

Illinois Lottery Control Board
Open Meeting Minutes
June 6, 2018
122 S. Michigan Ave., 19th floor, Chicago, IL 60603

On Wednesday, June 6, 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:

- Haydee Olinger
- James Floyd
- Elba Aranda-Suh

Illinois Lottery Staff:

- Greg Smith, Director
- Annice Kelly, General Counsel/Ethics Officer
- Scott Gillard, Chief of Staff
- Jason Schaumburg, Communications Director
- Michael Gedzun, Investigator
- Jessica White, Deputy General Counsel
- Joe Weiss, Director of Sales
- Carol Radwine, Chief Financial Officer (via teleconference)
- Guadalupe Marin, Director's Assistant
- Nora Iniguez, Lottery Control Board Secretary

Camelot Staff:

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

Other Attendees:

- Kathy Gilroy, member of the public

CALL TO ORDER/ROLL CALL

Board Chairman Haydee Olinger welcomed attendees and called the meeting to order at 1:28pm. Roll call was taken and a quorum was present.

OLD BUSINESS

APPROVAL OF MINUTES

Haydee Olinger moved to approve the minutes from February 26, 2018. Board member Elba Aranda-Suh seconded the motion and minutes were unanimously approved.

Illinois Lottery Control Board
Open Meeting Minutes
June 6, 2018
122 S. Michigan Ave., 19th floor, Chicago, IL 60603

NEW BUSINESS

LEGAL UPDATE

Jessica White, Deputy General Counsel presented legal updates for Lottery's 2nd quarter.

- Administrative hearing involving player resulted in favor of the department.
- Settlement was reached between retailer and department on money owed.

