



REPORT ON THE WORK OF THE LOTTERY CONTROL BOARD

July 25, 2018 (20 ILCS 1605/7.8)

Respectfully submitted to:

Illinois Governor Bruce Rauner

Senate President John J. Cullerton

Senate Republican Leader William E. Brady

House Speaker Michael J. Madigan

House Republican Leader Jim Durkin

The Illinois Lottery Control Board -- Background and Current Status

Illinois Lottery Law (20 ILCS 1605/6) created an independent board - the Lottery Control Board - consisting of five members appointed by the Governor with the advice and consent of the Senate. A chairman of the board is chosen annually from the membership of the board by a majority of the members of the board. Current members of the board:

Name	Term Expires	Board Member Since
Elba Aranda-Suh	July 1, 2017*	July 6, 2015
James Floyd	July 1, 2019	March 20, 2017
Haydee Olinger	July 1, 2018*	June 20, 2016

*-Members serve until their successors are appointed and qualified

Haydee Olinger currently serves as board chairwoman. There are two vacancies on the board. One member, Blair Garber, resigned for personal reasons in January 2018.

The board is required to hold at least one meeting each quarter of the fiscal year, and all board meetings are open to the public pursuant to the Open Meetings Act. Meetings were held in Fiscal Year 2018 on: Sept. 8, 2017; Dec. 8, 2017; Feb. 26, 2018; and June 6, 2018.

Legal Roundup

The Lottery Control Board is provided an update regarding all pending administrative hearings at each quarterly meeting.

In September, there were no cases or matters pending in the administrative hearing process. There was one matter pending before the Cook County Circuit Court for review of the administrative law judge's recommendation, and the Lottery was waiting for recommendations from the administrative law judge in a matter involving a license denial. The Lottery also received a favorable recommendation from the administrative law judge after an administrative hearing was held in a matter involving an unpaid Lottery debt and license denial.

In December, there were no cases or matters pending in the administrative hearing process. There was one matter still pending before the Cook County Circuit Court for review of the administrative law judge's recommendation, and the Lottery received a favorable recommendation in the Lottery license denial matter mentioned in the previous meeting.

In February, there were two matters pending in the administrative hearing process, one involving a player claim and one involving a retailer claim. The Lottery received a favorable recommendation from the Cook County Circuit Court in the matter for administrative review.

In June, there were no cases or matters pending in the administrative hearing process. Both matters highlighted in February were resolved. The Lottery received a favorable recommendation in the matter involving the player claim issue and settled the matter involving the retailer claim.

Advertising Roundup

The Lottery Control Board is provided an update regarding advertising at each quarterly meeting. The following advertising campaigns were presented to the Lottery Control Board in FY18:

- Full of \$500s; TV and Point of Sale (September 2017)
- Lotto promotion; Digital, Out of Home, Radio and Point of Sale (September 2017)
- Ticket for the Cure; Audio, Digital, Out of Home and Print (December 2017)
- Mega Millions game change; TV snipes, Audio, Digital, Out of Home and Print (December 2017)
- Perfect Gift / Holiday second chance; TV, Radio, Digital and Out of Home (December 2017)
- Taxes Paid; TV, Online Video and Point of Sale (February 2018)
- St. Patrick's Day Raffle; TV snipes, Radio, Digital, Out of Home and Point of Sale (February 2018)
- MS Project; Digital, Social, Online Video, Radio and Point of Sale (February 2018)
- March instants; TV, Digital, Social, Out of Home and Point of Sale (February 2018)
- Frenzy family; TV, Online Video, Digital, Social, Out of Home and Point of Sale (February 2018)
- Willy Wonka; TV, Online Video and Point of Sale (June 2018)

Meeting Minutes

The Lottery Control Board was updated on the progress and status of the private manager agreement with Camelot to the extent permissible under procurement code. The transition of private manager from Northstar to Camelot was described so the Board was aware of the fullness of staff involvement. At the December meeting, after the private management agreement was signed, Camelot presented information about its company, experience and projections for the Lottery under its management. The Board also was updated at each meeting on the status of profits and transfers. Here is a set of the last four approved meeting minutes:

Illinois Lottery Control Board
Open Meeting Minutes
February 26, 2018
122 S. Michigan Ave., 19th Floor, Chicago, IL 60603

On Monday, February 26, 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:

- Elba Aranda-Suh
- Haydee Olinger
- James Floyd

Illinois Lottery Staff:

- Annice Kelly, *General Counsel/Ethics Officer*
- Jason Schaumburg, *Communications Director*
- Carol Radwine, *Chief Financial Officer*
- Harold Mays, *Chief Operations & Technology Officer*
- Jessica White, *Deputy General Counsel*
- Rolanda Sudduth, *Senior Counsel*
- Joseph Weiss, *Director of Sales*
- Brooke Mayfield, *Lottery Control Board Secretary*

Camelot Staff:

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

Other Attendees:

- Peggy Hudgkins-Wilkens, *member of the public*, Chicago, Illinois

CALL TO ORDER

Board member Haydee Olinger welcomed attendees and called the meeting to order at 1:48 p.m. The roll call was taken, and it was noted that a quorum was present.

CHAIRPERSON VOTE

Board member Olinger volunteered to step in as board chairwoman with a motion from Elba Aranda-Suh and a second from James Floyd. The board voted and unanimously approved the motion for Olinger to act as Chairwoman.

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Open Meeting Minutes
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OLD BUSINESS

Approval of Minutes

Haydee Olinger moved to approve the minutes from the December 8, 2017, meeting. Board Member James Floyd seconded the motion, and the Board unanimously approved the motion.

NEW BUSINESS

Senior Counsel Rolanda Sudduth presented legal updates on the Lottery's 1st quarter.

- The Department received a favorable recommendation in a hearing before the Cook County Circuit Courts for administrative review.
- The Department has two upcoming administrative hearings, one involving a player claim, and one involving a retailer claim.

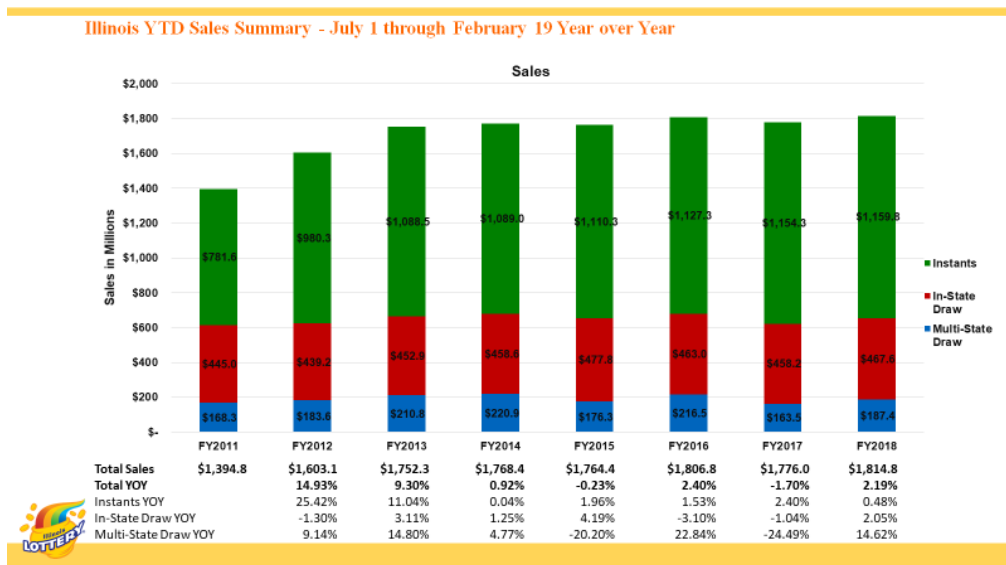
DIRECTOR'S REPORT

Sales and Marketing Update

Colin Hadden, General Manager for Camelot Illinois, detailed the overall sales from current fiscal year, and summarized advertising and retail marketing for the Board.

