

Illinois Lottery Control Board
Open Meeting Minutes
November 06,2019
122 S. Michigan Ave., 19th Floor
Chicago, IL 60603

Board Members in Attendance:

- Elba Aranda-Suh
- James Floyd, Board Chairman
- Tarrah Cooper Wright

Lottery Staff in Attendance:

- Harold Mays, Acting Director
- Jessica White, Deputy General Counsel
- Carol Radwine, Chief Financial Officer (via WebEx)
- Amber Chappell, Finance Manager (via WebEx)
- Peter Romano, Labor Relations & HR Manager (via WebEx)
- Scott Gillard, Chief of Staff
- Joe Weiss, Sales Manager
- Jason Schaumburg, Communications Director
- Guadalupe Marin, Executive Assistant to Director
- Nora Iniguez, Lottery Control Board Secretary

Camelot Staff in Attendance:

- Colin Hadden, General Manager
- Keith Horton, General Counsel
- Gareth Moore, VP of Marketing
- Tim Culhane, VP of Finance
- Wendy Abrams, Senior Advisor/Corporate Affairs

Other Attendees:

- Kathy Gilroy, member of public
- Mitchell Armentrout, Chicago Sun-Times

CALL TO ORDER/ROLL CALL

Board Chairman called meeting to order at 1:35pm with above members present to meet a quorum. All other attendees stated their name for the record.

PUBLIC COMMENT

None

OLD BUSINESS

- **Approval of Minutes**
Board Chairman, James Floyd asked for motion to approve meeting minutes for August 21,2019 and special meeting minutes from October 09, 2019. Motions were given and unanimously approved and passed.

NEW BUSINESS

- **Legal Update-Jessica White**
 - Six administrative hearings include three retailer license denials and three lottery claim denials.
 - Retailer denials-2 have request for hearing, 1 dismissed for now show.

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- Claim denials-1 no show, 1 in progress to go to hearing, 1-reached settlement agreement.
- Board members were told of Sexual Harassment training that was sent to their email which will need to be completed by 12/04/19.
- **Schedule for First Quarterly Meeting for Calendar Year 2020**
 - Board Chairman asked for motion to approve the meeting date of Wednesday, January 29, 2020 at 1:30pm. Motion was passed and approved. Board members will choose following dates for calendar year 2020 at next meeting and possibly moving meetings to the mornings instead of afternoon.

DIRECTOR'S REPORT

- **Sales-Tim Culhane/Camelot**
FY2020, July 1st to October 1, 2019
 - Total Sales YOY- \$824.8M which is down \$128M from FY19 most likely due to no large jackpots in PB, MM and Lotto.
 - Multi state YOY- down \$77M-all states participating in multi-state drawings are facing same results. Base sales are in healthy spot where sales should accelerate once jackpots increase.
 - Instants YOY-Down \$37.8M-lower jackpots creates less foot traffic inside of retail stores which causes halo effect on purchase of Instants. Lottery retailer which owns 10 stores is down 25% in foot traffic, also last year Lottery had two successful \$10 Instant tickets, Wonka and Break the Bank which resonated well with players. Due to technical transition, no new lottery retailers were brought on board resulting in 200 fewer retailers versus last year. Camelot working on signing up more quality retailers in coming fiscal year.
 - In-State (all)draw based games-little under \$20M no peaks in comparison to previous fiscal years due to no jackpot rolls.
 - In-state draw only games (no PB or MM)- down \$13M YOY, in which Lotto contributed \$8.3M of that decline. Lotto ran longer in the year last year until jackpot hit. P3 & P4 games-\$4.7M, new user interface upgrade in retailer environment for simpler and quicker sales has had positive results with a 7% increase.
 - Instants tickets will be launching into peak games with holiday instants. Colin Hadden says the technical transition had effect on sales of Instants.
 - iLottery -Sales up 33.2 % from FY18. Increase in LDL, P3 and P4. Legislation passed sales of individual tickets as opposed to a subscription. Number of players has 51% increase from FY18. Both these numbers are down for FY19. Colin Hadden stated that there in an increase of the new mobile app with over 300,000 downloads.
- **Marketing- Gareth Moore/Camelot**
August 2019
 - Instants-Launch of instant ticket family, **Pay Me** with reasonable amount of POS and campaigned through many media and streaming outlets.
 - Draw- Introduction of single play online for daily games, campaign to drive awareness of iLottery app, jackpot support through digital and Trivision.
 - Experiential/Other-There was activation to support app downloads at baseball stadiums, Taste of Chicago, State Fair and Live Nation concert series. There was a MLB Sweepstakes in retail.

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- Single Play update has doubled since the change of purchasing single tickets versus subscription of Lucky Day Lotto, Pick3 and Pick 4. Sales before change were at \$41.5k per day, now \$75k per day with current revenue rates and \$235k per week.
- iLottery app campaign is at an all-time high and has seen an increase in downloads, ticket scans and revenue.

September 2019

- Instants-still support in Pay Me instant ticket Family
- Draw-digital campaign continues driving iLottery App, and single play
- Experiential-activation to support app downloads at Live Nation concert series and Cubs/Sox activation of jackpots.

October 2019

- Instants-Support for Holiday ticket family, media support for Ticket for the Cure and new digital marketing agency, **360i** came on board.
- Draw-Due to media agency transition, jackpot support was done on owned media channels.
- Experiential-Ticket for Cure activation with Sista Strut, American Cancer Society and Pink Pop-Up events promoting TFTC on National Mammogram Day.
- Holiday Campaign is surrounded by the act of gifting and is enforced through awareness, engagement and participation. Holiday instants are aligned into gifting in mass awareness channels and being positioned as a gift they didn't see coming. Gifting envelopes are part of POS with a gift truck at 10 different locations including Mariano's.

