

DEPARTMENT OF THE LOTTERY



Lottery Control Board Bylaws

Effective: May 13, 2013

Amended: October 9, 2019

LOTTERY CONTROL BOARD BYLAWS

Introduction

The Illinois Lottery Control Board (the “Board”) plays an important role in the oversight and governance of the Illinois Lottery, and in fostering the Lottery’s commitment to acting in an ethical and socially responsible manner at all times. The Board believes that a sound governance framework is essential to fulfilling this role successfully. As part of its efforts to build and maintain a consistent framework for such governance, the Board has authorized and prepared these bylaws.

The manual contains important procedures that describe the governance framework within which the Board will (i) advise the Director on directives, policies and rules, and (ii) oversee the operations of the Illinois Lottery in accordance with its statutory authority. The Board intends that this manual will serve as a resource and framework for both new and experienced Board Members, and therefore encourages Members to regularly review its contents and periodically update this manual to reflect the evolving needs of the Illinois Lottery. This manual will also help the general public to understand the role of the Board and its governance process and procedures.

ARTICLE I

MISSION, PRIMARY GOALS

Section 1 Mission

The Illinois Lottery Control Board shall operate as prescribed by the Illinois Compiled Statutes and Illinois Administrative Code in the oversight of the Illinois Lottery. This includes performing all functions noted in the Illinois statutes and rules, conducting public meetings and hearings, and reviewing reports prepared by the Illinois Lottery.

The Board’s functions include overseeing the implementation of any management agreement, operating agreement or such other material contract between the Lottery and a third-party lottery manager/operator. Board members shall be permitted to rely on the reports, memoranda, analyses and other written documents or oral presentations provided by Lottery personnel, including the Director and Lottery counsel, and other third parties in fulfilling their duties hereunder.

The Board shall maintain records of all actions taken by the Board, as required by statute.

Mission Statement: The Mission of the Illinois Lottery Control Board is to ensure that the Illinois Lottery is conducted in the interest of the State, its citizens, and the Lottery beneficiaries, and to assist the Director in ensuring that the functions and operations of the Illinois Lottery are representative of the values of the State of Illinois and its citizens.

Section 2 Primary Goals

- (a) Be proactive and diligent in fulfilling its duties.
- (b) Exercise its authority solely in the interest of the Illinois Lottery and the citizens of the State of Illinois.
- (c) Share and foster the commitment of the Lottery to establishing good public policies and effective business practices.

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(d) Provide guidance to the Illinois Lottery to effect the safe, honest, and accurate sale and accounting of all Lottery games to ensure the maximum return of revenue to the beneficiaries of Lottery proceeds. This includes, but is not limited to, the review of financial reports and audit reports to safeguard the integrity of all Lottery games and operations.

(e) Act impartially and with knowledge of the facts in hearing and making recommendations on appeals referred by the Hearing Officers.

(f) Establish an advertising policy and monitor advertising campaigns to ensure adherence to that policy. Require that the Illinois Lottery's advertising does not target with the intent to exploit specific groups or economic classes of people, and that its content is accurate and not misleading.

ARTICLE II

DEFINITIONS

Section 1 Definitions

(a) "Board" means the Illinois Lottery Control Board as defined in 20 ILCS 1605/6.

(b) "Chairman" means the duly elected Member who acts as the Chairperson of the Board and is elected annually from the Board members by majority vote as defined in 20 ILCS 1605/6.

(c) "Closed Meetings" means meetings covering matters that are required to be kept confidential by State statute or rule, matters subject to attorney-client privilege, or other matters of exception from the Illinois Open Meetings Act pursuant to 5 ILCS 120/2(c).

(d) "Director" means the Illinois Lottery Director as specified by 20 ILCS 1605/5.

(e) "Hearing Officers" means individuals appointed by the Illinois Lottery Control Board to conduct hearings on complaints charging violations of the Illinois Lottery Law and Illinois Administrative Code, and any other hearings specified by rule.

(f) "Illinois Lottery Law" refers to Illinois Compiled Statutes 20 ILCS 1605/.

(g) "Lottery" means the Department of the Lottery as defined and established under 20 ILCS 1605/.

(h) "Member" means one of five individuals appointed by the Governor of Illinois to serve as a member of the Illinois Lottery Control Board.

(i) "Open Meetings" means meetings open to the public in accordance with the Illinois Open Meetings Act, 5 ILCS 120/, and subject to the requirements therein.

(j) "Private Manager" means the manager or operator providing management services to the Lottery on behalf of the Lottery under a management agreement, pursuant to 20 ILCS 1605/9.1 and any management agreement. References to the Lottery herein, which pertain to functions provided or performed by the Private Manager, shall be considered to refer to the Private Manager. References to the Private Manager

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herein, which pertain to functions provided or performed by the Lottery, shall be considered to refer to the Lottery.