Sales Performance Overview

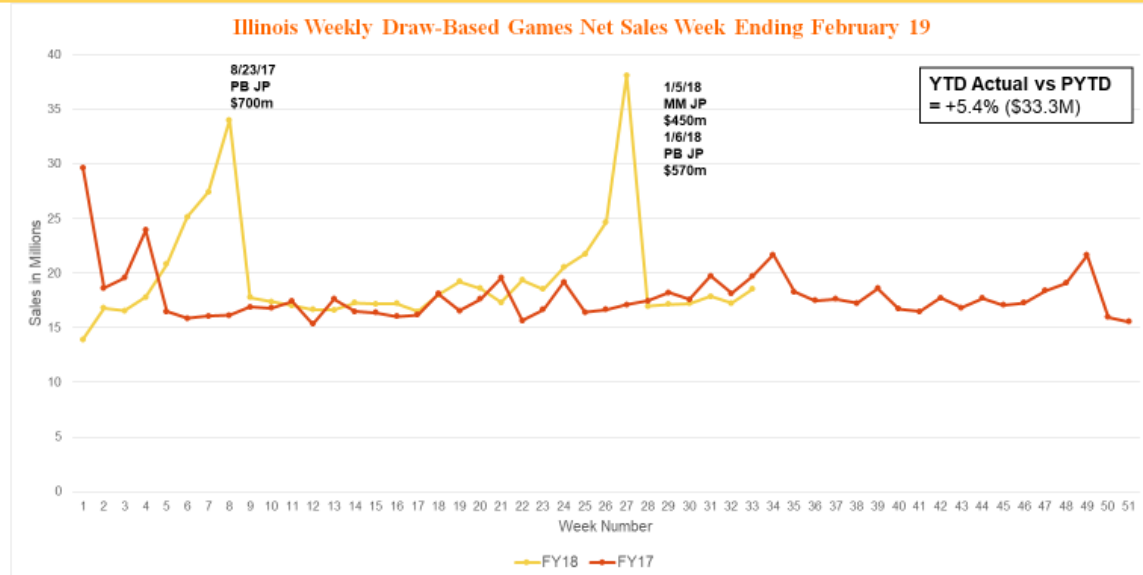
Referencing the graph below, Hadden detailed the year-to-date sales summary to the Board stating that overall sales are up 2.19 percent over the previous fiscal year.



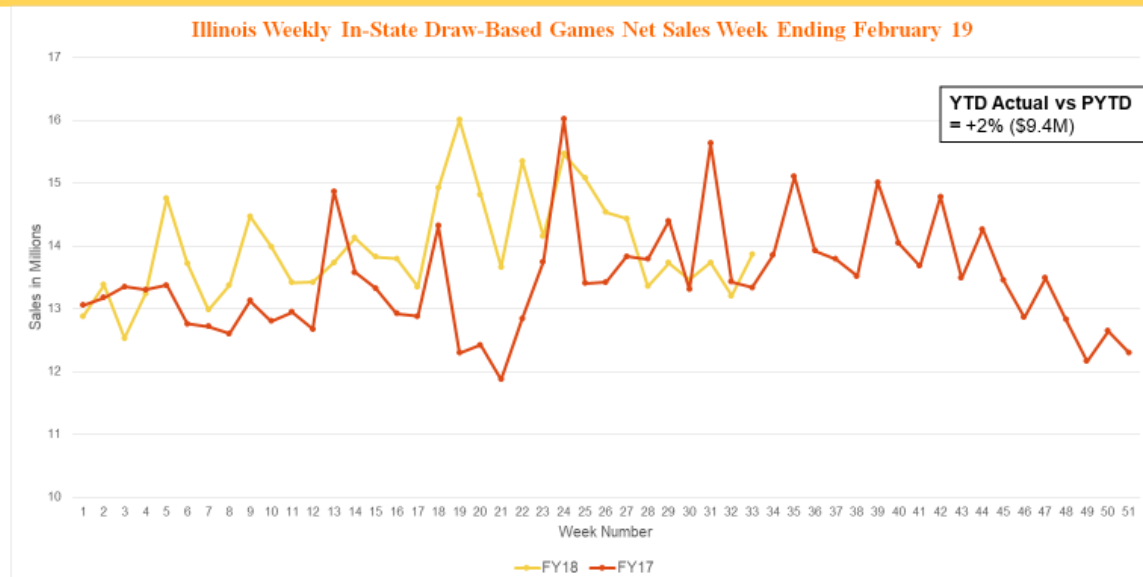
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iLottery Sales

Hadden detailed iLottery sales information to the Board, using the below graphs to illustrate sales and registered user data. Hadden reviewed with the Board that total Draw-Based games are up 5.4 percent, while in-state draw games are up 2 percent.



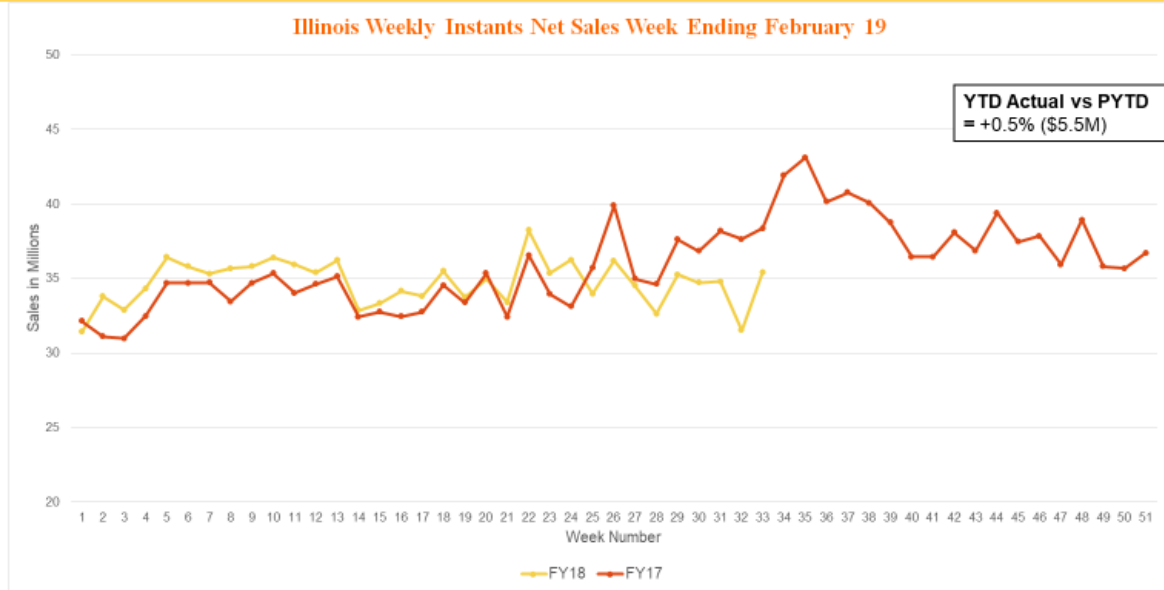
*Includes all draw-based games: Powerball, Mega Millions, Lucky Day Lotto, Lotto, Pick 3 and Pick 4



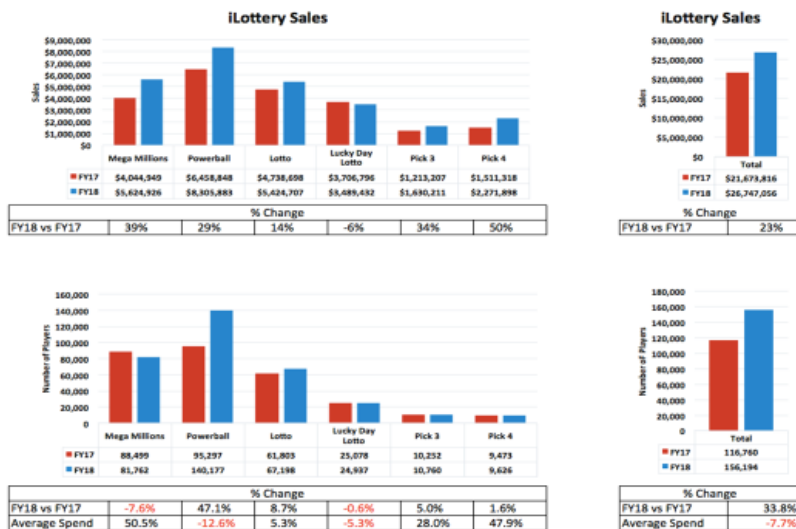
*Excludes Powerball and Mega Millions

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Hadden then detailed to the Board that instants were still slightly above last fiscal year by .5 percent and that this is primarily due to differences in launch, but that the plan is to finish the fiscal year with a strong set of games.



iLottery YTD Sales Summary - July 1 through February 19 Year over Year



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Advertising and Retail Marketing

Mr. Hadden spoke to the Board about the past, current and upcoming advertising and retail marketing for the Lottery.

December 2017: Second Chance

- The Second Chance campaign was supported with point of sale, TV commercials and online video (English and Spanish).
- The paid campaign ran in December 2017

January 2018: Taxes Paid

- The January Taxes Paid ticket was supported with a campaign that included TV commercials, online video, point of sale and sports sponsorship activations.
- The campaign run dates were 01/08/18 through 02/08/18.