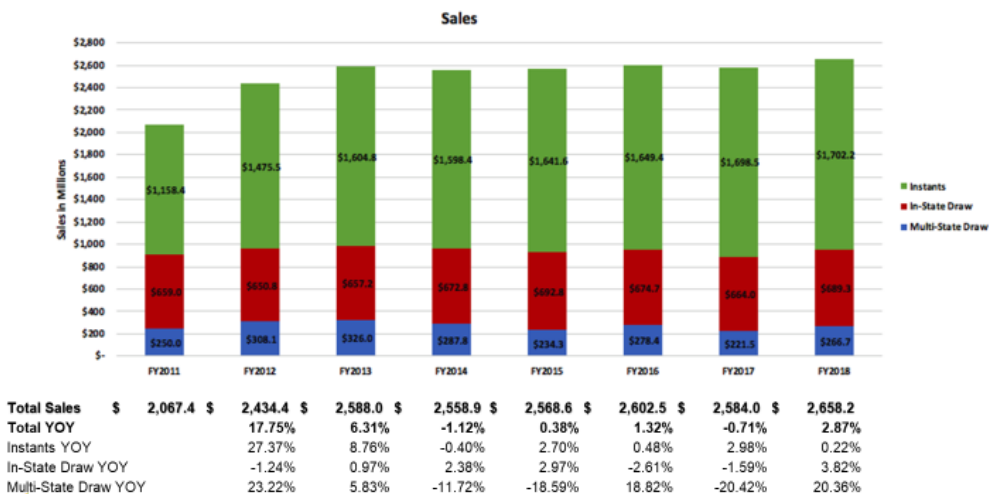
DIRECTOR'S REPORT

Sales and Marketing Update

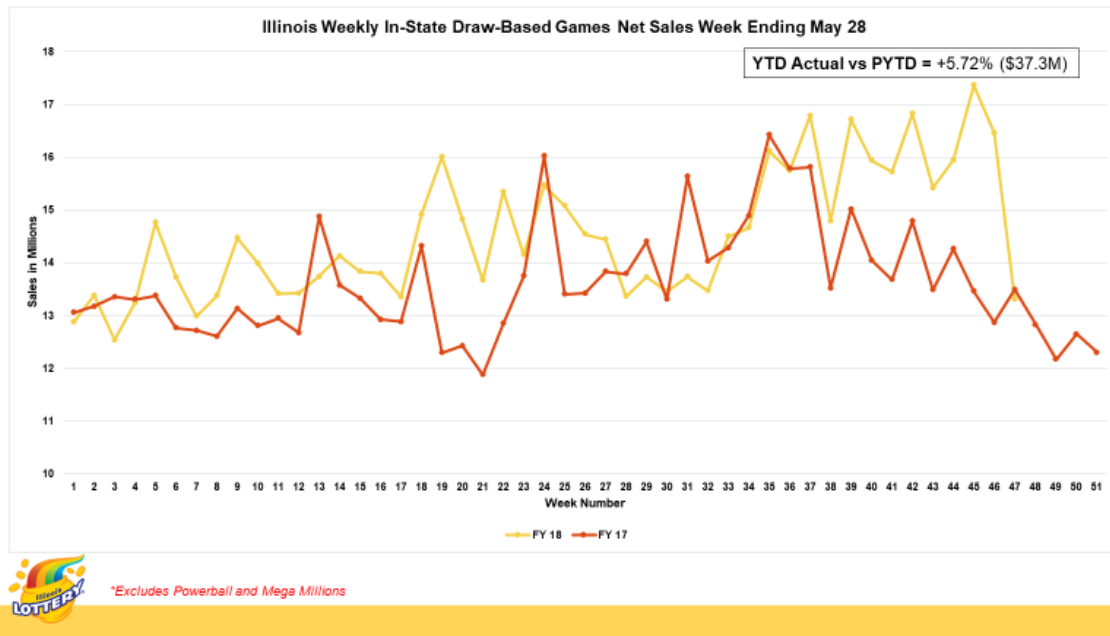
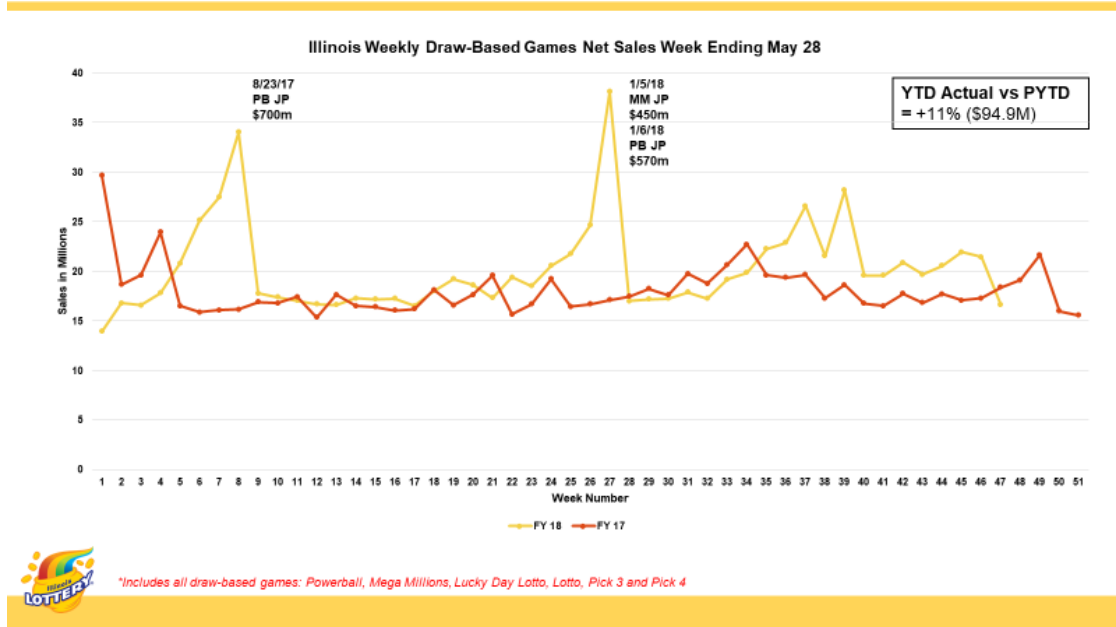
Sales Performance

Colin Hadden, General Manager for Camelot Illinois, presented breakdown of sales for Instant scratch, in-state sales draw and our multistate for dates below. He stated that overall year to date Lottery is 2.87% ahead in sales at the end of May. Multistate draws were up 26% from last year. In-State Draws are solid with 3.82 % up from last year. Scratch offs have been up and down throughout the year but have seen a spike with the Frenzy family.

