

Illinois Lottery Control Board
Open Meeting Minutes
December 5, 2018
122 S. Michigan Ave., 19th floor, Chicago, IL 60603

On Wednesday, December 5, 2018 a regular meeting of the Lottery Control Board was held in Chicago at 122 S. Michigan Ave., 19th Floor. The following people attended.

Board Members:

- James Floyd
- Lori Yokoyama
- Nimish Jani
- Elba Aranda-Suh

Illinois Lottery Staff:

- Harold Mays, Acting Director
- Carol Radwine, Chief Financial Officer (via video conference)
- Jessica White, Interim Acting General Counsel
- Rolanda Sudduth, Senior Counsel
- Jason Schaumburg, Communications Director
- Joe Weiss, Director of Sales
- Guadalupe Marin, Director's Assistant
- Nora Iniguez, Lottery Control Board Secretary

Camelot Staff:

- Keith Horton, General Counsel
- Jason Dolenga VP of Marketing (via teleconference)
- Wendy Abrams, Senior Advisor of Corporate Affairs
- Tim Culhane, VP of Finance
- Keary Fath, VP Retail Sales

Other Attendees:

- Kathy Gilroy, member of the public

CALL TO ORDER/ROLL CALL

Board member James Floyd called the meeting to order at 1:33pm. Roll call was taken and quorum was present. Mr. Floyd welcomed attendees and new board members Lori Yokoyama and Nimish Jani. Lori Yokoyama is the principal and managing partner of Yokoyama & Associates. Nimish Jani, is a trustee of the Schaumburg Township, aid to Cook County Commissioner and part of the Asian American Employment Advisory Council.

PUBLIC COMMENT

NONE

OLD BUSINESS

- *APPROVAL OF MINUTES*
James Floyd moved to approve the meeting minutes from June 6, 2018. Board member Elba Aranda-Suh seconded the motion and minutes were approved.

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NEW BUSINESS

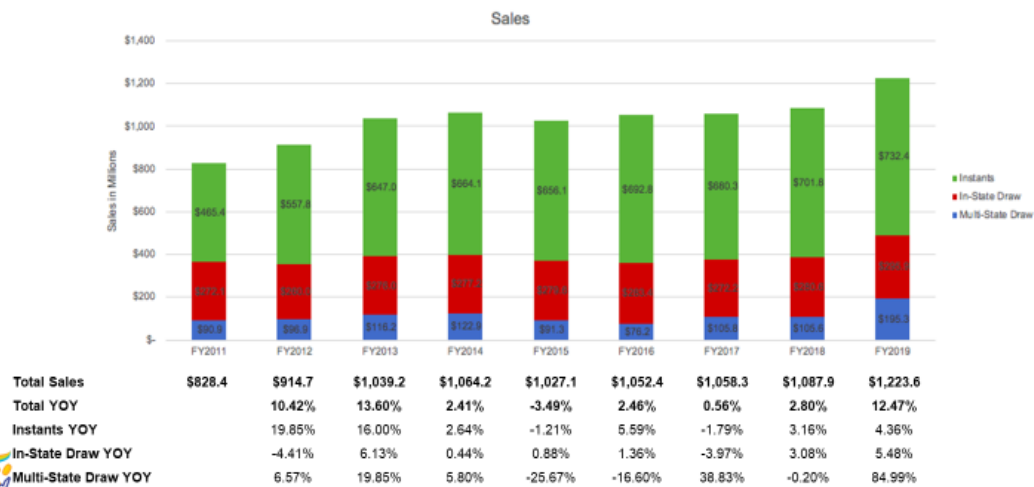
- **ELECT NEW LOTTERY CONTROL BOARD CHAIRMAN**
Both board members Jani and Yokoyama nominated themselves. Jani stated he has retail experience and Yokoyama stated she has legal, professional and social board experience. Board member James Floyd moved to elect new Lottery Control Board chairman at next meeting. Elba Arandah-Suh seconded the motion and all approved.
- **SCHEDULE QUARTERLY MEETINGS FOR CALENDAR YEAR 2019**
Board member Lori Yokoyama motioned for next meeting to be held on Wednesday, February 6, 2019 at 1:30pm. James Floyd seconded the motion and all members approved.
- **LEGAL UPDATE**
Rolanda Sudduth presented to board members status on four outstanding hearings.