February 2018: St. Patrick's Day Raffle

- The February St. Patty's Day Raffle was supported with a campaign that included TV snipes, radio, digital, out- of-home, point of sale and experiential.
- The campaign run dates are 02/09/18 through 03/18/18.

February/March 2018: Specialty Tickets

- February Special Olympics ticket launched on 02/06/18.
- March MS Project ticket launches on 03/06/18.
- The MS Project ticket will be supported with digital/social, online video, out of home, audio/radio and point of sale.
- The campaign will run from 03/06/18 through 04/04/18.

Coming Soon: March Instants Campaign

- March Instants Campaign
 - The March Instants portfolio campaign will be supported with TV, digital/social, OOH, print, TV snipes, and point of sale.
 - The paid campaign will run from 03/06/18 through 04/04/18
- April Frenzy Family Campaign
 - Supported by TV, online video, digital/social, OOH, and point of sale.
 - The six-week paid campaign will launch April 5.

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Responsible Gaming

Hadden gave a summary of Responsible Gaming practices and future plans. Hadden further explained the processes of Camelot's key areas of responsible play including but not limited to: retailer education, player communication, treatment and support, WLA certification, promotion of responsible play and employee education.

Hadden went into detail of the campaign plan for the month of March, which is problem gambling awareness month, stating that the campaign goal is to increase public awareness of problem gambling and the availability of prevention, treatment and recovery services. The strategy is to launch a digital campaign in March 2018 to showcase key messages about problem gambling on the Lottery's website and through its social media channels.

Finance Update

Chief Financial Officer, Carol Radwine, presented the 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 (01/31/18)	\$20,072,408,265



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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 01/31/18, the Lottery has transferred \$46.0 Million for these causes.

Ticket/Cause	Lifetime Amount Transferred
Veterans Cash (veterans causes)	\$14,784,499
Ticket for the Cure (breast cancer research and treatment)	\$12,509,000
MS Project (multiple sclerosis research and treatment)	\$ 8,958,254
Red Ribbon Cash (HIV/AIDS research and treatment)	\$ 7,654,963
Special Olympics (state and Chicago organizations)	\$ 2,095,110



Finance

For the Quarter Ended December 31, 2017

- The weekly sweeps of Lottery retailers netted \$290,913,286 in revenues to the State Lottery Fund during the 2nd quarter of FY2018.

For the Quarter Ended December 31, 2018	
Cash Balance carried forward from last quarter	\$ 129.2 M
Receipts into the fund this quarter	\$ 291.2 M
Expenditures from the fund this quarter	(\$274.2 M)
Cash Balance at the end of the quarter	\$ 146.2M
Expenditures/Transfers made this quarter	\$ 274.2 M
Vouchers paid this quarter	\$ 22.7 M
Prizes paid this quarter	\$ 67.1 M
Transfers made this quarter	\$ 184.4 M



Operations Update

- General Headquarters Update
 - Actively working with Camelot to get them through their transition
 - These efforts have been broken into Business Transition and Technical Transition
 - Business Transition is in full motion while the Technical Transition will span most of this year.
- Staff Updates
 - Opening in the Chief of Staff position
 - New Deputy Chief of Security, Larry Johnson, will start on March 1

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ADJOURNMENT

Chairman Olinger requested a motion to adjourn. Board Member Olinger moved to close the meeting, and Board Member Floyd seconded the motion, which was unanimously approved. Chairperson Olinger adjourned the meeting at 2:21 p.m.

Respectfully submitted,

Brooke Mayfield
Lottery Control Board Secretary

Illinois Lottery Control Board
Open Meeting Minutes
December 8, 2017
122 S. Michigan Ave., 19th Floor, Chicago, IL 60603

On Friday, December 8, 2017, 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:

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

Illinois Lottery Staff:

- Gregory Smith, *Acting Director*
- Jayme Odom, *Chief of Staff*
- Annice Kelly, *General Counsel/Ethics Officer*
- Jason Schaumburg, *Communications Director*
- Carol Radwine, *Chief Financial Officer*
- Harold Mays, *Chief Operations & Technology Officer*
- Jessica White, *Deputy General Counsel*
- Rolanda Sudduth, *Senior Counsel*
- Joseph Weiss, *Director of Sales*
- Brooke Mayfield, *Lottery Control Board Secretary*

Northstar Staff:

- Michelle Tomao, *Chief Operations Officer & Vice President, Finance*
- Patrick Costaregni, *Chief Financial Officer*

Other Attendees:

- Kathy Gilroy, member of the public, Villa Park, Illinois
- Adam Barry, Camelot Global

CALL TO ORDER

Chairman Blair Garber welcomed attendees and called the meeting to order at 1:30 p.m. The roll call was taken, and it was noted that a quorum was present.

OLD BUSINESS

Approval of Minutes

Haydee Olinger moved to approve the minutes from the September 8, 2017, meeting. Board Member James Floyd seconded the motion, with a third from Elba Aranda-Suh and the Board unanimously approved the motion.

Illinois Lottery Control Board
Open Meeting Minutes
December 8, 2017
122 S. Michigan Ave., 19th Floor, Chicago, IL 60603

NEW BUSINESS

Senior Counsel Rolanda Sudduth presented updates on the Lottery's 4th quarter legal docket status, as there are no cases or matters currently set for a Lottery Administrative hearing:

- One old matter still pending in the Illinois Circuit Court for administrative review.
- The Department received a favorable recommendation in a hearing involving a lottery license denial.

DIRECTOR'S REPORT

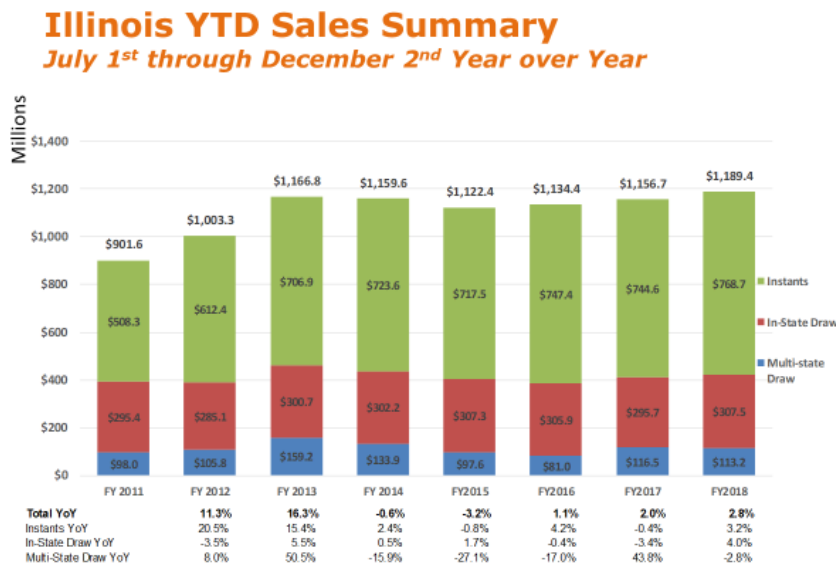
Sales and Marketing Update

Michelle Tomao, Chief Operations Office/Vice President Finance, Northstar Lottery Group, presented that overall sales are up 2.8 percent over the previous fiscal year.

Michelle Tomao, Northstar's Chief Operations Officer & Vice President of Finance, summarized advertising and retail marketing.

Sales Performance Overview

Referencing the graph below, Tomao detailed the year-to-date sales summary to the Board.

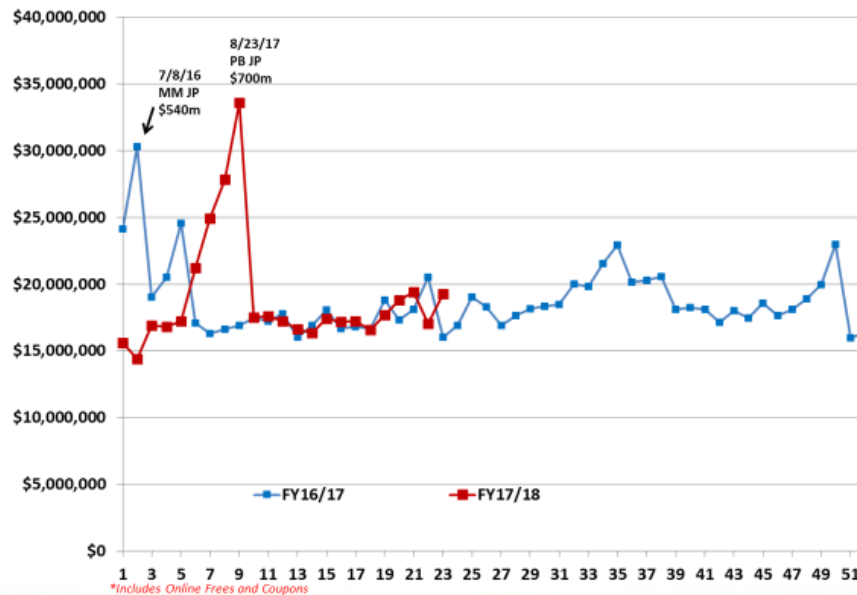


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iLottery Sales

Tomao detailed iLottery sales information to the Board, using the below graphs to illustrate sales and registered user data. She also stated that the online games are up 2.1 percent due to Pick 3 and Fireball, which are performing well this fiscal year.