(k) “Special Meetings” means meetings specially requested by the Chairman, by two other Board members or by the Lottery Director. Special meetings shall operate like all other meetings and are subject to the requirements of the Illinois Open Meetings Act, 5 ILCS 120/.

ARTICLE III LEGAL AND PROCEDURAL

Section 1 Illinois State Law

The Illinois Lottery Law, Section 20 ILCS 1605/ of the Illinois Compiled Statutes governs the Illinois Lottery and the Lottery Control Board to the extent such authority to operate is not specifically prohibited by Federal or State gaming laws and that do not violate any Federal or State statutes dealing with inter-state gaming or funds transfer. The Illinois Lottery Law also authorizes the Illinois Lottery to enter into agreements with such multi-state Lottery games as are in the best interest of the State of Illinois and its citizens.

Further, the Illinois Administrative Code, Title 11, provides the administrative rules governing the Illinois Lottery.

Notably, where there is a conflict between this Governance Manual and the Illinois Compiled Statutes or the Illinois Administrative Code, the Illinois Compiled Statutes or Illinois Administrative Code shall govern.

Section 2 Amendments to the Illinois Lottery Control Board Governance Manual

From time to time, the Lottery Control Board may amend this Governance Manual as the Board determines to be appropriate. Changes to this manual may be proposed by the Director or any Board Member. If the Board is given notice of the proposed changes at least two weeks prior to any regularly scheduled meeting, the Board may vote on the changes at the regularly scheduled meeting. A majority vote is required for ratification. In emergency circumstances, changes may be proposed and voted on during the same regularly scheduled meeting.

ARTICLE IV ORGANIZATIONAL STRUCTURE AND BOARD OPERATION

Section 1 Illinois Lottery Control Board

(a) The Board shall be responsible for advising and making recommendations to the Director regarding the functions and operations of the Illinois Lottery.

(b) The Board shall carry out its duties and responsibilities solely in the interest of the State of Illinois, its citizens and Lottery beneficiaries and for the exclusive purpose of providing maximum revenue to the beneficiaries and defraying reasonable expenses incurred in performing such duties as required by law. The Board shall act in accordance with provisions of the State statutes and its overall Mission and goals as stated herein.

Section 2 Board Membership

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As proscribed by 20 ILCS 1605/6, the Board is composed of five members with each member appointed by the Governor with the consent and approval of the Illinois Senate. The members must be citizens of the United States and residents of Illinois. No more than 3 of the 5 members shall be members of the same political party. Any vacancy in the Board occurring for any reason other than expiration of term, shall be filled for the unexpired term in the same manner as the original appointment. Any member of the Board may be removed by the Governor for neglect of duty, misfeasance, malfeasance, or nonfeasance in office.

Section 3 Board Officers

In accordance with 20 ILCS 1605/6, there is created a Chairman of the Board elected from the membership for a one-year period. In the event that the Chairman can no longer serve the remainder of the term during the year, a new election for chair would be conducted.

Section 4 Board Committees

The Board may establish subcommittees of the five Members, as needed, to review or control any aspect of the Board's work or guidance efforts.

Section 5 Administrative Operations and Record Keeping

The Board shall meet at least quarterly. At the beginning of each calendar year, the Board shall prepare and make available a schedule of all its regular meetings for that calendar year, listing the times and places of the meetings. If a change is made in regular meeting dates, at least 10 calendar days' notice of such change shall be given. In the event that a regular meeting is rescheduled or reconvened, notice must be given at least 48 hours in advance of holding the meeting. The requirement of public notice to reconvened meetings does not apply to any case where the meeting was open to the public and (1) it is to be reconvened within 24 hours, or (2) an announcement of the time and the place of the reconvened meeting was made at the original meeting and there is no change in the agenda. In a bona fide emergency, notice shall be given as soon as practicable.

The Board shall meet at other times as specially requested by the Chairman, by two other Board members or by the Lottery Director. Notice of Special Meetings must be made in writing to each Board member at least 72 hours in advance. Notice of Special Meetings must be made to the public at least 48 hours in advance of holding the meeting pursuant to 5 ILCS 120/2.02(a)

As per 5 ILCS 120/1.02, a quorum must be physically present at a location to have a Board meeting whether in person or electronically gather from remote locations through the use of telephones, video or conferencing, and the internet, or other means of contemporaneous interactive communication. Under 5 ILCS 120/7(a), members, however, may only be able to attend electronically for the following reasons:

- personal illness or disability;
- employment purposes or the business of the public body; or
- a family or other emergency

Accordingly, for a 5-member public body, three members of the Board shall constitute a quorum. The affirmative vote of 3 members shall be required for any final determination on any issue by the board.