November Instant Tickets

- **\$1-2020 Change Multiplier, \$2- White Ice, \$3-Cash Lines, \$5-Ruby Roundup**

• **Corporate Social Responsibility-Keith Horton/Camelot**

- Player Education includes new gaming guide to assist players in playing responsibly, warning of problem gambling and gives support resources for those concerned about their gambling. Guides were shipped to retail locations.
- Stakeholder Engagement-The Responsible Gaming Manager was a presenter at the **IL Council on Problem Gambling** conference. Information presented was based on the results of the third-party research company, **Gamres Limited**, that surveyed 1000 players to measure their responsible gambling knowledge and attitudes in Illinois. Findings include that players believe they are responsible for their own gambling behavior, there is a lack of gambling literacy such as how probability works and odds of winning, age group (18-34) need the most support to improve gambling knowledge and players look for gaming messaging at retailer locations and our website. Actions that were taken are gambling messages were promoted through social media posts, in-store messaging and paid advertising, and our website was updated to include common myths about playing lottery and practical tips for how to be smart when playing.
- World Lottery Association Responsible Gaming Certification- Camelot Illinois submitted a level 3 responsible gaming application to the WLA on September 27, 2019. WLA is evaluating the application and feedback will be received in November 2019.

• **Finance-Carol Radwine/Lottery**

- Common School Fund Transfers for FY2020 planned is \$746,875,000. Total transfers- All fiscal years to date-\$21,306,511,265

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- Specialty Causes-As of 09/30/2019, the Lottery has transferred \$53.9M for causes which includes causes on all of our specialty tickets: **Veterans Cash** (veterans causes) **Ticket for the Cure** (breast cancer research and treatment), **MS Project** (MS research and treatment), **Red Ribbon Cash** (HIV/SIDS research and treatment), **Special Olympics** (state and Chicago organizations), **State Police Memorials** (grants to fund memorial, parks, and scholarships) which is a fairly new ticket and has received over \$1M and the newest ticket, **Homelessness Prevention** (homelessness prevention and assistance programs) has received \$255,912.
- The weekly sweeps of Lottery retailers netted \$290,615,597.88 in revenues to the State Lottery Fund during the 1st quarter of FY2020
- **Private Management- Director Harold Mays/Lottery**
 - Staff Update-No new hires for Chicago and Springfield offices.
 - Audit-nearing the end of 2-year compliance audit with the OAG and final report being issued late this year or early next year. Potential findings will be shared with the board members.
 - Specialty Tickets-The Lottery has a total of 9 specialty tickets more than any other state. This is something we take seriously and allows players to play with a purpose.
 - Legislative update on bill SB690 GAMING EXPANSION-Lottery is supporting bill issuing an RFI publicly last month and currently going through those responses to fulfill requirements of the bill.
 - Director Mays stated that our top priority right now is to get through the holiday season to end the year on a high note. He understands where the Lottery is as far as performance and Lottery will be proactive in putting us on a better path to achieve goals throughout the year and looking forward to work with the board.
- **Comments & Questions**
 - Board member asked how sales in comparison to previous years are besides last year and what is being done about on boarding of retailers. Tim Culhane showed that sales in FY2018 were at \$872.9M and that the first 17 weeks in FY2020 have been an anomaly of bad luck. Colin Hadden, GM explained that there is a group going out to speak to potential, quality retailers that will have right profile and format and engaging in categories. Once on board, application and background checks are conducted. Camelot is focusing in getting retailers in areas where lottery is under served.
 - Harold Mays, Acting Director emphasized that we are underperforming in sales on the average and that the anomaly of sales based on fewer jackpot amounts is a separate reason.
 - Amber Chappell, Lottery Finance Manager, stated that growth of jackpots is determined by base sales in how quickly it can grow and this year sales have been down. This is for multi-state draws.
 - Board member asked how other states are doing. Colin Hadden stated that other states are experiencing same issues with multi-state draws. Instant took a hit due to technical transition. Director Mays stated that he understands that there was a technical transition but being down more than 6% in sales is a larger issue that needs to be addressed.
 - Board Chairman, James Floyd addresses Camelot in their severe under performance and would like to know what will be done differently and thinks there needs to be a shift in the trajectory going forward to increase sales. He believes the board members can be of help in this area.
 - Board member Aranda-Suh would like to hear more life transformation stories of our winners. She mentioned the possibility of a podcast. Colin Hadden stated that our social media is starting to show

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more stories on Lottery's good causes and the affect it has on people. Camelot plans on having more stories told.

- Board member Cooper-Wright wants to learn more about the earned media aspect for example working with reporters to talk about how it can be strategic in partnering with the non-profit aspect as well as our winners.
- Board member Cooper -Wright congratulated Camelot on job well done on marketing the Breast Cancer Awareness Walk which included radio host from WGCI whose mother had recently passed away due to breast cancer. She also mentioned regarding the holiday campaign about maybe connecting with 2-3 diverse communities that do turkey drives and partnering with them in a way that is aligned with groups we are trying to target.
- Board member Aranda-Suh asked about the creation of the board committees that were added in the ByLaws. Board chairman stated that the board members are eager to help and support and bring new ideas to help the Lottery grow.
- Legal stated that there must be some sort of clarity as to what the legal formalities and process is in forming the committees. They also need to comply with the Open Meetings Act.

ADJOURNMENT

With business concluded board chairman requested for motion to adjourn. Motion given and unanimously approved and passed. Meeting was adjourned at 3:20pm.

Respectfully submitted,
Nora Iniguez, LCB secretary