

Illinois Lottery Control Board
Open Meeting Minutes
August 30, 2016
122 S. Michigan Ave., 19th Floor, Chicago, IL 60603

On Tuesday, August 30, 2016, a regular meeting of the Lottery Control Board was held in Chicago at 122 S. Michigan Ave., 19th Floor, and via video conference at 101 W. Jefferson St. in Springfield. The following people were in attendance:

Board Members:

- Jonathan “Blair” Garber
- Elba Aranda-Suh
- Haydee Olinger

Illinois Lottery Staff:

- Tim McDevitt, *Acting Director*
- Jayme Odom, *Chief of Staff*
- Mark Lewis, *Chief Financial Officer*
- Nellie Viner, *General Counsel*
- Harold Mays, *Chief Operations & Technology Officer*
- Jason Schaumburg, *Communications Director*
- Rana Janney, *Deputy General Counsel*
- Druanne Allen, *Budget Manager*
- Nora Iniguez, *Lottery Control Board Secretary*
- Sharon Levels, *Lottery Control Board Secretary*

Northstar Staff:

- Michelle Tomao, *Chief Operations Officer & Vice President, Finance*
- Jay Rivara, *Vice President, Technology and Operations*

CALL TO ORDER

Illinois Lottery Control Board Meeting was called to order by Illinois Lottery Acting Director Tim McDevitt at 1:32 p.m. There was no request for public comment. The roll was called, and it was noted a quorum was present.

OLD BUSINESS

Approval of Minutes

Board Member Aranda-Suh moved to approve the minutes from the open and closed meetings held February 19, 2015. Board Member Garber seconded the motion, and the Board unanimously approved the motion. *Note: The current Board Members were not serving at the time of the February 19, 2015 meeting.*

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NEW BUSINESS

Election of a Board Chairman

An election for Chairman was held in accordance with the Lottery Control Board Bylaws. Board Member Garber was nominated by Board Member Aranda-Suh and unanimously approved.

Legal Update - Cases for Review by Board

Lottery Deputy General Counsel Rana Janney presented three administrative hearing cases for review:

1. Department versus Alvaro George (15-LOT-18)
All three Board members have submitted their recommendations. The Director will issue his final decision by September 15, 2016.
2. Department versus Dwight James (15-LOT-58)
The Lottery's legal department will submit the record for the Board's review by September 30, 2016. Board members will have 90 days (December 29, 2016) to issue a recommendation to the Director. The Director will thereafter issue his final decision.
3. Department versus Linda Villanueva (15-LOT-46)
The Lottery's legal department will submit the record for the Board's review by October 3, 2016. Board members will have 90 days (January 2, 2017) to issue a recommendation to the Director. The Director will thereafter issue his final decision.

DIRECTOR'S REPORT

Sales and Marketing Update

Northstar Vice President of Technology and Operations Jay Rivara reported the past two years have been record years for sales, boosted by sales of instant tickets and the \$1.6 billion Powerball jackpot in January 2016. There was a dip in sales during the time prizes over \$600 could not be paid. Internet sales are up because of the strong Powerball sales and Mega Millions jackpots. Pick 3 and Pick 4 subscription sales are growing at a slow pace.

Northstar Chief Operating Officer and Vice President of Finance Michelle Tomao reported that since March 2014, Northstar has used 360-degree advertising campaigns, which includes TV, radio, and out-of-home marketing elements. The focus of recent campaigns has been to re-establish the brand. The latest campaigns - Luck is Everywhere, Jumbo Bucks, and Loteria – have been extremely successful. Two new games (Ultimate Crossword, \$25; Wheel of Fortune, \$5) have been launched to boost instant ticket sales. Specialty tickets Carolyn Adams Ticket for the Cure and Veterans Cash will relaunch in October and November, respectively.

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Finance Update

Lottery Chief Financial Officer Mark Lewis explained that, by law, the Lottery is obligated to make transfers into the Common School Fund at a specified rate. This rate is based off the amount of money transferred in 2009 and adjusted for inflation each year. In Fiscal Year 2014, the Lottery transferred more than \$668 million, more than \$678 million in Fiscal Year 2015, and more than \$691 million in Fiscal Year 2016. The projection for Fiscal Year 2017, after the adjustment for inflation, is \$705,625,000. To date, the Lottery has transferred more than \$19 billion for kindergarten through 12th-grade public education. The Lottery also has transferred more than \$41 million to several special causes through the sale of specialty scratch-off tickets. Lewis also explained the State Lottery Fund is a cash account and not a part of the Illinois Fund Group. It is not invested and there is no required daily balance. When the Lottery is aware of any large jackpots or large claims, it does hold on to and obligate money specifically for those payouts. In Quarter 4 of Fiscal Year 2016, \$312 million in revenue was swept from retailer accounts.

Private Manager Update

Acting Director McDevitt shared that a Request for Proposal was posted in July, soliciting bids for a new private manager. On August 18, 2016, a mandatory conference was held for potential bidders for the new manager contract, as well as major subcontracts. The Lottery has created a strict prohibition against the private manager also being a major supplier. Subcontractor responses are due at the end of September. Private Manager responses are due at the end of October. There will be a period of evaluation of the bids followed by a period of negotiation.

The link to the procurement board is
<http://purchase.state.il.us/ipb/registration.nsf/RegMainFrameset?OpenFrameset>

ADJOURNMENT

The next Lottery Control Board meeting was scheduled for 1:30 p.m. December 1, 2016. The location was to be announced. Chairman Garber moved to close the meeting. Board member Aranda-Suh seconded the motion, and it was unanimously approved by the Board. Chairman Garber adjourned the meeting at 2:10 p.m.

Respectfully submitted,

Sharon Levels
Lottery Control Board Secretary