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In accordance with 5 ILCS 120/2a, the Board may vote during an Open Meeting to close a portion of the meeting for the discussion of certain matters. To close a portion of an Open Meeting, a majority vote of a quorum present is needed. Only topics specified in the vote to close the meeting may be considered during the Closed Meeting. No final action may be taken at a Closed Meeting.

Pursuant to 5 ILCS 120/2.06(a), the Board is required by statute to maintain verbatim audio or voice recording of all meetings of the Board for a period of no less than 18 months. All written records of Board meetings are required to be maintained and stored indefinitely.

Section 6 Meeting Agenda

The staff of the Lottery Director will prepare the meeting agendas with input from the Chairman. At least 48 hours prior to the meeting agendas will be delivered to Board members and posted on the Illinois Lottery website for public review and notice. Although agenda items may vary from month to month, the Board should consider or undertake at least annually these actions in fulfilling its duties as described in Article V:

- Review product sales and profit performance, including revenue transferred to beneficiaries.
- Review budget.
- Elect Board Chairman.
- Review financial statements.
- Designate Hearing Officers.
- Hear appeals on complaints charging violations of the Illinois Lottery Law or rules.
- Meet with the Lottery's Chief Internal Auditor in conjunction with the preparation of regular audits.
- Meet with the Private Manager to review and discuss the Private Manager's performance.
- Review the Illinois Lottery Law and rules for the purpose of ascertaining defects and formulate recommendations for changes.
- Report to the legislature on any matters which the Board deem to require an immediate change in law or rule in order to prevent abuses and evasions of law or rule or to rectify undesirable conditions in connection with the administration or operation of the Lottery.

Section 7 Meeting Procedures

Board meetings may be conducted, to the extent feasible, in a manner consistent with Robert's Rules of Order so long as there is no conflict with any State or Federal Laws. The final decision rests with the Chairman of the Board.

Section 8 Board Action

If a quorum is present at meetings, actions can be taken by the Board. Motions will be passed or voted down by a simple majority vote of the Board. The Chair is eligible to vote on all motions.

Section 9 Public Record and Public Participation

(a) Formal written minutes of each meeting, including Closed Meetings, will be maintained in accordance with Illinois Open Meeting Act, 5 ILCS 120/. A draft of the minutes from Open Meetings will be provided to the Board for review and formal adoption at the subsequent regular meeting. Minutes from Closed

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Meetings must be reviewed and adopted by the Board at least semi-annually. Within 10 days of formal adoption, minutes from Open Meetings will be posted to the Illinois Lottery's website. Minutes from Closed Meetings shall be made publicly available upon request only if the topics discussed no longer require confidentiality.

A verbatim audio or video recording of both Open and Closed meetings shall be created. An Open meeting recording will be available for public distribution upon request, subject to availability if the recording occurred more than 18 months prior to the request.

(b) Agendas will be available 48 hours prior to the meeting and minutes will be available after the meeting on the Illinois Lottery website and at the Lottery's principal office as required by statute. (5 ILCS 120/2.02(a))

(c) Non-confidential documents that have been provided to the Board during meetings will, upon request, be provided to members of the public. Copying of documents may be subject to a service charge of \$0.15 per page in accordance with State of Illinois Freedom of Information Act guidelines.

(d) A public record of all meeting attendees will be maintained. If an attendee specifically objects to disclosing their name for the public record, they shall still be allowed to attend the public meeting.

(e) In accordance with Section 5 ILCS 120/2.06(g) of the Illinois Open Meetings Act, this Board will permit any member of the public to speak as follows:

- I. On the matter listed on the meeting's publicly posted agenda, as well as other Commercial Business unrelated to any subject on the meeting agenda.
- II. Public comments are the first items addressed on each Board meeting agenda.
- III. Prior to speaking, each person must be recognized by the chair and must state and spell his or her name and business address for the public record.
- IV. Public comment is limited to no more than three minutes per person and to no more than fifteen minutes in total per meeting, unless there is consent of a majority vote of the members present to extend the time period. The chair shall monitor each speaker's use of time and shall notify the speaker when the time allotted has expired.
- V. Whenever any group of persons wishes to address the Board on the same topic, the chair may ask that a spokesperson be chosen from the group for purposes of efficiency and avoiding redundancy, to the extent practicable.

