts ahead of time but certainly that's is where our heads are at.

Alderman Clemons

Thank you. Could you describe a little bit more in detail the bidding process? So like if you get, I don't know, like 50 out of the 10 right, you could get 50 to 10 applicants or maybe it's 100, how do you, is there a Committee, or how it selected?

Mr. McIntyre

Certainly. There's a procurement team that is created within our agency that's made up of subject matter experts in various areas. I can't tell you who they are and will evaluate this initial proposal very technical aspects of submission. On the back end, Sports Betting is remarkably complex as you can imagine. It is lots of money moving, it is essentially hedge fund management almost on a real time basis. Once we go through the technical aspects, then we will go after the financial ones and talk to each of the qualified folks saying OK you obviously know what you are doing with Sports Betting, you are going to give us X, you are going to give us X times 2. OK X times 2 is more money. But that will have other characteristics to it as well. Obviously in the RFP we talk about job creation and sort of work force development and other aspects like that. So that is certainly what we will be looking at. Financial, how are you going to behave as a citizen of the State and what is best for the State.

Alderman Clemons

Great thank you.

President Wilshire

Anyone else. Thank you very much for being here this evening. Have a good night.

Mr. McIntyre

Thank you so much, you as well and hope to see you again.

ADJOURNMENT

**MOTION BY ALDERMAN O'BRIEN TO ADJOURN
MOTION CARRIED**

The meeting was declared adjourned at 7:07 p.m.

Attest: Patricia Piecuch, City Clerk