DIRECTORS REPORT

- **SALES UPDATE**
Tim Culhane presented several charts of year to date sales summaries from July 1st through November 19, 2018. First chart showing incline in total sales from 2.8% FY2018 to 12.47% FY2019.

Illinois YTD Sales Summary

July 1st through November 19th (Year over Year)

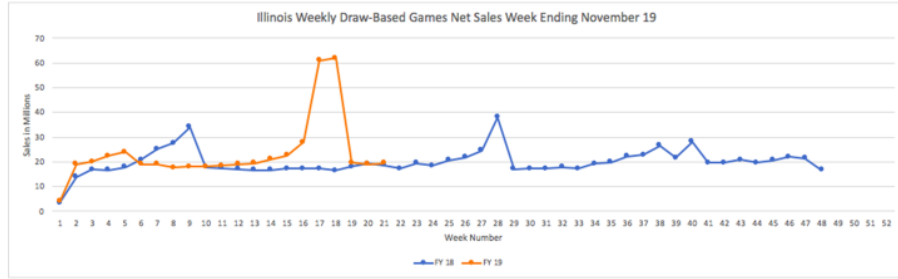


The FY19 increase was the result of a surge in sales in the month of October for a near world record jackpot rollover of \$1.5 Billion for the Mega Millions. Illinois Lottery announced that

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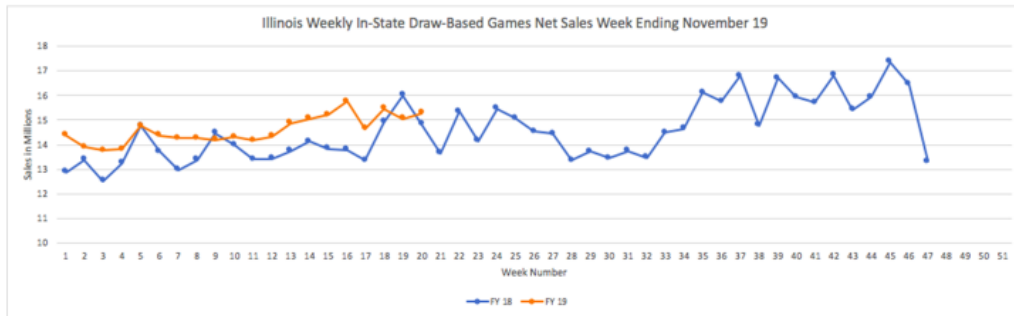
October 2018 were highest monthly sales in draw-based games in department's history up 9.9 percent from previous record set in January 2016.

Illinois YTD Sales Summary | Draw-Based Games
July 1 through November 19



*Includes all draw-based games: Powerball, Mega Millions, Lucky Day Lotto, Lotto, Pick 3 and Pick 4

Illinois YTD Sales Summary | In-State Draw-Based Games
July 1 through November 19

