

Illinois Lottery Control Board
Open Meeting Minutes
Wednesday, January 27, 2021 via WebEx

Board Members:

- Diana Sheehan, Board Chair
- Sarah Alter
- Tarrah Cooper Wright

Lottery Staff:

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

Camelot Staff:

- Keith Horton, General Manager
- Andrew Lang, VP Finance
- James Bickford, Chief Commercial Officer
- Tom O'Connor, VP Retail Sales
- Emilia Mazur, VP Corporate Affairs
- Kelsey Young, VP Strategy

Other Attendees:

- Matthew Block, Scientific Games
- Kathy Gilroy, member of the public
- Anita Bedell, member of the public

CALL TO ORDER/ROLL CALL

Diana Sheehan, Board Chair, welcomes members of the public and calls the meeting to order at 10:05am with above board members present to meet a quorum. Lottery and Camelot Staff are introduced.

PUBLIC COMMENT

Kathy Gilroy states she has been attending Lottery Control Board meetings for over 25 years and is dismayed with the direction the current Board has taken over previous board members. She hopes to see more regulation/control rather than praise and encouragement of the current direction of the Lottery.

OLD BUSINESS

- Approval of Minutes
Board members voted and unanimously approved and passed the minutes of the 11/18/2020 lottery control board meeting.

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NEW BUSINESS

- Legal Update-Cornell Wilson
Currently there are 5 administrative hearings all relatively small matters handled by Lottery attorneys.

DIRECTOR'S REPORT

Keith Horton gives a brief report on a solid sales performance since the last meeting aided by high jackpots, very good digital performance on the iLottery platform. The pandemic still has 300 retailers temporarily closed and there is an increased competition with players having other entertainment and gaming options.

- Sales Performance -Andrew Lang
 1. FY21 total year to day sales (July 1-Januray 11, 2021) is **\$1,726 billion up 19.44 % over last year**: Instants **+17.24%**, In state draw **+27.01%**, multi-state **+11.63%**. Sales are not solely based on MM and PB jackpots. Average weekly sales-\$61M, Instants-\$1.04Billion, returns to retailers, \$87M, over \$1 billion prizes to players.
 2. Instant tickets (July 1 -January 18,2021) YTD sales of \$1,160M are 4.1% above budget and 18.3 % above prior year. Holiday tickets performed well, January multiplier off to great start. Draw based games saw an increase with high MM and PB jackpots. Sales without MM/PB jackpots saw a 30% increase in Pick games and Fast Play has sales of \$1M/week.
 3. iLottery Sales (July 1-January 18,2021) continue to grow with added features to make registration and play easier. MM and PB has brought over 70,000 new players in January, focus is on retaining players.
 4. Camelot is focused on growing net income and raising money for the Common School Fund. Strong Instants performance and current roll series has helped offset the \$20M additional cost from early in the year and GGR is now \$20M above budget.

Questions and Comments:

Board Chair, Diana Sheehan, asked if there is a concern that Lottery will be performing below budget once the casinos open again. Andrew Lang, states there are different factors that impact on performance but Lottery having great products is the key thing. Lottery has a strong set of games coming up. She also asked if there will be an expansion of Lottery retailers and if the growth tide in sales is related to product purchases holistically or availability within the number of current retailers. Andrew Lang stated that no retailers have been added in the past 12 months but is something they are looking at in the future. Tom O'Conner stated that over 100 retailers are still closed due to the pandemic. Increase in sales is in result of greater volume of tickets going through active stores still open. Support for closed retailers is still ongoing. **Board member Sarah Alter** asked if Lottery is seeing new users and participants. James Bickford stated that it is difficult to see who is purchasing tickets in the retail network but the increase in digital players shows an increase in occasional players playing more as well as new players. **Board member, Sarah Alter**, stated that education and responsible gaming practices be delivered to these new players.

- Advertising and Marketing-James Bickford
 1. Marketing slides are shown to the board showcasing marketing strategies in Instants (tickets launched), Draw and Experiential for the months October to December 2020 which featured continued jackpot support specifying "every jackpot is a big jackpot", winning faces campaign, Fast Play launch and holiday "Claude" campaign.

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2. First all retail promotion was launched in December which included: buy 3 MM/PB get a free play, January-buy 3MM/PB get a LDL. Multiple individual promotions were also being conducted within over 50% of Lottery's key accounts like Circle K, Jewel-Osco, 7-Eleven, Mariano's to name a few.
3. January 2021 launched the Multiplier family of Instants which comes in after the sale of holiday tickets. Lottery has 3 multiplier Instants in its top 10 selling tickets.
4. Business Update on installation of new retail locations and training materials is given on retail partnership with Walmart, CVS Health and Mariano's.
5. ILottery revenue sees growth of approximately 150% versus prior year.

