

Illinois Lottery Control Board
Open Meeting Minutes
Wednesday, September 02, 2020 via WebEx

Board Members:

- Sarah Alter
- Tarrah Cooper Wright
- Diana Sheehan

Lottery Staff:

- Harold Mays, Acting Director
- Cornell Wilson III, General Counsel
- Scott Gillard, Chief of Staff
- Meghan Powers, Communications Director
- Jessica White, Deputy General Counsel
- Carol Radwine, Chief Financial Officer
- Amber Chappell, Finance Manager
- Joe Weiss, Sales Manager
- Guadalupe Marin, Director's Assistant
- Nora Iniguez, Lottery Control Board Secretary

Camelot Staff:

- Keith Horton, General Manager
- Andrew Lang, VP Finance
- James Bickford, Chief Commercial Officer
- Emilia Mazur, VP Corporate Affairs

Other Attendees:

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

CALL TO ORDER/ROLL CALL (Due to no Board Chairman, Jessica White will run the meeting.)

Jessica White, Lottery Deputy General Counsel, called the meeting to order at 10am with board members present to meet a quorum. Lottery and Camelot Staff were introduced.

PUBLIC COMMENT

None

OLD BUSINESS

- A. Approval of Minutes - Jessica White asked for a motion to approve the meeting minutes from June 03, 2020. Motion was given and unanimously approved and passed.

NEW BUSINESS

- A. Elect New Lottery Control Board Chairman
1. Nominations are given for Diana Sheehan to be the Lottery Control Board Chairperson.
 2. Motions are given and **unanimously approved.**

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B. Schedule Quarterly Meetings

1. Board members approve for the next Lottery quarterly meeting to be scheduled on Wednesday, November 18, 2020 at 10am. Future dates will be decided amongst the board members to then be posted on the website.

C. Legal Update- Cornell Wilson/Lottery

1. Bid for outside counsel on sports wagering integration was awarded.
2. Lottery secured the rights to "Easy Match," which is a game add on and owned by International Gaming technology.

DIRECTOR'S REPORT

Mr. Keith Horton gave a brief summary on how the Lottery is still dealing with the pandemic and reminded the board of the civil unrest that affected some of our retail locations' foreseeable future. Camelot is cautiously optimistic of the sales performance through the first couple of months.

A. Sales Summary July 1 to August 24, 2020-Andrew Lang/Camelot

1. FY21 Total year to day sales (July 1 – Aug 24) is **\$478.9 million**: Instant **+19.93%**, In-state draw **+24.84%**, Multi-State **-9.24%**
2. Sales have been impacted by Covid-19 and the stay at home order, the re-opening of video gaming terminals and casinos. A large backlog of sales were recognized when the Lottery Sales reps returned to the field in early July which was the first week of FY21.
3. Mega Millions jackpot went from initial jackpot start of \$40M to \$20M which has affected sales.
4. iLottery sales doing well due to sales pitch of **Stay at Home, Play at Home**. Sales are approximately at \$2.5M a week.
5. Introduction of Fast Play on 09/27/2020 will have a conservative sales estimate of approximately \$31M for FY21.

Questions and Comments

Sarah Alter, board member, asked how Lottery can harness a more efficient and profitable online channel and leverage the opportunity that consumers now have been retrained to purchase online. James Bickford from Camelot stated that only a limited amount of games can be offered online. He also stated that they do not want to cause an overload for existing players and have the possibility of losing them. Since July, there have been over 30 thousand new app downloads in which the work is trying to keep consumers engaged as ongoing players.

B. Advertising and Marketing-James Bickford/Camelot

1. Marketing slides are shown to the board showcasing marketing strategies in Instant, Draw and Experiential for the months of May to July 2020
2. Partnership promotions are being offered at various retailers like Circle K, Jewel-Osco, Thornton's, Speedway and Casey's.
3. Support of rebuilding Lottery retailers and getting them back on track consisted of continuous communication during the pandemic via email, **Lottery Lowdown** newsletter and terminal messaging.
4. Launch of instant ticket games are shown to the board for the months of May-July.
 - a. The May launch of specialty ticket **Blue** (Police Memorials) had the biggest activation. James Bickford stated that he feels these tickets are becoming more meaningful during these times.
 - b. The June launch of the \$10 Gold Premium Play has been a successful ticket to date.

