

# Illinois Lottery Control Board Meeting Minutes

Wednesday, April 26, 2023, 1:30pm CDT, via WebEx

## MEETING ATTENDANCE

### Board Members:

- Diana Sheehan, Board Chair
- Sarah Alter, Board Member
- Alejandra Garza, Board Member

### Lottery Staff:

- Harold Mays, Director
- Cornell Wilson III, General Counsel
- Scott Gillard, Chief of Staff
- Meghan Powers, Director of Communications
- Carol Radwine, Chief Financial Officer
- Amber Chappell, Finance Manager
- Joe Weiss, Sales Manager
- Joseph Logue, Chief Transition Officer
- Matthew Bell, Chief Tech & Operations Officer
- Audrey Cosgrove, Deputy General Counsel
- Maryann Hong, Deputy General Counsel
- Mason McDaniel, Legislative Liaison
- Peter Romano, HR Administrator
- Alicia Ivy, Director's Executive Assistant
- Nora Iniguez, Lottery Control Board Secretary

### Camelot Staff:

- Keith Horton, General Manager & General Counsel
- Andrew Lang, VP Finance
- Richard Fairbanks, VP Retail
- Marisa Zimmerman, VP Marketing
- Emilia Mazur, VP Corporate Affairs
- Evan Laya, Senior Director of Product
- Tina Wolf, VP Product & Retail
- Ashley Urisman, Regulatory Affairs Manager

### Other Attendees:

- Kathy Gilroy, Member of the Public
- Paul Haberstock, Member of the Public
- Matthew Block, Member of the Public
- Shane Hartman, Member of the Public

## CALL TO ORDER/ROLL CALL

**Diana Sheehan, Board Chair**, welcomes everyone and meeting is called to order at 1:35pm with above Board Members present to meet a quorum. Lottery and Camelot Staff are introduced.

## PUBLIC COMMENT

Kathy Gilroy stated that an Illinois Lottery ad in the Chicago Reader dated 03/09/2023 did not have the appropriate anti-gambling statement, "Are You Really Wining?" She also calls on the Illinois Lottery to stop giving away free tickets as she believes gambling addiction is just as harmful as alcohol, drugs, and tobacco.

## OLD BUSINESS

Approval of Minutes

Board Members vote and **unanimously** approve and pass the 01/25/2023 minutes of the Lottery Control Board meeting.

## NEW BUSINESS

Cornell Wilson, Lottery General Counsel, states that the governor will declare that on May 11, 2023 the state will no longer be under a disaster proclamation for Covid-19. Lottery Control Board meetings for the remaining of the year will resume in person with a physical quorum for the board to act. Once space is allocated, more details will be provided.

## DIRECTOR'S REPORT

Sales Performance – July 2022 - March 2023 - Andrew Lang

- FY23 sales are slightly ahead of \$2.7 Billion which is set to be a record year driven by the execution of online plans and capitalizing on high jackpots. Record sales continue, +5.7% vs budget, +7.6 vs prior year.
- Pick games are down 11% vs prior year but in line with budget. Sales stabilized at 5% below FY22 but ahead of pre-Covid levels by 6.5%.

Instant ticket sales of \$1.54 Billion are down 4.2 % vs budget and 3.7% vs prior year. This will still be the third best year on record. FY24 submitted business plan includes number of opportunities for growth.

- Draw based games are at record levels of \$213 Million and are up 21 % vs budget. MM and PB sales are \$377 Million which is up \$174 Million vs budget. Sales excluding MM and PB performing well at \$821 Million and up +4.9% above budget with weekly sales of \$20-25 Million a week.
- iLottery sales are up 26% vs budget at \$387 Million. Player base and retail sales have increased due to the convenience of our digital platform.

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Finance Update Quarter 3 - January 2023 – March 2023 – Amber Chappell

- Same sales trends for Q3 as H1 with Instants being down \$90 Million year over year and \$75 Million from planned in the \$10 and \$20 price points combined. Multi state performance with MM and PB has performed well due to the large jackpots. Pick games are down from the prior 2 years and Fast Play is doing exceptionally well on iLottery platform which contributes 88% of Fast Play sales.
- YTD Profit and Loss Statement (Draft & Unaudited)- As of 03.31.2023, FY23 has operating income of \$670,487,794 Million with 24.4% as contributions to the state for the good causes we support.
- Due to legislative changes that occurred in the spring effective for FY23, the Department no longer has a prescribed amount to the Common School Fund. FY22 was the last year that the remaining net proceeds will be transferred to the Capital Projects Fund. Through 03.31.2023, the Department has cash transferred \$486,031,903 to the Common School Fund. This amount is less due to the changes in the Lottery law, that allows reconciliation of excess prior year transfers.
- The Department supports 8 specialty causes. As of 03.31.2023, \$84.4 Million has been transferred for these causes. Of this, \$5.8 Million has been transferred in FY23. During Q3 two specialty tickets were launched which support Special Olympics and MS.

