

Illinois Lottery Control Board
Open Meeting Minutes
Wednesday, November 18, 2020 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
- Meghan Powers, Communications Director
- Jessica White, Deputy General Counsel
- Katherine Tower, Senior 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
- Emilia Mazur, VP Corporate Affairs
- Kelsey Young, VP Strategy

Other Attendees:

- Matthew Block, Scientific Games
- Mitchell Armentrout, Chicago Sun-Times
- Kathy Gilroy, member of the public
- Anita Bedell, member of the public
- Paul Habersstock, 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 11:07am with above board members present to meet a quorum. Lottery and Camelot Staff are introduced.

PUBLIC COMMENT

None

OLD BUSINESS

- Approval of Minutes
Board members voted and unanimously approved and passed the minutes of the 09/02/2020 lottery control board meeting.

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NEW BUSINESS

- Schedule Quarterly Meetings
Board members vote and approve on the following meeting dates for next year. Dates selected are:
01/27/2021, 04/28/2021 and 07/28/2021.
- Legal Update-Cornell Wilson
Retailers and purchasers filed a Class Action Complaint against NorthStar Lottery Group, IGT, and Scientific Games. The plaintiffs claimed that by prematurely discontinuing Lottery games and/or otherwise implementing their alleged scheme to maximize profits at the expense of Plaintiffs, Defendants intentionally and unjustifiably induced breach of Retailer Plaintiffs' contracts in that Retailer did not receive the benefit of bargain in the form of commissions and bonuses to which they were entitled and/or redemption of future Lottery Tickets. This matter was resolved in the prior month. All parties reached settlement and the action was dismissed with prejudice. We do not anticipate any ramifications for the Department.

DIRECTOR'S REPORT

Keith Horton introduces Tom O'Conner as the new VP of retail.

- Sales Performance -Andrew Lang
 1. FY21 total year to day sales (July 1-November 2) is **\$ 1051.3 million**: Instant **+22.80**, In state draw **+28.32**, multi-state **-10.02**.
 2. Instant Games are 3.5 % above budget and 16.3% above prior year. Draw based games are performing well with Pick 3 & 4 and are up 17.7% (\$34M) vs. budget. Fast Play launched and has outperformed expectations with \$17M in the first week. Mega and Powerball are impaired since they are jackpot driven and are at an expectation of \$200M which is below budget.
 3. iLottery Sales have remained solid in these areas: single play online for Pick 3 & 4 and Lucky Day Lotto, ***the stay at home, play at home*** slogan during the pandemic and having 20% of jackpot games now online.
 4. Camelot focused on growing net Income and raising money for the Common School Fund with sales less prizes resulting in a profit. Gross gaming revenue (GGR) is down \$15M due to high prize payouts with the pick games. Some ideas are hopes in increasing \$1M dollar winners and introducing new games with a change in the Lotto game beginning in March 2021.

Questions and Comments:

Board member Sarah Alter requested specifics for strategy in increasing the gross gaming revenue in writing for the next meeting. Board chair, Diana Sheehan, asked if there is a strategy to refrain and focus on higher margin products or manage it in a more disciplined way. Andrew Lang stated that they are working closely with Director Mays and his team for 2021 to maximize and hit their targets.

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- Advertising and Marketing-James Bickford
 1. Marketing slides are shown to the board showcasing marketing strategies in Instants, Draw and Experiential for the months August to September 2020 which featured continued jackpot support, winning faces campaign, and Fast Play launch.
 2. Holiday campaign 2020-meet Claude is a campaign to implore consumers to discover their inner scratcher for self or gifting to bring a sense of joy and fun.
 3. Support, communication, and rebuilding continues for the Lottery retailers. There are nine individual customer promotions hitting 43% of key accounts. 1900 retailers are involved with incentives in the launch of Fast Play. New retail partnerships are in the works with Walmart, CVS, and Dotty's.
 4. iLottery continues to deliver in its targets with 40,000 new players and the user experience more engaging and interactive. Instants are launched August -November including holiday tickets that were launched in October. **Big Blizzard Blowout**, \$10 instant ticket, has become a star of the holiday season. Fast Play tickets will remain in market with a new set arriving in the 3rd quarter.