Illinois Weekly Online Games Net Sales Week Ending 12/02/2017

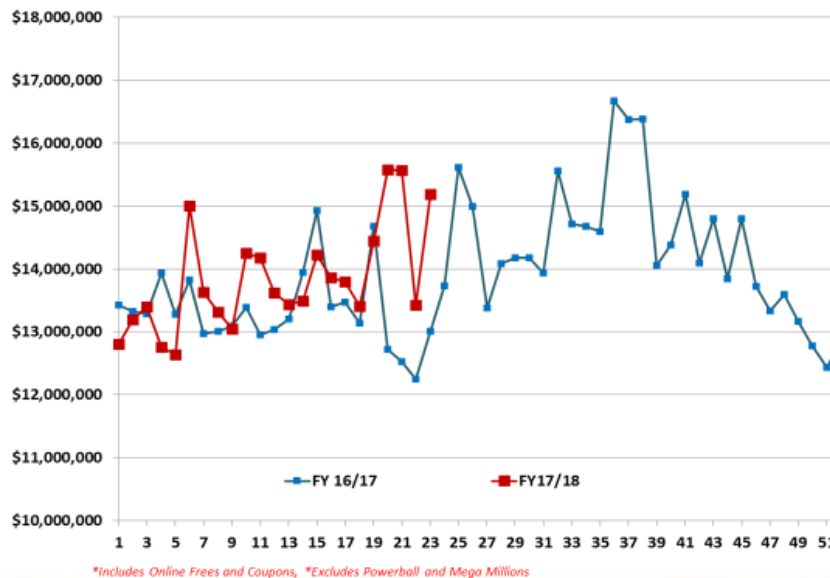


Source: Business Intelligence, Settlements

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**Illinois Weekly In-State Online Games Net Sales
W.E. 12/2/2017 FY**



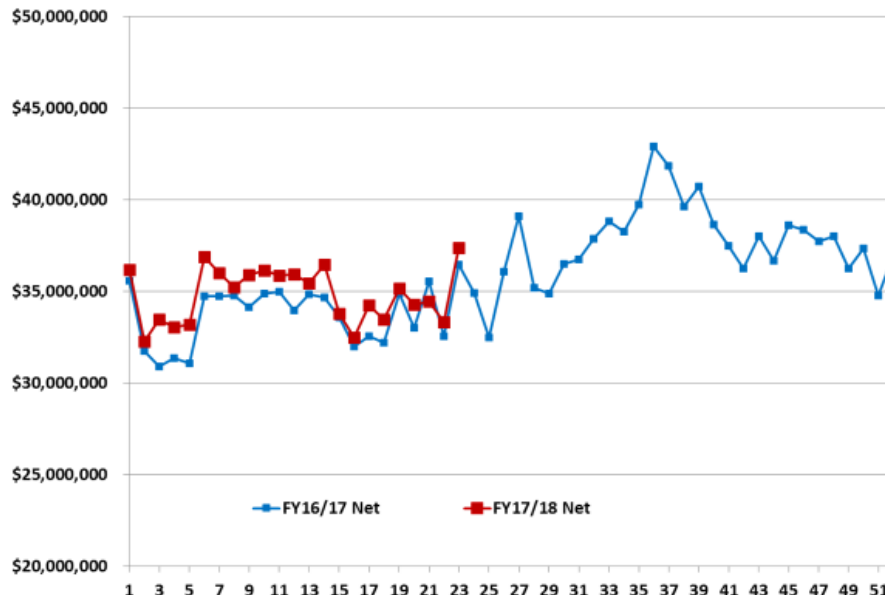
Source: Business Intelligence, Settlements

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Illinois Weekly Sales – Settlements Week Ending 12/02/2017



Source: Business Intelligence, Settlements

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FY18 vs FY17 Comparison



Tomao detailed average spend was down 1.8 percent and percent change from 2017 was up 17.2 percent, with Mega Millions being slightly behind due to the game change that took place in the fall.

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Advertising and Retail Marketing

Ms. Tomao spoke to the Board about the past, current and upcoming advertising and retail marketing for the Lottery.

October 2017: Ticket For The Cure

- The October ticket was supported with a campaign that included audio, digital, OOH and print.
- The paid campaign run dates were 10/06/2017 through 11/06/17

October 2017: Mega Millions Game-change

- The Mega Millions game-change was supported with a campaign that included audio, digital, OOH, print and TV snipes.
- The campaign run dates were 10/28/17 through 11/12/17.

November 2017: Mega Millions Promotion

- The Mega Millions promotion was supported with a campaign that included audio, digital, OOH, print and TV snipes.
- The campaign run dates were 11/12/17 through 11/18/17.

November 2017: Holiday

- The Mega Millions promotion was supported with a campaign that included radio, digital, OOH and TV elements.
- The campaign began with radio on 11/13/17, the rest of the campaign will run 11/25/17 through 1/14/18.

Coming Soon: January through February

- January Instant Campaign
 - Campaign timing: January into February
 - Supported by TV
- St. Patrick's Day Millionaire Raffle
 - Campaign timing: February into March
 - Supported by TV snipes, radio, digital, and OOH

Responsible Gaming

Tomao gave a summary of Responsible Gaming practices. Tomao further explained the processes of different awareness on responsible gaming throughout the state, including explanations on print ads and their consistency.

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Tomao then let Illinois Lottery Acting Director, Greg Smith, explain that he joined State Senator Sue Rezin, Ottawa Mayor Robert Eschbach and Board President Marty Ricconi, at the ribbon-cutting for a new Reading Oasis at the offices of Youth Services Bureau of Illinois Valley in Ottawa, Illinois. The Lottery and Scholastic Books jointly sponsored the creation of the Reading Oasis for the facility, which serves as a family unification site for parents working to regain custody of their children from foster care. The site has more than 1,800 books for children ages K through 8th grade, as well as bookshelves, chairs, and audio-visual materials. This site is one of two co-sponsored by the Illinois Lottery and Scholastic Books. The second site, at the Boys and Girls Club in Danville, Illinois, is scheduled to open later this month.

Responsible Gaming in Every Aspect of Lottery Operations

* Responsible Gaming messages included on all our communications throughout the year

RG Campaign Calendar	July	August	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	March	April	May	June
Website												
ESMM In-Store Slides												
Digital Billboard Slides												
Print Ads												
Press Release												
Ticket & Play Slip Message												
Point-of-Sale Materials												
Retailer Focus												
Social Media												

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ESMM Slide Show and Social Ad



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Print Ad



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Finance Update

Chief Financial Officer, Carol Radwine, presented the 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 (11/30/17)	\$19,950,508,265

NORTHSTAR CONFIDENTIAL

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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 10/31/17, the Lottery has transferred \$44.9 Million for these causes.

Ticket/Cause	Lifetime Amount Transferred
Veterans Cash (veterans causes)	\$14,094,002
Ticket for the Cure (breast cancer research and treatment)	\$12,123,910
MS Project (multiple sclerosis research and treatment)	\$ 8,941,895
Red Ribbon Cash (HIV/AIDS research and treatment)	\$ 7,621,901
Special Olympics (state and Chicago organizations)	\$ 2,081,139

NORTHSTAR CONFIDENTIAL

Finance

For the Quarter Ended September 30, 2017

- The weekly sweeps of Lottery retailers netted \$311,893,227 in revenues to the State Lottery Fund during the 1st quarter of FY2018.