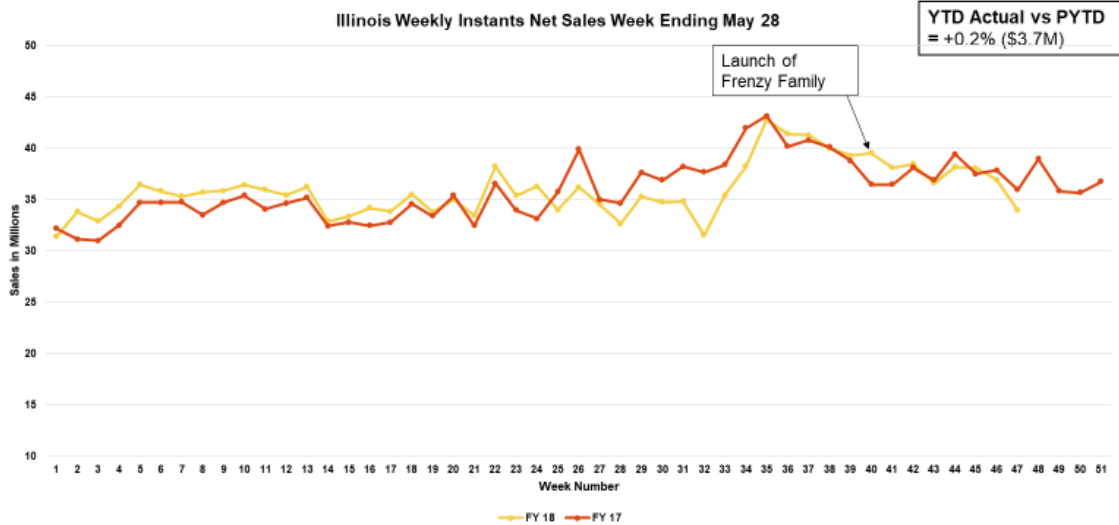
Illinois YTD Sales Summary - July 1 through May 28 Year over Year



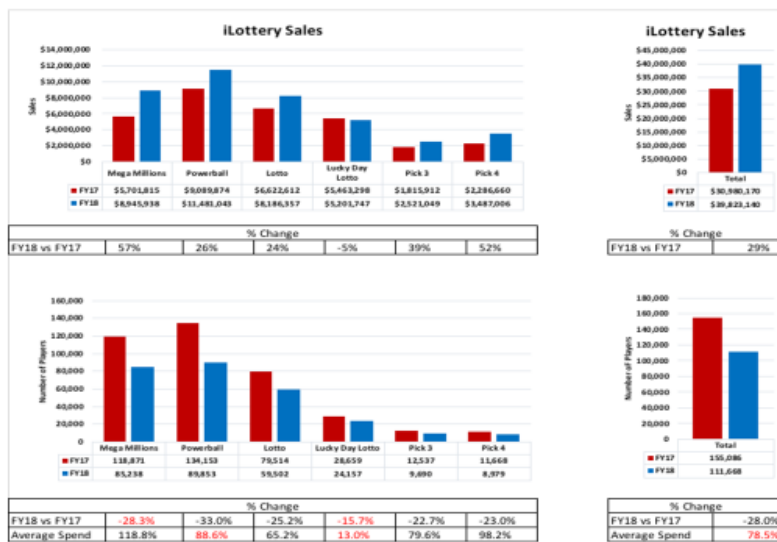
Illinois Lottery Control Board
Open Meeting Minutes
June 6, 2018
122 S. Michigan Ave., 19th floor, Chicago, IL 60603



Illinois Lottery Control Board
Open Meeting Minutes
June 6, 2018
122 S. Michigan Ave., 19th floor, Chicago, IL 60603



iLottery YTD Sales Summary - July 1 through May 28 Year over Year



Illinois Lottery Control Board
Open Meeting Minutes
June 6, 2018
122 S. Michigan Ave., 19th floor, Chicago, IL 60603

Advertising and Marketing

Colin Hadden introduced Jason Dolenga who is VP of Marketing with Camelot and who newly joined the team. Mr. Dolenga presented upcoming advertising and retail marketing for the Lottery.

March 2018: Instant Ticket Campaign

- Supported with point of sale in store, TV commercials and online video and ran from March 3rd through April 3, 2018.

March 2018: St. Patrick's Day Raffle

- Support included TV snipes, radio, digital, out- of -home, point of sale and experiential and ran February 9th through March 18, 2018.

April 2018: "Frenzy" Instant Ticket Support

- April launch of the "Frenzy" family was supported with a campaign that included TV commercials, online video and point of sale. This ran April 6th through May 16, 2018.

May/June 2018: Wonka Instant Ticket Support

- *Willy Wonka* instant ticket is supported with a campaign that included TV commercials, online video and point of sale and will run May 3rd through June 21, 2018.
- Includes a second chance draw for chance to win \$1 billion

Coming Soon: June Instant Tickets:

- *\$10-Break the Bank*, (gigantic ticket with interesting way of highlighted in store), *\$5- Money Match*, *\$3- Red Ribbon Cash*, *\$2- Triple Play*, *\$1- Fruity Fortune* (whimsical ticket that is like games people play on their phone)

Coming Soon: July Instant Tickets:

- *\$20-Illinois Millions* (celebrating Illinois Bicentennial), *\$3-Special Olympics*, *\$2- Double Your Luck*, *\$1- Win Pigs Fly*

Responsible Gaming

Colin Hadden highlighted some of the responsible play initiatives which include communications, retailer and employee training and explained that this is a huge priority and foundation for Lottery's business in building trust and transparency with players and stakeholders. March was Problem Awareness and Gambling month and below were some statistics just in communications.