Section 10 Board Expense Reimbursement

All Board members are compensated as established by the Illinois Lottery Law when official Lottery business is conducted by the Board. All Board members shall receive as compensation for their services \$100 for each day they are in attendance at any official board meeting. All Board members are reimbursed for travel and necessary expenses in the performance of their duties, including attending all Board meetings. Travel and parking expenses for meeting attendance will be reimbursed by the Lottery in accordance with State fiscal rules. The Members will not be reimbursed for expenses incurred by spouses, family members, or companions, alcohol, or personal entertainment. Compensation and reimbursement shall not exceed \$1,200 annually per member. (20 ILCS 1605/6)

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ARTICLE V ROLES, RESPONSIBILITIES, AND DUTIES

Section 1 Board

The Board is responsible for the following:

- (a) Conduct periodic review of Lottery operations, game performance, and budget.
- (b) Review the Lottery's financial statements to ensure the operation of the Lottery is conducted in the interest of the State of Illinois and Lottery beneficiaries.
- (c) Advise and make recommendations to the Director regarding the functions and operations of the Lottery.
- (d) Establish a general policy concerning the marketing the Lottery's products, and regularly review the Lottery's advertising campaigns to ensure compliance.
- (e) Designate Hearing Officers to conduct hearings on alleged violations of the Illinois Lottery Law and Illinois Administrative Code.
- (f) Hear appeals as referred by the Hearing Officers and make a recommendation on the disposition to the Director.
- (g) Request and review additional records, as needed, to ensure the business of the Lottery is conducted in the interest of the State of Illinois and Lottery beneficiaries.
- (h) Examine the governing law of the Lottery for the purpose of ascertaining defects in rules or statutes and formulate recommendations for changes.
- (i) Report to the State legislature on any matter which the Board deems to require an immediate change in the laws of the State in order to prevent abuses and evasions of statute or to rectify undesirable conditions in connection with the administration or operation of the Lottery.
- (j) Review of the Private Manager's activities and records, to the extent they are related to the operation and performance of the Lottery.
- (k) Review and advise the Director on annual business plans prepared by the Private Manager for the Lottery.

Section 2 Board Chair

The Board Chair, is responsible for the following duties.

- (a) Conduct meetings.
- (b) Review and approve agendas.

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(c) Facilitate a thorough discussion of agenda items, and identify any issues requiring further action. In the Board Chair's absence, a member of the Lottery staff, either the Chief of Staff or General Counsel shall facilitate the meeting discussion.

Section 3 Lottery Director

The Lottery Director shall:

(a) Confer regularly with the Board, not less than monthly, on the operation and administration of the Lottery.

(b) Make available for inspection by the Board or any member of the Board, upon request, all books, records, files, and other information and documents prepared by or for the Director.

(c) Advise the Board and recommend such rules and regulations and such other matters as the Director deems necessary and advisable to improve the operation and administration of the Lottery.

(d) Develop various Board reports, including an annual report on the work of the Board, and monthly and annual reports containing a full and complete statement of lottery revenues, prize disbursements and other expenses, and transfers.

(e) Attend all Board meetings, or appoint a designee to attend, if necessary.

(f) Present to the Board current research findings on issues pertinent to the Lottery and Lottery players.

(g) Advise the Board of any legislative or Federal gaming or Lottery law changes.

(h) Act as a liaison for the Board with the Private Manager and facilitate presentations by the Private Manager to the Board, and meetings between the Board and the Private Manager, as directed by the Board.

Section 4 Legal Counsel and Attorney General

The General Counsel for the Department of the Lottery, Attorney General or any outside Legal Counsel selected by the Board shall provide legal advice, as needed, and as otherwise upon the request of the Board.

ARTICLE VI

CODE OF ETHICS AND STANDARDS OF CONDUCT

Section 1 Code of Ethics and Standards of Conduct

Lottery Control Board Members are subject to all applicable ethical standards, including but not limited to Illinois Compiled Statutes, 5 ILCS 430/, State Officials and Employees Ethics Act and Illinois Compiled Statutes, 5 ILCS 420/, Illinois Governmental Ethics Act. In addition, Members:

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- (a) Shall exercise prudence and integrity in the monitoring of Lottery games, advertising and the management of Lottery funds.
- (b) Shall avoid engagement in any activity or business that creates a conflict of interest.
- (c) Shall accept no fee, compensation, gift, payment of expense, or any other item of monetary value, under circumstances in which the acceptance may result in an undertaking to give preferential treatment to any person or company or would result in any loss of independence or impartiality.
- (d) Shall not disclose, use or allow others to disclose or use for private gain confidential information acquired by virtue of employment or position.
- (e) Shall not engage in conduct involving dishonesty, fraud, deceit, or misrepresentation.

Each Board member must certify they have read the code of conduct each year.

Section 2 Employment with Vendors or Service Providers

All Lottery employees and Board members are prohibited from being employed by a vendor or service provider under contract with the Department of the Lottery for a period of one year following release or termination from their position with the Lottery.