For the Quarter Ended September 30, 2017	
Cash Balance carried forward from last quarter	\$ 77.8 M
Receipts into the fund this quarter	\$ 551.8 M
Expenditures from the fund this quarter	(\$500.4 M)
Cash Balance at the end of the quarter	\$ 129.2 M
Expenditures/Transfers made this quarter	\$ 500.4 M
Vouchers paid this quarter	\$ 17.6 M
Prizes paid this quarter	\$ 329.4 M
Transfers made this quarter	\$ 153.4 M

NORTHSTAR CONFIDENTIAL

Operations Update

- General Headquarters Update
 - Transition into Camelot Illinois becoming the full-time manager still moving forward
 - Lottery team took a trip to Ohio to see new Gaming vendor
- Staff Updates
 - Carol Radwine was brought in to fill the Chief Financial Officer position
 - Mike Porter is providing the agency with transition project assistance

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Private Management Update

Director Smith updated the Board on the private management procurement process for the Lottery, stating that a private management agreement with Camelot Illinois was executed on October 13, 2017. Camelot Illinois will assume Phase One private management responsibilities on January 2, 2018 and Phase Two responsibilities on April 2, 2018. A technical transition will take place over the next twelve months.

Public Comment

Board Chair, Blair Garber, noted to the board there were no requests to speak beforehand and time permitting he would take public comment before adjournment, and reminded the room that public comment must be confirmed in advance.

With time permitting member of the public Kathy Gilroy of Villa Park, Illinois, spoke to the board on several topics. Ms. Gilroy stated she should not need to notify the agency prior to speaking at a meeting citing the Open Meetings Act. Ms. Gilroy then addressed her ongoing concern of mandated language on Illinois Lottery advertisements. Ms. Gilroy also stated her concern of a Casino awarding players Lottery Tickets as prizes. Ms. Gilroy then asked the Board to force a stop to Queen of Hearts Raffles taking place across the state.

When Ms. Gilroy was finished speaking, Chairman Garber asked Deputy General Counsel, Jessica White, to address the Open Meetings Act and its policies. White stated that the act allows public comments, but also allows the board to create reasonable parameters for public comment, which we've done in our bylaws published on the website.

Addressing public comment, Lottery Chief of Staff, Jayme Odom, stated that the private manager has an attorney on staff that inspects every ad and disclaimer. Odom went on to say different advertisements have different appropriate disclaimers and that the Lottery takes its mission very seriously.

ADJOURNMENT

Chairman Garber requested a motion to adjourn. Board Member Olinger moved to close the meeting, and Board Member Floyd seconded the motion, which was unanimously approved. Chairman Garber adjourned the meeting at 2:21 p.m.

Respectfully submitted,

Brooke Mayfield
Lottery Control Board Secretary

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Open Meeting Minutes
September 8, 2017
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On Friday, September 8, 2017, 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:

- Jonathan “Blair” Garber
- Haydee Olinger
- James Floyd

Illinois Lottery Staff:

- Gregory Smith, *Acting Director*
- Jayme Odom, *Chief of Staff*
- Harold Mays, *Chief Operations & Technology Officer*
- Chris Gallo, *Communications Director*
- Jessica White, *Deputy General Counsel*
- Rolanda Sudduth, *Senior Counsel*
- Joseph Weiss, *Director of Sales*
- Brooke Mayfield, *Lottery Control Board Secretary*

Northstar Staff:

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

Other Attendees:

- Kathy Gilroy, member of the public, Villa Park, Illinois
- Paul Gieberstock, member of the public, Paul Geiberstock and Company
- Adam Barry, Camelot Global

CALL TO ORDER

Chairman Blair Garber welcomed attendees and called the meeting to order at 1:32 p.m. The roll call was taken, and it was noted that a quorum was present.

PUBLIC COMMENT

Kathy Gilroy addressed the Board regarding Lottery Law provisions 20 ILCS 1605/16. She voiced specific concerns regarding an advertisement in the Naperville Ribfest magazine, and a second ad from an unknown source. Ms. Gilroy then expressed her concerns over an article published by the Chicago Tribune regarding Ms. Ruth Soukup, which is an ongoing legal matter. Ms. Gilroy’s final remarks were aimed towards the iLottery pilot program, its extensions, and her concerns over Camelot being granted a potential contract as the new private manager.

The Board agreed to review the materials surrounding Ms. Gilroy’s concerns.

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OLD BUSINESS

Approval of Minutes

Haydee Olinger moved to approve the minutes from the June 8, 2017, meeting. Board Member James Floyd seconded the motion, and the Board unanimously approved the motion.

NEW BUSINESS

Senior Counsel Rolanda Sudduth presented updates on the Lottery's 3rd quarter legal docket status, as there are no cases or matters currently set for a Lottery Administrative hearing:

- One matter pending before the Cook County Circuit Court for review of Administrative Law Judge's recommendation.
- Waiting for recommendations from the ALJ for matter involving a license denial.
- The Department received a favorable recommendation in a matter involving an unpaid Lottery debt and license denial.

DIRECTOR'S REPORT

Sales and Marketing Update

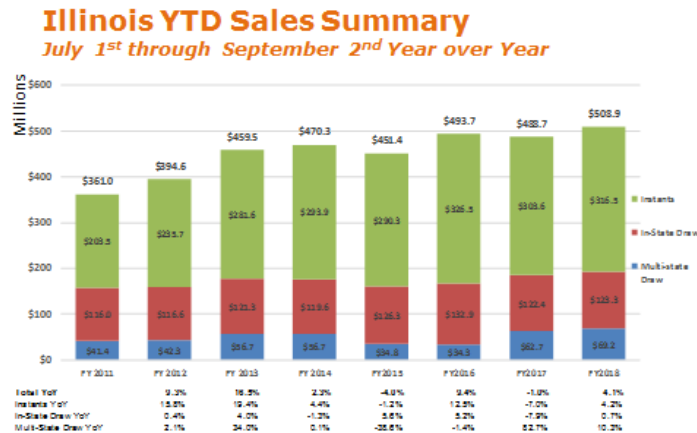
Jay Rivara, Vice President of Operations and Technology, Northstar Lottery Group, presented that overall sales are up 4.1 percent over the previous fiscal year, which was expected due to this year's \$700 million Powerball jackpot and the \$393 million Mega Millions jackpot. Instant tickets sales are about \$13 million ahead of last year with state draw games ahead by \$10 million.

Michelle Tomao, Northstar's Chief Operations Officer & Vice President of Finance, summarized advertising and retail marketing.

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Sales Performance Overview

Referencing the graph below, Rivara detailed the year-to-date sales summary to the Board.

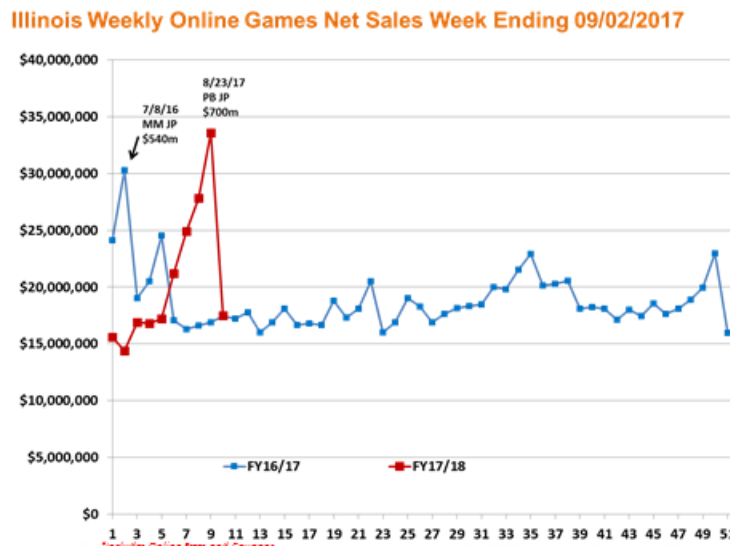


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NORTHSTAR CONFIDENTIAL

iLottery Sales

Rivara detailed iLottery sales information to the Board, using the below graphs to illustrate sales and registered user data.