Questions and Comments:

Board member Tarrah Cooper Wright commends Camelot for their retail location ads which shows people wearing a mask. She asked if there are opportunities to include advertising with the retailer's apps, or on other forms of their digital presence. James Bickford stated that it is an area that is starting to grow.

Board member Sarah Alter recognizes and congratulates Camelot on the sensitivity in the marketing efforts during this pandemic where strategic action has been put into play. Board members requested a forecast of future advertising and campaigns to make sure the right audience is targeted and to understand the strategy.

- Public Relations and Responsible Play-Emilia Mazur
 1. Three key pillars in PR are focused in this quarter with drive win belief (winning storytelling), fun games and build and protect the lottery's reputation. Black Friday launched a campaign of Black shop Friday in support of black owned businesses.
 2. Launching of specialty tickets September- November are focused on connecting with communities and stakeholders that are most affected by the ticket and finding occasions in the community to elevate those tickets. Community and civic sponsorships have relied on virtual connections.
 3. Responsible play consists of holiday responsible gaming campaign to raise awareness about the risks of underage lottery play, a marketing code of conduct guidance to help users properly incorporate responsible messaging when developing visual and written assets and online player safeguards.
- Finance-Amber Chappell (Numbers shown are FY 21 as of 09/30/2020)
 1. A draft of year to date sales revenue by game is shown to the board. FY21 total is at \$786,059,783.
 2. YTD profit and loss statement shows an operating income for FY21 at \$167.732.665
 3. The Lottery transferred 22% of the prescribed amount of \$762,500,000 as of 09/30/2020.
 4. As of 09/30/20, the Lottery has transferred \$61.3M for the all specialty causes.

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- Director's Comments- Harold Mays

1. There have been no major staff changes and operations have been maintained with about 60% of staff primarily from sales, claims and drawing personnel with the remainder working from home.
2. New safety protocols were developed to enable people to work in the office or in the field with the guidance of the CDC and IDPH and necessary adjustments are made to operate safely. To date, the Lottery has submitted 15 COVID incident reports that identify a potential contact with only 3 employees testing positive. All 3 employees are back at work and cases were due to exposures outside of the office.
3. The number of claims we process has increased since reopening our claim centers after being closed for 4 months. This is due to the processing of all the backlogged claims the Lottery accumulated during that time. The number of claims processed has increased by 28% since August compared to the same time of last year. The total value of those claims has increased by 63%. There has also been an increase in claims that are mailed in. Claim centers are operating with an appointment-1 only system that has been successful. The Lottery's busiest claim center in downtown Chicago at the James R Thompson Center remains closed due to pedestrian restrictions in the building due to COVID.
4. Fall veto session has been cancelled so the department's efforts to develop the latest agenda will continue in the spring to get initiatives passed.
5. FY20 Audit closing out by mid-December with no draft findings. Results will be shared with the board.
6. Three specialty tickets launched since last meeting, new ticket- ***Homelessness Prevention, Alzheimer's Awareness*** and ***Carolyn Adams' Ticket for the Cure***. Two more tickets will be coming out over the next three months, ***Veterans*** and ***Special Olympics***.
7. The Lottery has seen one of its best starts in years while navigating through the challenges of this year with the pandemic and the economy. Director Mays thanks the board members for their ongoing support and guidance to help enable the mission of the Lottery.

Questions and Comments

Board Chair, Diana Sheehan, thanks Camelot and the Lottery team for their versatility in quickly adapting to the volatile environment during Covid-19.

ADJORNMENT

With all business concluded, motion to adjourn meeting was given at 12:00pm. **Motion was unanimously approved and passed.**

Respectfully submitted by,
Nora Iniguez/LCB Secretary