

Illinois Lottery Control Board
Open Meeting Minutes
Wednesday, June 03, 2020 via WebEx

Board Members:

- James Floyd, Chairperson
- Sarah Alter
- Elba Aranda-Suh
- Tarrah Cooper Wright
- Diana Sheehan

Lottery Staff:

- Harold Mays, Acting Director
- Cornell Wilson III, General Counsel
- Jessica White, Deputy General Counsel
- Carol Radwine, Chief Financial Officer
- Amber Chappell, Finance Manager
- Scott Gillard, Chief of Staff
- Joe Weiss, Sales Manager
- Guadalupe Marin, Director's Assistant
- Nora Iniguez, LCB Secretary

Camelot Staff:

- Keith Horton, General Manager
- Andrew Lang, VP Finance
- James Bickford, Chief Commercial Officer
- Kelsey Young, VP Strategy
- Emilia Mazur, VP Corporate Affairs

Other Attendees:

- Kathy Gilroy, member of the public
- Paul Haberstock, member of the public
- Anita Bedell, member of the public
- Byron Peterson, Pollard Banknote
- Mitchell Armentrout, Chicago Sun-Times

CALL TO ORDER/ROLL CALL

Board Chairperson called meeting to order at 10:00am with above board members present to meet a quorum. Lottery staff was introduced by Jessica White and Keith Horton introduced Camelot staff. Board Chairman also welcomed its new board member, Diana Sheehan.

PUBLIC COMMENT

None

OLD BUSINESS

A. Approval of Minutes

Board Chairman asked for a motion to approve meeting minutes from February 14, 2020. Motion was given and unanimously approved and passed.

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NEW BUSINESS

A. Covid-19 Update-Acting Lottery Director

Since the stay at home order in March 2020, the Lottery has instituted the following changes:

1. 85 % of staff is remotely working from home and there are no reported outbreaks.
2. Claim Centers remain closed but winning tickets can be processed via mail or at retail locations.
3. Goal is to open some claim centers and have field staff service retailers within a month.
4. Sales have been trending in a positive direction and are on par with pre Covid-19 weekly sales.
5. There has been an increase in online play through our website and mobile app.

B. Elect New Lottery Control Board Chairman

Board members nominated and motioned to vote in approval for James Floyd to continue his role as Chairperson.

**Update on Agenda not listed-Keeping quarterly meetings scheduled on Wednesdays at 10am. Members agreed on day and time and will consult with secretary on future meeting dates.*

C. Legal Update-Cornell Wilson

1. Lottery is enforcing an operational compliance according to the CDC and IDPH going forward with social distancing and ensuring a return to business is as best as possible with the purchase of masks, gloves, and hand sanitizers for its employees.
2. Licensing and renewal applications will restart and working with our retailers for any outstanding issues.

DIRECTOR'S REPORT

Mr. Horton thanked and acknowledged Lottery staff, Board members, and Camelot staff/vendors in keeping Lottery operations up and running during this unprecedented time with the global pandemic and civil unrest. Introduction was given to newcomers to the board meetings and positions within the Camelot Staff which include Andrew Lang, James Bickford and Emilia Mazur. Mr. Horton stated that Camelot and Lottery are working on a turnaround plan after low sales in FY20 which resulted in an increase for Instants in both January and February but then dropped due to the pandemic.

A. Sales- Andrew Lang

1. FY20-under 10 % below FY19 due to low jackpots in PB and MM, pandemic, and increase in competition such as video gaming terminals. This resulted in \$158M loss in sales in both these games.
2. Covid-19 has resulted in a loss of about \$70M in overall sales in March and April on Instants.
3. There is an increase in competition with the expansion of video gaming terminals across the state.

Questions and comments:

Board members, Alter and Sheehan questioned on the reason for the decrease of iLottery players and how to get new players to not just play once but to increase their momentum. Andrew Lang stated that many players only purchase online when there is a large jackpot and don't purchase ever again. He suggested maybe offering an extra line of numbers when suggesting to players to buy MM or PB. Board chairman James Floyd asked what the plan is for FY21 after a disappointing FY20. Keith Horton stated that Camelot would like the help of Lottery and board members in broadening the portfolio of selling games digitally.

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Advertising & Marketing- James Bickford

1. Marketing slides are shown to the board showcasing marketing strategies in Instants, Draw and Experiential for the months of February to May of 2020 as well as new Instant tickets for those months.
2. Camelot is focusing on acquiring new players focusing on data analytics by partnering with a media agency and other partners to better understand what players want.
3. Since Covid-19 the collaboration between Camelot and the state has been exemplary in building a corporate citizenship message that is authentic and transparent. The Lottery also joined in solidarity with Blackout Tuesday.
4. Camelot will be working in supporting retailers in which 40% are struggling or remain closed due to the pandemic.