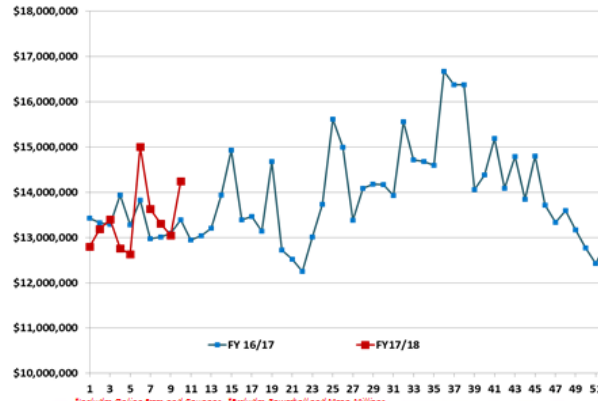
7

Source: Business Intelligence, Settlements

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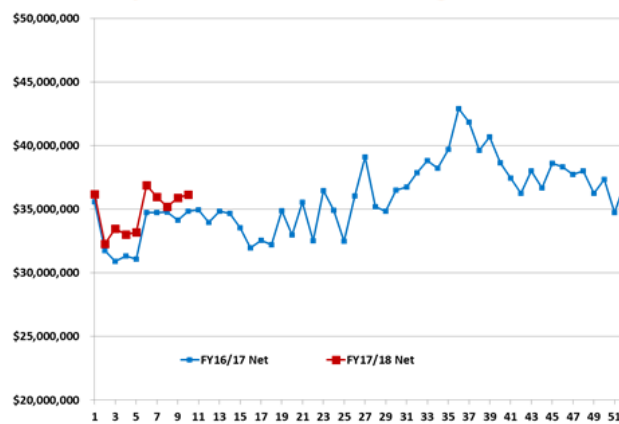
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Illinois Weekly In-State Online Games Net Sales
W.E. 9/2/2017 FY



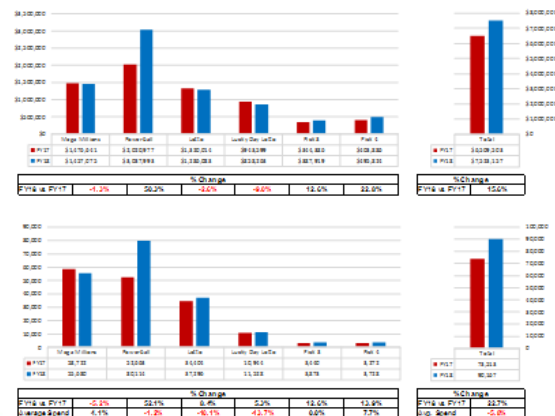
Source: Business Intelligence, Settlements 5 NORTHSTAR CONFIDENTIAL

Illinois Weekly Sales – Settlements Week Ending 09/02/2017



Source: Business Intelligence, Settlements 5 NORTHSTAR CONFIDENTIAL

FY18 vs FY17 YTD Comparison



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Advertising and Retail Marketing

Ms. Tomao spoke to the Board about the current and upcoming advertising and retail marketing for the Lottery.

July 2017: July 10 to August 10

- The new July ticket was supported with a campaign that included television and POS

August 2017: August 6 to August 12

- The Lotto promotion was supported with a campaign that included digital, OOH, radio, and POS

Coming Soon: September through December

- Lotto/LDL Campaign
 - Campaign timing: September through October
 - Supported by digital and radio
- Lucky Day Lotto “Double Days” Promo
 - Promotion timing: September
 - Supported by print, TV snips, radio, digital, and OOH
- Ticket For The Cure
 - Campaign timing: October
 - Supported by audio, digital, OOH, and print
- Mega Millions Game Change & Promo
 - Game Change timing: Late October
 - Promotion timing: Mid-November
 - Paid media channels TBD
- Holiday & 2nd Chance Promotion
 - Campaign timing: Late November through December
 - Paid media channels TBD

Responsible Gaming

Tomao gave a summary of Responsible Gaming practices. Tomao stated the Illinois Lottery is a member of the World Lottery Association, and that a recertification for WLA Level 3 was granted in the spring of 2017. Tomao further explained the processes of different awareness on responsible gaming throughout the state, including explanations on print ads and their consistency.

*Responsible Gaming messages included on all communications throughout the year

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Responsible Gaming in Every Aspect of Lottery Operations

* Responsible Gaming messages included on all our communications throughout the year

RG Campaign Calendar	July	August	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	March	April	May	June
Website												
Points in-Score Slides												
Digital Billboard Slides												
Print Ads												
Press Release												
Ticket & Play Slip Message												
Point-of-Sale Materials												
Retailer Focus												
Social Media												

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ESMM Slide Show and Social Ad



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Print Ad

Signing your ticket is the first step in claiming your prize. Buy it. Sign it. Claim it!

For more information, resources, and tips about responsible gaming, please visit IllinoisLottery.com. Play the Illinois Lottery.

Play responsibly. Monitor it or play it safe. Gambling problem? Call 1-800-522-4273 or call 800-522-4273.

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Finance Update

Lottery Acting Director Greg Smith presented the 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 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	\$19,682,098,265

NORTHSTAR CONFIDENTIAL

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. To date, the Lottery has transferred over \$44 Million for these causes.

Ticket/Cause	Lifetime Amount Transferred
Veterans Cash (veterans causes)	\$14,045,842
Ticket for the Cure (breast cancer research and treatment)	\$12,024,578
MS Project (multiple sclerosis research and treatment)	\$7,292,623
Red Ribbon Cash (HIV/AIDS research and treatment)	\$8,893,658
Special Olympics (state and Chicago organizations)	\$2,044,751

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Illinois Lottery Control Board
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Finance

For the Quarter Ended June 30, 2017

• The weekly sweeps of Lottery retailers netted \$310,908,824 in revenues to the State Lottery Fund during the 4th Quarter of 2017.

For the Quarter Ended June 30, 2017	
Cash Balance carried forward from last quarter	\$ 139.9 M
Receipts into the fund this quarter	\$ 314.1 M
Expenditures from the fund this quarter	(\$376.2 M)
Cash Balance at the end of the quarter	\$ 77.8 M
Expenditures/Transfers made this quarter	\$ 376.2 M
Vouchers paid this quarter	\$ 54.7 M
Prizes paid this quarter	\$ 112.7 M
Transfers made this quarter	\$ 208.8 M

NORTHSTAR CONFIDENTIAL

Operations Update

- Staff Updates
 - Acting Director Smith introduced new and oncoming staff members to the Board, detailing their positions with the Lottery.

Private Management Update

Director Smith updated the Board on the private management procurement process for the Lottery. The State has designated Camelot Illinois as the Final offeror and a public hearing was held on August 7th. Smith then explained the next steps to finalize the contract terms, receive approval from the Chief Procurement Office, sign the Notice of Award and complete the protest period. If all steps are successful, a contract can then be signed. The Illinois Lottery and its current private manager, Northstar Lottery Group, and the Project Management Office (GLI) continue to document processes in anticipation of potential private manager and supplier transitions. Northstar will continue to provide all management services until a new private manager is in place.

Camelot Illinois Introduction

Adam Barry of Camelot Global introduced himself to the board and gave a summary of the company, stating that Camelot is one of the world's leading private lottery companies. He also informed the board of Camelot's plan to transform and grow the Lottery to create long-term and sustainable benefits for the people of Illinois. Barry detailed Camelot's track record, stating they use innovative and responsible plans for growth while ensuring a commitment to transparency, diversity, and social responsibility.

Illinois Lottery Control Board
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ADJOURNMENT

Chairman Garber requested a motion to adjourn. Board Member Olinger moved to close the meeting, and Board Member Aranda-Suh seconded the motion, which was unanimously approved. Chairman Garber adjourned the meeting at 2:16 p.m.

Respectfully submitted,

Brooke Mayfield
Lottery Control Board Secretary

Illinois Lottery Control Board
Open Meeting Minutes
June 8, 2017
122 S. Michigan Ave., 19th Floor, Chicago, IL 60603

On Thursday, June 8, 2017, 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:

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

Illinois Lottery Staff:

- Gregory Smith, *Acting Director*
- Jayme Odom, *Chief of Staff*
- Mark Lewis, *Chief Financial Officer*
- Harold Mays, *Chief Operations & Technology Officer*
- Jason Schaumburg, *Communications Director*
- Annice Kelly, *General Counsel*
- Jessica White, *Deputy General Counsel*
- Rolanda Sudduth, *Senior Counsel*
- Joseph Weiss, *Director of Sales*
- Brooke Mayfield, *Lottery Control Board Secretary*

Northstar Staff:

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

Other Attendees:

- Kathy Gilroy, member of the public, Villa Park, Illinois.

CALL TO ORDER

Chairman Blair Garber welcomed attendees and called the meeting to order at 1:33 p.m. The roll call was taken, and it was noted that a quorum was present.

OLD BUSINESS

Approval of Minutes

Garber moved to approve the minutes from the March 2, 2017, meeting. Board Member Elba Aranda-Suh seconded the motion, and the Board unanimously approved the motion.

NEW BUSINESS

Illinois Lottery Control Board
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Legal Update-Cases for Review by the Board

Deputy General Counsel Jessica White presented updates on the Lottery's 2nd quarter legal docket status, as there are no cases or matters currently under administrative review:

- One matter scheduled for administrative hearing June 27, 2017
- Four requests for hearings in 2017; 3 of the 4 have gone to hearing
- Waiting for recommendations from the ALJ for 2 of the 3; third case resulted in a default judgement in favor of the Department.