Questions and Comments:

**Board Chair, Diana Sheehan, asks** if we are on track to surpass last year's transfer to the Common School Fund or have an idea where we will land. Amber Chappell stated that we will not on a cash basis as we had to offset prior year transfers.

Advertising & Marketing – Marissa Zimmerman & Evan Laya

- Media spend by channel reflects an incremental spend on the new iLottery campaign with a partnership with iHeart radio. A collaboration was made with two Chicago hip hop artists to create a soundtrack for the online Lottery App.
- January 2023-launch of Multiplier Instants Family, partnership with Chicago Bulls and Blackhawks to support pick games including a sweepstakes to win VIP tickets to a game. Free gas sweepstakes was run at Hucks. Support for Instants, Fast Play, Draw and Pick games continued from January-April 2023.
- February 2023- Chicago Blackhawks sweepstakes included VIP experience to a game. Promotion at Jewel conducted to drive sales of Fast Play.
- March 2023-A new wave of favorite Instants that tested well with consumers is launched. Circle K free gas sweepstakes is run through check out screens with purchase of Multiplier ticket.
- April 2023-Support continues of the new Get It iLottery campaign that rolled out at the end of March. Sweepstakes aligning with Cash Frenzy Instant tickets will be done April 18th-July 2nd. Camelot is attending the Illinois Retail Merchant Associations trade event showcasing Fast Play and Scan-N-Play to state legislatures and IRMA members.

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Question and Comments:

**Board member, Alejandra Garza, asks** if the Lottery has a partnership with either the Chicago Cubs or Chicago White Sox baseball teams. Marisa Zimmerman states that our partnership is with the Chicago White Sox. Additional partnerships include, The Sky, Chicago Fire and will attend the NASCAR event in Madison, Illinois.

- Tina Wolf presents portfolio of Instants launched during the months of January -April 2023.

Public Relations and Responsible Play - Emilia Mazur

- December 20-January 13, MM grew to \$1.35 Billion which generated significant broadcast and interviews with the Lottery Director. This is the third billion dollar plus jackpot within 6 months.
- Winning storytelling focuses on iLottery Fast Play player who wins almost \$1 Million which has been the largest jackpot on that platform as well as coverage on a big payday for Pick 4 players with winning numbers 1-9-7-8.
- The Illinois Lottery receives media coverage regarding a new record for sixth month sales of \$1.8 Billion.
- A couple of stories on brand reputation management were aired. One being an NBC 5 investigation of the Instant tickets returns process and the other is the Department working with the Attorney General's office on one of its Lottery employees. Response to the media was managed and aligned by Camelot, the Lottery and the Governor's office.
- The Lottery Director states that stories that challenge the integrity of the Lottery are very important to the Department and goes into more detail for the Board Members. The case of the employee theft of scratch tickets from the retailer is extremely rare going back as far as we have records. The case of scratch tickets being sold after the top prize is won is rooted in transparency and information is provided on the backs of tickets and the Lottery website.
- Community Outreach-MS and Special Olympic tickets featured in The Reader. The partnership with The Boys and Girls Club Alliance continues and was featured on WGN's "Your Hometown."
- Illinois Lottery launches its March Problem Gambling Awareness Month campaign to raise awareness of problem gambling and support resources to its players with the tagline, "**Help and hope are here: call 1-800-GAMBLER.**" This is done year-round but concentrated in the month of March.

Director's Comments - Harold Mays

The Director thanks the Board Members, Camelot and the Lottery team and members of the public for their participation in today's meeting.

- The Director clarifies answer on the question asked about projected proceeds for the Common School Fund for FY23. The Department is projecting on generating upwards of \$870 Million total proceeds. Due to the historical financial reconciliation between the state Lottery fund, CSF and CPF, the Department will roughly transfer \$730 Million to the Common School Fund.

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- Two management staff changes since the last meeting. Tami Boston will lead the project management office in Springfield and Mrs. Maryann Hong will serve as our Deputy General Counsel that will support compliance and procurement for the agency.
- FY23 Financial Audit and its 2-year Compliance Audit covering FY22 and FY23 has begun. This will be done by the Office of the Auditor General and final reports will be shared with the Board.
- Two specialty tickets were launched one supporting Special Olympics IL and the other supports MS research and support. A ticket will launch in May to support Police Memorials.
- Legislative- The Department had their budget appropriation hearings with the Senate and House of Representative. All questions posed were answered and expect our budget will be passed for FY24. Legislative Agenda consists of legislation that will improve our Specialty Ticket program to better serve the cause and improve the performance of the scratch ticket portfolio.

#### Closing Remarks-

The Lottery has completed three quarters of FY23 with a strong performance in our draw-based games and iLottery platform which will ensure the best year we've ever had in terms of sales and proceeds to the state. I am proud of the work our team has put in this year and look forward to FY24 when we will usher in Lottery's 50th year in existence. As always, the team is available for any follow-ups or additional information.

#### ADJORNMENT

With all business concluded, motion to adjourn was given at 2:30pm. **Motion was unanimously approved and passed.**

Respectfully submitted by,

Nora Iniguez/LCB Secretary