Question and comments:

Board member Tarrah Cooper-Wright applauds the commercials and advertising in staying relevant due to the current events and racial injustice. She also inquired on what Lottery's corporate social commitment responsibilities are going to be. She suggests from a digital standpoint to show the consumer Lottery's partnerships and collaborations. She requested an outline from Camelot on their efforts of communication that has gone out to partners in the public. James Floyd suggests in collaborating with board member Elba Aranda-Suh in combining efforts relating to social responsibility. Elba Aranda-Suh reminded that there needs to be more board involvement in advertising when relating to responsible gambling and social responsibility to avoid complaints from the public.

B. Responsible Gaming- Emilia Mazur

1. Lottery continues to strengthen its advertising after receiving a Level 3 certification from the WLA.
2. A responsible gaming advertising program was run during the month of March to support Problem Gambling Awareness Month.
3. Two responsible gaming messages were promoted: **SET A LIMIT & STICK TO IT.**
4. Reminded players that Lottery is a game of chance and explained using a deck of cards as an example.
5. Focus is on player education and improving visibility and usability of information provided on the website.
6. Monitor play behavior to see if there is a change in spend behavior and provide tools for players to let them know about spending limits, self-exclusion, and treatment for gambling.
7. Regarding monitoring underage online play, Camelot has a very strong ID verification by using a third-party company to help validate who exactly is buying lottery product online, their age and that they reside in Illinois.

Questions and Comments:

James Floyd asks if there are talks into moving Lottery into a new platform of making it more convenient in purchasing tickets without leaving your home due to the pandemic. Keith Horton suggests that retail play is very important, and they would like to capitalize on best of both worlds, buying online and going into a store. Online sales are limited to draw based games so Instants must be purchased in retail. Board Member Sarah Alter asks what it takes to get legislation moving on getting Instant tickets to be available to sell online. Director Mays stated that Lottery is actively pursuing this as a legislative agenda item for the department. He further explains that retail is core to the business and is just as important as online sales. Board Members Alter, Cooper-Wright and Sheehan give suggestions in possibly evolving our retail sales. Board member Aranda-Suh reminds the rest of board members that the Bylaws give direct authority to the board in assisting with legislative items and suggested in convening into subcommittees. She also asked if Lottery is receiving any type of emergency funds to assist with the pivot in change. Director Mays stated that no funds have been received to support current efforts.

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C. Finance- Amber Chappell

1. Finance slides are designed to supplement the previous sales performance presentation and provide details on the financial picture. Data presented is through April 30, 2020.
2. FY 20 sales revenue is at \$2.25 billion and operating income of \$505 million.
3. Operating income is at \$505M after deducting retail price and administrative expenses.
4. Total of \$510M has been transferred to Common School Fund and \$5.5M to the seven special causes the Lottery supports.

D. Operations/Private Management- Harold Mays

1. There were no significant management changes since the last meeting.
2. Director stated that the groundwork for a legislative agenda must be spearheaded full force and thanked board member Elba Aranda-Suh for her suggestion in partnering up on ideas.
3. Lottery department has been affected by the civil unrest in the city resulting in 150 stores where product was stolen. It has been a double whammy with the pandemic and civil unrest for retailers. Lottery is assessing the damage from a financial standpoint and trying to get retailers back in running.
4. Director has full support and sympathy for the retailers where 90% remained open and continued to sell tickets during the pandemic. This shows testament of Illinois and its commitment to the retail business.
5. Messaging shifted in the direction to support the sensitivity of the moment in how retailers and players and society as whole is feeling.
6. Our specialty tickets are a key component of what the Lottery is as an organization and is the most visible part in its engagement with the public.
7. Lottery has launched the Blue Ticket which supports police memorials and coordinated with Mariano Grocery stores to supply lunch for 600 officers in four different precincts in the city.
8. 2 new tickets will be introduced over the next 6 months, STEAM education in July and Alzheimer's in September. We launched Red Ribbon Cash (Aids) and are in second iteration of our Homeless Prevention ticket.
9. As referenced in the last meeting the department completed a 2-year financial and compliance audit. The final report was received and will be shared with the board members.
10. Director Mays thanks the board members for their engagement and participation in helping the Lottery drive its mission to raise funding for education and capital projects in a socially responsible manner.
11. Director Mays thanks Camelot in their work and collaboration during these trying times and maintaining operations with 85% of staff working from home.

Questions and Comments: Board Member Sarah Alter thanked Director Mays and Camelot for their leadership. Board chairperson James Floyd thanks everyone especially in getting these meetings moving from analysis to action.

ADJOURNMENT

With business concluded Board Chairman requested for a motion to adjourn. Motion given and unanimously approved and passed. Meeting adjourned at 12:07pm.

Respectfully submitted by
Nora Iniguez/LCB Secretary