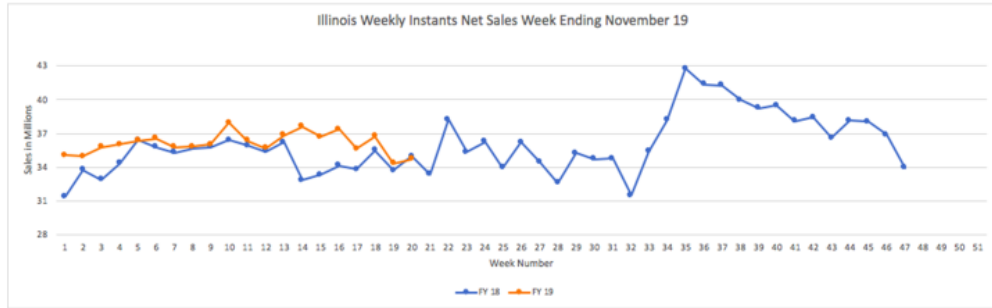


*Excludes Powerball and Mega Millions

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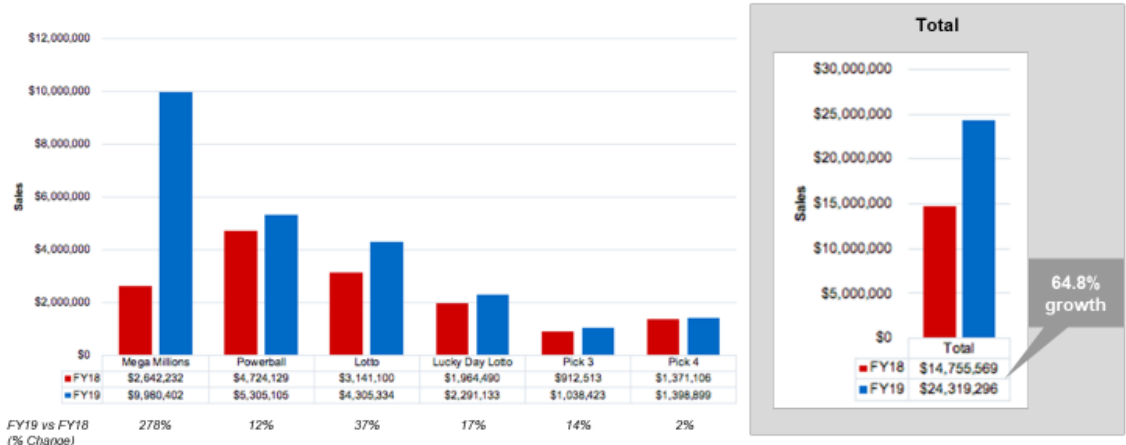
Illinois YTD Sales Summary | Instant Games

July 1 through November 19



iLottery YTD Sales Summary

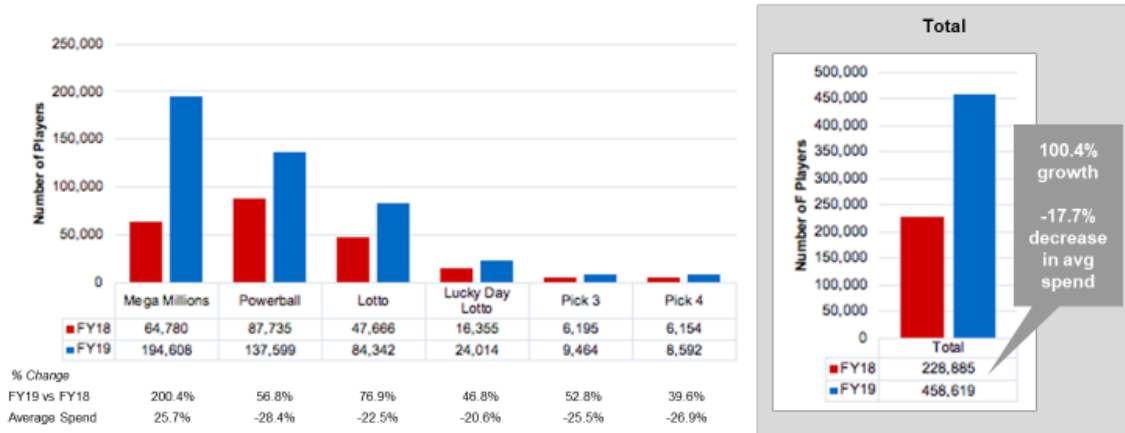
July 1 through November 19 (Year over Year)



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iLottery Number of Players

July 1 through November 19 (Year over Year)



- ADVERTISING AND MARKETING**

Keary Fath presented power point slides to board members showcasing advertising for instant, draw based games and experiential.

September 2018:

INSTANT- Multiplier Campaign, “It’s like wishing for multiple wishes.” Supported with TV, radio, out of home, point of sale, and digital.

DRAW-Jackpot Time Campaign for Powerball on air through end of October. Instead of saying what would you do with all that money, now using tag of “How would you spend all that time?” “Fill up another passport.”

EXPERIENTIAL-PPOS Retailer Roadshow to roll out new equipment.

October 2018:

INSTANT-Carolyn Adams Ticket for the Cure was supported by Springfield board up through November, digital and social media support and digital out of home boards (10/08-11/4). Multiplier campaign running until end of October.