DIRECTOR'S REPORT

Sales and Marketing Update

Jay Rivara, Vice President of Operations and Technology, Northstar Lottery Group, presented that overall sales are down 1.2 percent over the previous fiscal year, which was expected due to last year's \$1.5 billion Powerball jackpot. Instant ticket sales are about \$30 million ahead of last year.

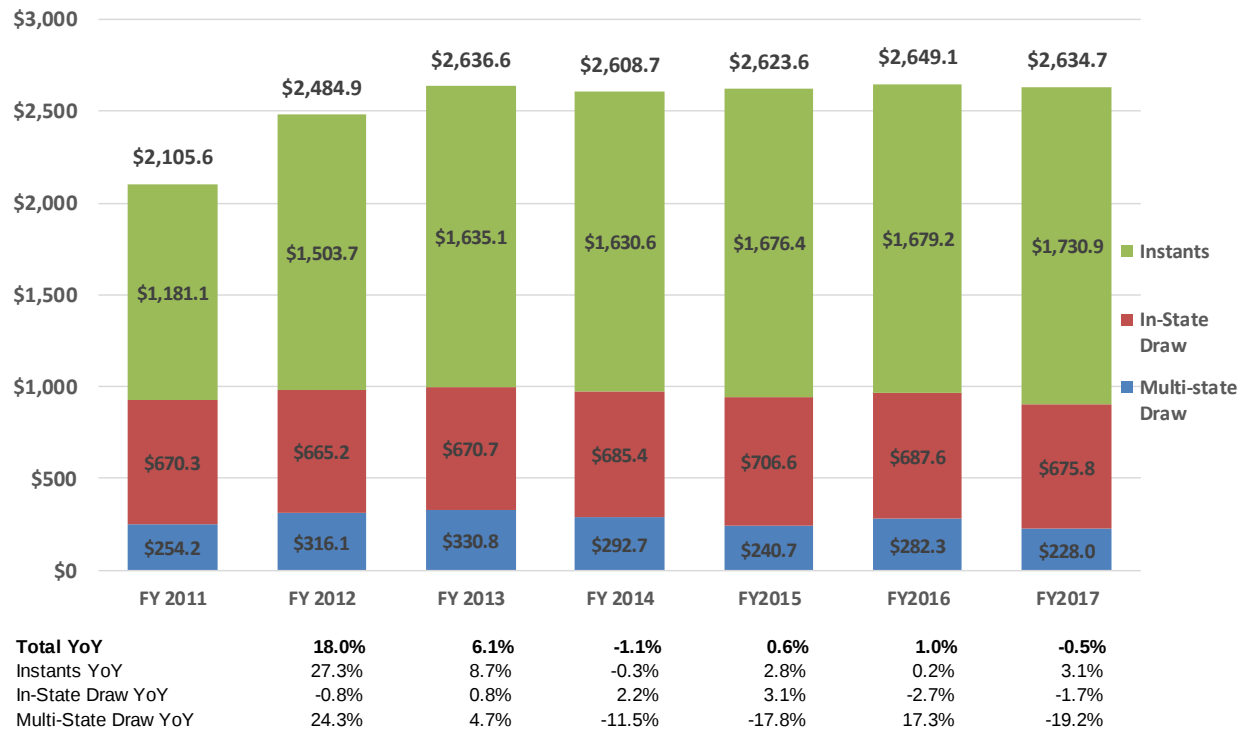
Michelle Tomao, Northstar's Chief Operations Officer & Vice President of Finance, gave a summary of advertising and retail marketing.

Illinois Lottery Control Board
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Sales Performance Overview

Referencing the graph below, Rivara detailed the year-to-date sales summary to the Board.

Illinois YTD Sales Summary July 1st through June 3rd Year over Year

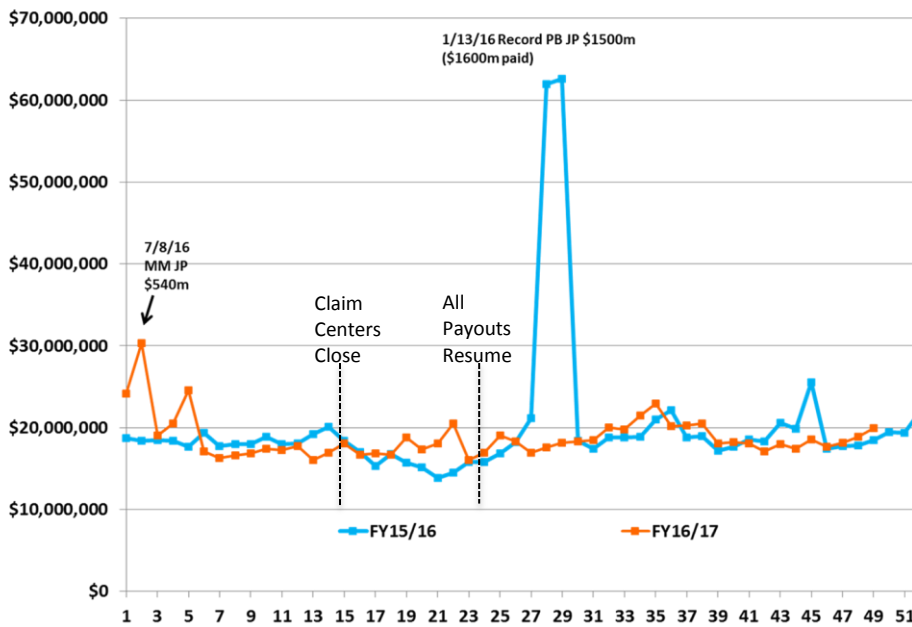


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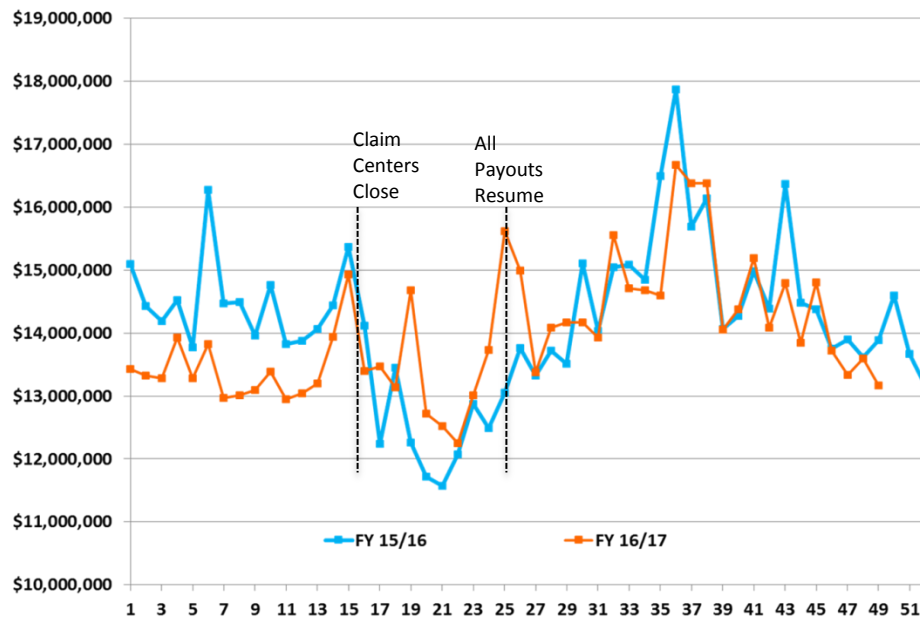
iLottery Sales

Rivara detailed iLottery sales information to the Board, using the below graphs to illustrate sales and registered user data.