Questions and Comments:

Board chair, Diana Sheehan, asked if Lottery is subsidizing purchases as it relates to the focus on key accounts. Is Lottery paying for its most loyal customers with its promotions? James Bickford stated that these promotions hope to engage both existing and new players. **Board member Tarrah Wright** asked what the plan of experiential marketing is going forward being within CDC guidelines. James Bickford stated that because of the pandemic, experiential marketing is not the focus for FY21. Keith Horton stated that Camelot will work with the Lottery in getting a plan to the board members for the future post the pandemic. **Board member Sarah Alter** stated that the main goal in marketing is what products can deliver the most return to the Common School Fund. **Board chair, Diana Sheehan**, stated there needs to be a plan and strategy to keep players engaged post pandemic where 20% less trips are going to be in the store since people are used to shopping online.

- Public Relations and Responsible Play-Emilia Mazur
 1. With the historical role of both PB and MM, an internal project team was put together to communicate coordinated content over social media making sure messages were coming constantly. Information was also relayed to retailers about safety within the CDC guidelines.
 2. The director is in demand in the month of January due to high jackpot amounts.
 3. Winning storytelling, fun games, build and protect reputation are continued for October-December 2020.
 4. Community Outreach consists of supporting specialty causes and community and civic sponsorship making sure Illinois Lottery remains present in the community. There was a turkey giveaway in conjunction with black McDonald Operators association that was honoring veterans. Events have gone virtual in 2020 with the next event happening in February with the Special Olympics.
 5. Lottery is focused on strengthening its responsible gaming program which includes an updated survey with several lottery players with the intent to catch information about the beliefs and behaviors that our players have towards our games. Which in turn helps shape the messaging that is going to be relevant to talk to them.
 6. Responsible gaming survey was delivered to retailers to measure their level of satisfaction with the Illinois Lottery Responsible Gaming program. Retailers appear satisfied with the RG program and resources devoted to minimizing risks to players, but some stated they could use additional training. A retailer advisory group will be formed, one for chain accounts and one for independents.
 7. Lottery is preparing for the March problem Gambling Awareness Month where messaging is heightened with a campaign of Remember, It's a Game of Chance.

Questions and comments: **Board Chair, Diana Sheehan** asks if there is difference in how Lottery communicates with the younger demographic of 18-34-year-old online versus retail that's different from everyone else. Emilia Mazur stated that it is more easily done online as it already recognizes the player's age and setting wallet limits with a certain dollar amount allowed each week. Scott Gillard (Lottery) stated that

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there will be more safeguards in place by scoring players under the responsible gaming habits online. **Board Chair, Diana Sheehan** thanks Camelot for their insightful presentation.

- Finance-Amber Chappell
 1. A draft of year to date sales revenue by game is shown to the board. FY21 total is at \$1,598,222,063
 2. YTD profit and loss statement shows an operating income for FY21 as of 12.31.20 \$336,102,523
 3. The Lottery transferred 44% of the prescribed amount of \$762,500,000 as of 12/31/2020 leaving \$430,635,529.
 4. As of 12/31/20, the Lottery has transferred approximately \$5M for FY21 for the 9 specialty tickets and \$63.9M year to date.

Question and comments: **Board Chair, Diana Sheehan** asks if there is a specific target or number Lottery is trying to reach in terms of each specialty cause. Amber Chappell states that there is no specific target as remaining proceeds for each ticket are transferred to each good cause. Director Mays states that the Lottery tries to maximize the opportunity in the launch and sale of a ticket.

- Director's Comments- Harold Mays
 1. There have been no major staff changes. There were 22 exposures to Covid-19 and 7 employees tested positive. Everyone is back at work. Adjustments continue in how we change our process in the office to increase the safety for our employees.
 2. Lottery is working on a split shift of employees to maintain a safe environment allowing us to maintain operations in case there is an exposure. There has been a drop in capacity of filling appointments therefor increasing mail in claims. Lottery is working on an additional solution to accommodate players in submitting their claims.
 3. Spring legislative session continues to take shape, with the department working to finalize this agenda with the administration. Board Members will be kept abreast on the definitive direction that will take place.
 4. Lottery is still waiting on the completion of financial audit with the office of the auditor general. Final report will be shared with the board.
 5. Specialty ticket due in February is Special Olympics and one for Multiple Sclerosis is in March.
 6. Lottery Sales in the first half of the year is best first half in lottery's history. It is a testament of what is going on in society and the hard work behind the scenes. Meeting our statutory obligations will still be a challenge.

Questions and Comments

Board Chair, Diana Sheehan, thanks everyone and reminds the next board meeting will be on Wednesday, 04/28/2021 with the remaining dates on website.

ADJORNMENT

With all business concluded, motion to adjourn meeting was given at 11:45am. **Motion was unanimously approved and passed.**

Respectfully submitted by,
Nora Iniguez/LCB Secretary