- Social media campaign increased responsible gaming landing page views by 554% through March 19, totaling more than 8000. Social media reach over 10,000 on Facebook and more than 3700 on Twitter.
- Retailer training is to be hosted on point of sale terminal with animation and voiceover both in English and Spanish

Illinois Lottery Control Board
Open Meeting Minutes
June 6, 2018
122 S. Michigan Ave., 19th floor, Chicago, IL 60603

- Employee training consisted of Problem gambling and awareness and Gamgard training which is a tool which measures the risk associated with games
- Stakeholder Outreach consisted of renewed membership with the following organizations: Illinois Alliance on Problem Gambling, Illinois Council on Problem Gambling, National Council on Problem Gambling and World Lottery Association.

Board Member Arandah-Suh thanked Colin Hadden on the movement and enhancement on the responsible gaming compliance. She also inquired about the Veterans specialty ticket and asked if it was still in rotation. Colin Hadden, responded that it usually comes out toward the end of the year either in November or December.

Finance & Operation

Carol Radwine, Chief Financial Officer presented charts below with details on:

- Common School Fund transfers
- Special Causes
- Retailer sweeps/State Lottery Fund

Finance

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 (planned)	\$718,750,000
Total Transfers – All Fiscal Years To Date (05/30/18)	\$642,735,000



Illinois Lottery Control Board
Open Meeting Minutes
June 6, 2018
122 S. Michigan Ave., 19th floor, Chicago, IL 60603

Finance

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 05/31/18, the Lottery has transferred \$47.6 Million for these causes.

Ticket/Cause	Lifetime Amount Transferred
Veterans Cash (veterans causes)	\$15,067,792
Ticket for the Cure (breast cancer research and treatment)	\$12,591,292
MS Project (multiple sclerosis research and treatment)	\$ 9,324,860
Red Ribbon Cash (HIV/AIDS research and treatment)	\$ 7,672,320
Special Olympics (state and Chicago organizations)	\$ 2,983,713



Finance

For the Quarter Ended March 31, 2018

- The weekly sweeps of Lottery retailers netted \$341,092,344.80 in revenues to the State Lottery Fund during the 3rd quarter of FY2018.

For the Quarter Ended March 31, 2018	
Cash Balance carried forward from last quarter	\$ 146.2M
Receipts into the fund this quarter	\$ 343.3M
Expenditures from the fund this quarter	(\$363.2M)
Cash Balance at the end of the quarter	\$ 126.3M
Expenditures/Transfers made this quarter	\$ 363.2M
Vouchers paid this quarter	\$ 52.5M
Prizes paid this quarter	\$ 142.5M
Transfers made this quarter	\$ 168.2M



Illinois Lottery Control Board
Open Meeting Minutes
June 6, 2018
122 S. Michigan Ave., 19th floor, Chicago, IL 60603

Operations Update

Director Greg Smith provided updates on staff, private manager transition and operations.

Staff Update-Chicago& Springfield

- Scott Gillard, Chief of Staff
- Guadalupe Marin, Administrative Assistant to the Director
- Larry Johnson, Deputy Chief of Security (Springfield)
- Karen Blumhagen, Instant Tickets Product Manager(Springfield)
- Continuing to fill positions for our claim centers around the state

Private Manager transition and operations:

- Camelot doing most of their hiring and taking over services, duties and key tasks
- Milestone schedule implemented for check and balances between both companies which includes annual business plan, technology transition, and new gaming system. Once completed and proven satisfactory between both companies a certificate of completion will be issued and end the transition.
- Since last session Lottery received one-year extension to sell tickets online-iLottery
- Picked up two more specialty tickets benefitting police memorials and homelessness
- Statute was picked up allowing certain prizewinners to claim in privacy and anonymity on winnings over \$250,000
- Director explained about payments to capital projects which is last place money goes after paying Common School Fund and beneficiary tickets

Board Chairman Haydee Ollinger asked if there was a deliberate effort to ensure the human story on grant recipients of specialty tickets and not just ticket sales. Director Smith explained that there was a launch event very next day for the Red Ribbon cash ticket that supports HIV and Aids and that there would be more media emphasis in doing a check ceremony with recipients.

ADDJOURNMENT

Chairman Ollinger requested a motion to adjourn. Board member Aranda-Suh gave the motion and Board member Floyd seconded the motion which was unanimously approved. Chairperson Ollinger adjourned the meeting at 2:30pm.

Respectfully submitted,

Nora Iniguez
Lottery Control Board Secretary