DRAW-Jackpot Time Campaign on air through end of October.

EXPERIENTIAL- Ticket for the Cure events included: Carolyn Adams Casino Night, Beyond October Community Education Event, Lincoln park Zoo Adults Night Out, sold tickets at Millennium Park.

Near world record Mega Millions Jackpot roll incentives:

October Mega Millions Roll - Community Engagement



1. **Chicago, Oct. 12:** 548 tickets given away for \$548 million jackpot
2. **Springfield, Oct. 16:** 654 tickets given away for \$667 million jackpot
3. **Quad Cities, Oct. 18:** 970 tickets given away for \$1 billion jackpot
4. **Rockford, Oct. 19:** 1,000 tickets given away for \$1 billion jackpot
5. **Chicago, Oct. 19:** 970 tickets given away for \$1 billion jackpot
6. **Collinsville, Oct. 23:** 1,600 tickets given away for \$1.6 billion jackpot



News conference with Illinois Lottery Acting Director Harold Mays on Oct. 23

Generated more than 300 media mentions with an estimated reach of 35 million impressions in outlets in Illinois and beyond.



November/December 2018:

INSTANT-Holiday campaign "*Give the gift of possibilities*" launched on 11/12 supported by TV, cinema, on line video, digital, point of sale, and out of home and with **#InstantJoy** sweepstakes. Holiday commercial leaning more on pulling on the heart strings instead of humor.

DRAW-transitioned to Jackpot (MM 120Million) (How would you spend all that time?)

EXPERIENTIAL-holiday experiential activation included Lights Festival Lane (11/16-11/17), Mag Mile Holiday Parade, (11/17), Millennium Park Hot Chocolate Buffet (11/18), Aragon Ballroom Concert Series (11/29-12/9),

COMING SOON: December Instant tickets include: *Hot \$1000's*, *Super 7's*, *Amethyst 7's* *Emerald 10's*.

- **RESPONSIBLE GAMING-Wendy Abrams**

Corporate Social Responsibility:

1. Goals are to help raise awareness of risks of underage lottery play during the holiday season and educate parents on dangers of buying lottery tickets for children. This consisted of news release, social media, website banner, and paid advertising.

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2. Responsible play brochures are available in retail stores which includes tips on how to play smart and resources for problem gambling.
3. Gamres Research was conducted using PPS (Positive Play Scale) which is designed to measure four positive gambling related behaviors and beliefs which include, honesty and control, pre-commitment, personal responsibility, and gambling literacy. It was concluded that most Illinois players were in the high positive play categories demonstrating that they engage in responsible behaviors and have a good understanding about how to play responsibly. Players did score low on gambling literacy which is an extent to which the player has an accurate understanding about the nature of gambling.
4. New play campaign in development to address low levels of gambling literacy based on Gamres research, Be **Smart, Play Smart.** This will include six core messages that will be used for delivery: **Be Smart**-know how games work and your odds of winning, **Game of Chance**-lottery games are a game of chance, strictly for entertainment not a source of income, **Play for fun**, not for money-never spend more than you can afford, **Stick to a budget**-be aware of how much time you spend playing, **Take a break**-Always be honest about your game play, **Adults Only**- Lottery games are not for minors. Never give ticket to anyone under the age of 18.

• **FINANCE**

Carol Radwine, Lottery CFO presented charts with details on Common School Transfers, Special Causes, Retailer Sweeps and State Lottery Fund.

Finance | Common School Fund

Common School Fund Transfers

• Per statute, the Illinois Lottery must transfer revenues into the Common School Fund (CSF) at a specified rate, pegged to inflation.

CSF Transfers	
FY 2014	\$ 668,100,000
FY 2015	\$ 678,550,000
FY 2016	\$ 691,550,000
FY 2017	\$ 705,625,000
FY 2018	\$ 718,750,000
FY 2019 Planned	\$ 731,250,000
Total Transfers – All Fiscal Years To Date (11/30/18)	\$20,673,926,265



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Finance | Special Causes

Special Causes

- The IL Legislature has mandated the Lottery produce and sell tickets for special causes. For each ticket below, 100% of profits are transferred to agencies to distribute. At 09/30/18, the Lottery has transferred \$48.8 Million for these causes.