Illinois Weekly Online Games Net Sales Week Ending 06/03/2017

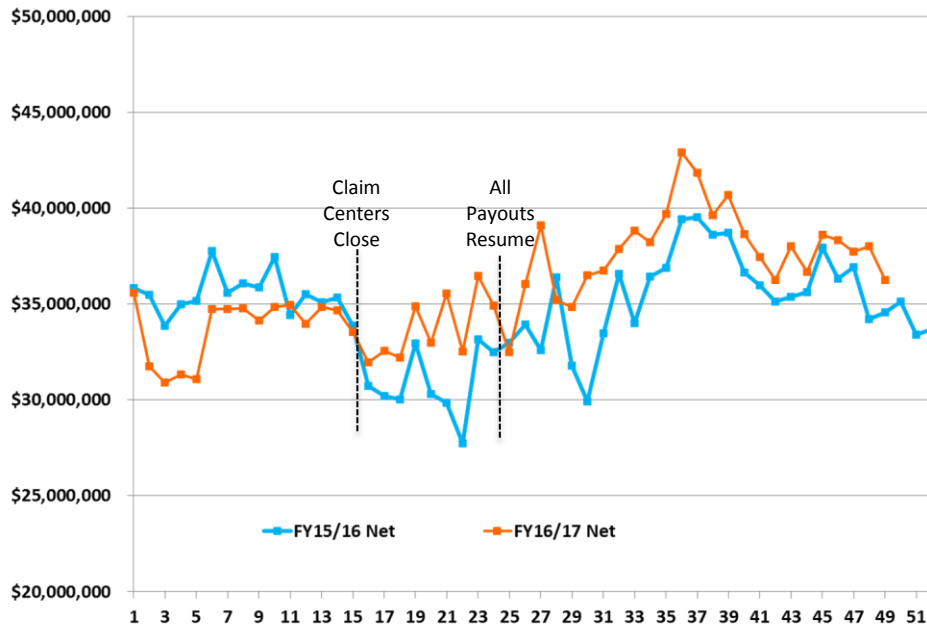


Illinois Weekly In-State Online Games Net Sales W.E. 6/3/2017 FY

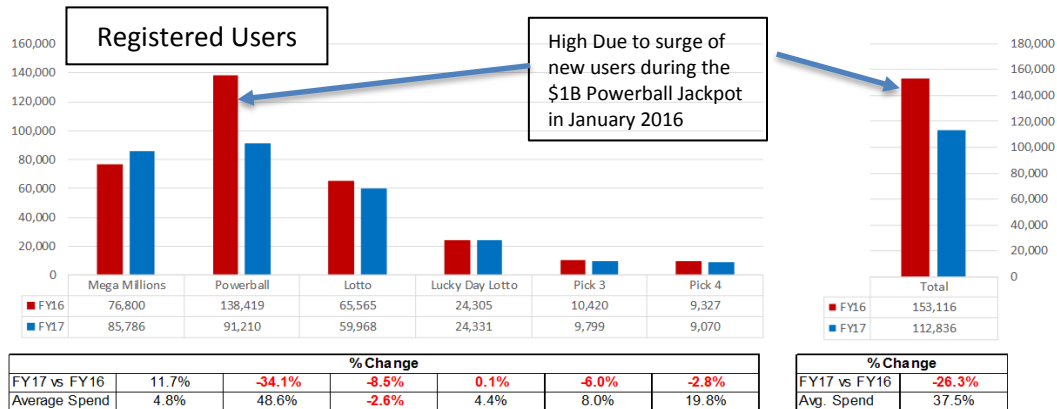
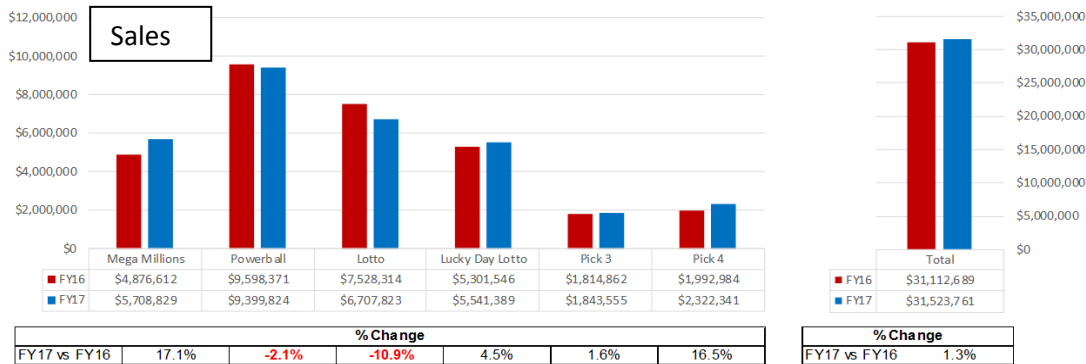


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Illinois Weekly Sales – Settlements Week Ending 06/03/2017



YTD Comparison



122 S. Michigan Ave., 19th Floor, Chicago, IL 60603

Advertising and Retail Marketing

Ms. Tomao spoke to the Board about the current and upcoming advertising and retail marketing for the Lottery.

May Instants: May 8 to June 18

- The new May tickets were supported with a campaign that included television and POS

Red Ribbon Cash: June 9 to July 2

- The Red Ribbon Cash specialty ticket is supported with a multi-channel marketing campaign that includes audio, digital, OOH, POS, website, events, and social media
- A public relations launch will occur on 06/15/17
- The paid campaign run dates are 06/09/17 through 07/02/17

Ticket for the Cure: October

- Multi-channel campaign will include audio, digital, OOH, POS, website, events, and social media
- Public relations launch in planning phase

On-going Instant Support: May through FY18

- Instants supported on an ongoing basis with dedicated television creative, produced every other month featuring new instant tickets

Responsible Gaming

Tomao then gave a summary of Responsible Gaming practices. After a discussion and explanation to Board members, Tomao stated the Illinois Lottery is a member of the World Lottery Association, and that a recertification for WLA Level 3 is currently pending.

The mission of the Illinois Alliance is to assure wide-scale public awareness of problem gambling. The state's gaming industry joined with treatment providers to promote education, increase access and full coordination of the resources and information available to assist problem gamblers, those who are at risk, and those who are affected. Every Alliance member, including the Lottery, has a link to the Alliance on their websites.

*Responsible Gaming messages included on all communications throughout the year

[illegible]

Illinois Lottery Control Board
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Finance Update

Lottery Chief Financial Officer Mark Lewis presented the 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 (Planned)	\$705,625,000
Total Transfers – All Fiscal Years To Date	\$19,473,346,165

NORTHSTAR CONFIDENTIAL

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 through grants. To date, the Lottery has transferred \$43.5 Million for these causes.

Ticket/Cause	Lifetime Amount Transferred
Veterans Cash (veterans' causes)	\$13,992,596
Ticket for the Cure (breast cancer research and treatment)	\$11,999,506
MS Project (multiple sclerosis research and treatment)	\$8,532,154
Red Ribbon Cash (HIV/AIDS research and treatment)	\$7,192,123
Special Olympics (state and Chicago organizations)	\$1,814,685

NORTHSTAR CONFIDENTIAL

Finance

For the Quarter Ended March 31, 2017

- The weekly sweeps of Lottery retailers netted \$331,441,491.50 in revenues to the State Lottery Fund during the 1st Quarter of 2017.

For the Quarter Ended March 31, 2017	
Cash Balance carried forward from last quarter	\$ 111.7 M
Receipts into the fund this quarter	\$ 331.6 M
Expenditures from the fund this quarter	(\$303.4 M)
Cash Balance at the end of the quarter	\$ 139.9 M
Expenditures/Transfers made this quarter	\$ 303.4 M
Vouchers paid this quarter	\$ 39.6 M
Prizes paid this quarter	\$ 98.6 M
Transfers made this quarter	\$ 165.2 M

NORTHSTAR CONFIDENTIAL

Illinois Lottery Control Board
Open Meeting Minutes
June 8, 2017
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Operations Update

- Staff Updates
 - Acting Director Gregory Smith introduced new staff members to the Board, detailing their positions with the Lottery.
- MUSL Audit (routine)
 - Director Smith explained to Board members that MUSL conducts routine audits for any Lottery participating in multi-state lottery games. The occurrence happens yearly through a non-profit, non-governmental organization that runs the Powerball game.
- Auditor General Audit (routine)
 - Director Smith spoke about the annual financial audit carried out by the State Auditor General, adding that a biannual secondary compliance audit will also occur, which occurs every two years.
- Marketing Awards
 - The ad agency the lottery uses for video and television projects was honored at the Tele awards with nine bronze honors in categories such as cause marketing, fundraising, social responsibility and education.
- Legislation
 - Director Gregory Smith informed the Board members that since the last meeting, the Lottery has testified before the House and Senate Appropriations Committees regarding its annual budget request.

Private Management Update

Acting Director Smith updated the Board on the private management procurement process for the Lottery. The State is completing its assessment of the RFP response submitted by Camelot Illinois. The Illinois Lottery and its current private manager, Northstar Lottery Group, and the Project Management Office (GLI) continue to document processes in anticipation of potential private manager and supplier transitions. Northstar will continue to provide all management services until a new private manager is in place.

ADJOURNMENT

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Respectfully submitted,

Brooke Mayfield
Lottery Control Board Secretary