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Questions and Comments

Board member Tarrah Cooper Wright asked what the engagement of local community in minority papers had been and if there is anything that has been considered to address criminal justice or equity from a community standpoint. She also requested a summary of earned media in addition to advertising. James Bickford stated he will get that information to the board to give a sense of what is being done.

C. Responsible Gaming-Emilia Mazur/Camelot

1. The Lottery won National Council on Problem Gambling Holiday Responsible Gaming Campaign award which recognizes a single lottery each year in their efforts to raise awareness about the risk of underage lottery play during the holiday season.
2. Lottery uses external tool **Gamgard** to rate how risky a proposed game is likely to be for a vulnerable player.
3. Responsible gaming policy was developed to highlight both the obligations and commitments to conduct business in a socially responsible manner.

D. Finance-Carol Radwine/Lottery

1. A draft of year to date sales revenue by game is shown to the board. FY20 total is approximately \$2.8B and is down from FY19 due to performance and depressed jackpots for PB and MM (figures are not final).
2. Year to date profit and loss statement draft shows an estimated operating income of \$660 million which is down in comparison to FY19.
3. Prescribed amount for the Common School Fund for FY2020 is \$746,875,000. The Lottery will not make that amount and has transferred 84% at \$630,387,500 as of 06/30/2020. This number has not been finalized.
4. As of 06/30/2020, the Lottery has transferred a total of \$58.6M for the Specialty Cause tickets since 2006.

E. Director's Comment-Harold Mays/Lottery

1. Meghan Powers is the new communications director for the Illinois Lottery. She comes from the Department of Human Services with a background in PR and marketing.
2. Getting employees to continue to work in a safe manner according to the CDC and Department of Public Health has been top priority. 95% of staff were initially working from home, all payment centers were shut down and all salespeople were removed from the field.
3. Not being able to interface directly with retailers caused the suspension of the settlement of unsold instant ticket inventory which helped retailers financially.
4. Lottery claim center employees and field staff have returned to work while the others are still working remotely.
5. Exposure to Covid-19 is being tracked for all employees. Only two employees have tested positive and exposure was outside of the workplace.
6. Lottery claims were paid at retail or mailed in while payment centers were closed. As centers reopened in July, an appointment system was implemented to help us adhere to CDC guidelines of social distancing.
7. First 6 weeks within the pandemic, Lottery saw a decline of up to 20 to 30 percent in sales. It has now seen an increase in both Instant and online sales.
8. The civil unrest impacted well over 220 retailers resulting in stolen tickets and equipment damage. Lottery is still working on reconciling reports of how much was stolen and lost. Over \$1.3M in equipment damage was done from terminals, printers, scanners and vending machines. Repairs and replacements are being coordinated with retailers and most are back at selling tickets.

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9. Regarding board member Tarrah Cooper Wright's earlier question on diversity and equity, Director Mays pointed out that the administration has a statewide initiative for state agencies to develop their own plans for diversity, equity and inclusion.
10. Lottery initiatives that were being pushed in the spring legislative session, mainly a Lottery Sports Wagering pilot program, will continue into the fall veto session.
11. An FY20 financial audit is being completed by the office of the Auditor General. Completion will be done later this year and an update will be given.
12. Homelessness prevention and Alzheimer's specialty tickets were launched.
13. Lottery and Camelot were given two Skyline Awards from the Public Relations Society in partnership with Flowers Communications Group and Grisko LLC. A 2020 Golden Trumpet Award was also awarded along with Flowers Communication for achievement of public relations and communications for the **Illinois Lottery Pops Up Pink**.
14. Business plan for FY21 is off to a good start.

Questions and Comments

Sarah Alter commends Director Mays on his leadership during these trying times and would like to know how the board can help him along with Camelot to continue to thrive.

ADJOURNMENT

With all of business concluded, motion was given to adjourn meeting at 11:40pm. Motion was unanimously approved and passed.

Respectfully submitted by
Nora Iniguez/LCB Secretary