Ticket/Cause	Lifetime Amount Transferred
Veterans Cash <small>(veterans causes)</small>	\$15,067,291
Ticket for the Cure <small>(breast cancer research and treatment)</small>	\$12,615,845
MS Project <small>(multiple sclerosis research and treatment)</small>	\$ 9,565,941
Red Ribbon Cash <small>(HIV/AIDS research and treatment)</small>	\$ 8,109,882
Special Olympics <small>(state and Chicago organizations)</small>	\$ 3,421,960



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Finance | End of Quarter

For the Quarter Ended September 30, 2018

- The weekly sweeps of Lottery retailers netted \$308,758,389 in revenues to the State Lottery Fund during the 1st quarter of FY2019

For the Quarter Ended September 30, 2018	
Cash Balance carried forward from last quarter	\$ 66.0 M
Receipts into the fund this quarter	\$ 309.6 M
Expenditures from the fund this quarter	(\$277.2 M)
Cash Balance at the end of the quarter	\$ 98.4 M
Expenditures/Transfers made this quarter	\$ 277.2 M
Vouchers paid this quarter	\$ 51.8 M
Prizes paid this quarter	\$ 69.1 M
Transfers made this quarter	\$ 156.3 M



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- OPERATIONS-Harold Mays**

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Staff update: **Separations include-** Greg Smith, Director, Eric Albrecht, Legislative Liaison, Helen Kim, Agency Procurement Officer, Annice Kelly, General Counsel.

Hires- no new hires, Jessica White, Deputy General Counsel, was named Interim Acting General Counsel to replace Annice Kelly. Harold Mays, Chief of Operations and Technology was named Acting Director to replace Greg Smith.

Legislative Update-agenda proposed for review for Spring session includes authority to expand the sale of all our games on the internet, extending current iLottery language to 2028 and requesting a continuing appropriation to allow us to pay players if there was ever a budget impasse again. Also, we are attempting to clean up language in the Lottery Law that needs to be updated and clarified. Law was passed allowing certain prizewinners to claim in privacy and anonymity on winnings over \$250,000 although identification can be requested via FOIA.

Audit update-FY18 Financial Compliance audit being conducted by the OAG is closing out. Final report expected to be issued in new year. We have not received preliminary report of potential findings yet.

Specialty Tickets Update-Legislation was passed last year to add 2 new specialty causes, State Police Memorial Ticket with a late Spring launch and a ticket that will support homelessness prevention programs is in early development.

- **PRIVATE MANAGEMENT**

Transitioning Update:

Business- Full transition of core Private Manager business responsibilities has been largely achieved. These are internal Camelot business functions in areas of Operations, Facilities, Procurement, commercial (Retail, Marketing,) internal HR and compliance.

Technical-Full technology transition taking place which includes replacing our CGS, ICS, Instant Ticket Management system, iLottery platform, and website . Retailers will also be receiving new sales terminals, vending machines and point of sale equipment. Targeted completion expected in January.

Questions and comments by Board Members:

Nimish Jani stated that mom and pop operations are having a tough time with the actual online training of new equipment and the feasibility of getting to locations of where it is being held. It was stated that there are multiple locations for training and that digital training will eventually be available. 86% of retailers had already attended training. He also asked if he can bring retailers to a board meeting. He was told he can since it is an open meeting.

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Elba Aranda-Suh asked if the elimination of the instant ticket *Loteria* was a financial decision since it had good ticket sales. This ticket was initiated by our previous private manager Northstar and Camelot did not have licensing rights.

Lori Yokoyama asked about targeting the Asian market. Jason Dolenga states that Lottery is trying to be more diverse in its advertising and promotions.

ADJOURNMENT

James Floyd thanked everyone for their attendance especially to the new board members. James Floyd gave the motion to adjourn the meeting. Elba Aranda-Suh seconded the motion and it was unanimously approved. Meeting adjourned at 2:28pm.

Respectfully submitted,

Nora Iniguez
Lottery Control Board Secretary