

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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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.

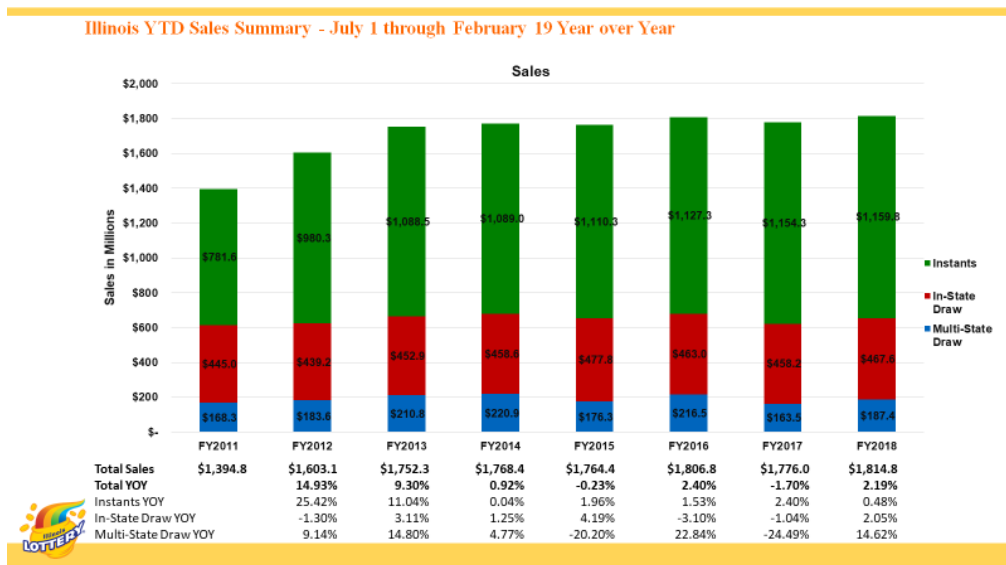
DIRECTOR'S REPORT

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

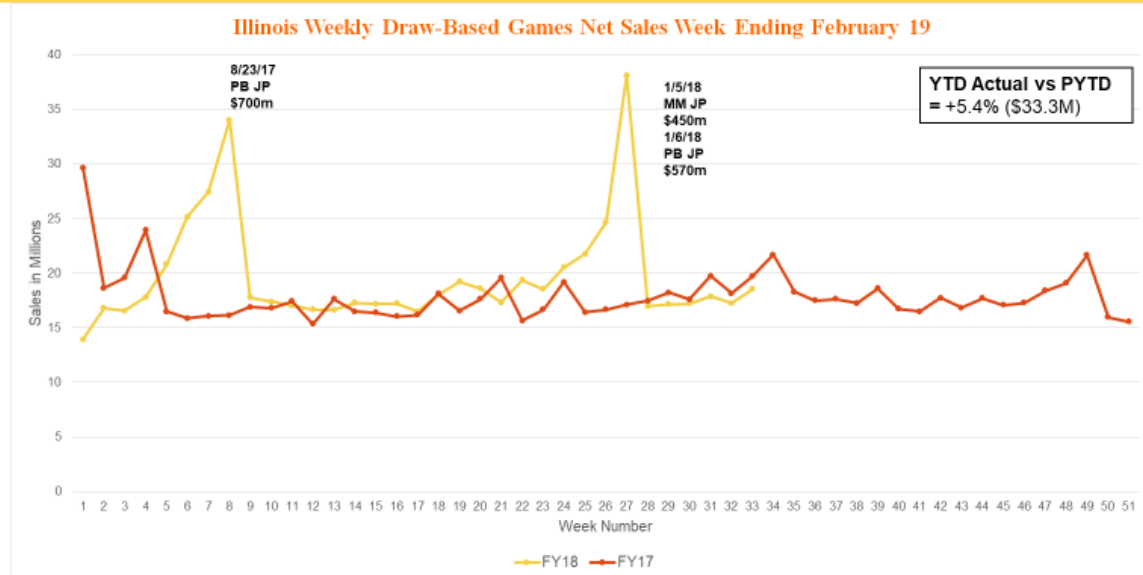
Referencing the graph below, Hadden detailed the year-to-date sales summary to the Board stating that overall sales are up 2.19 percent over the previous fiscal year.



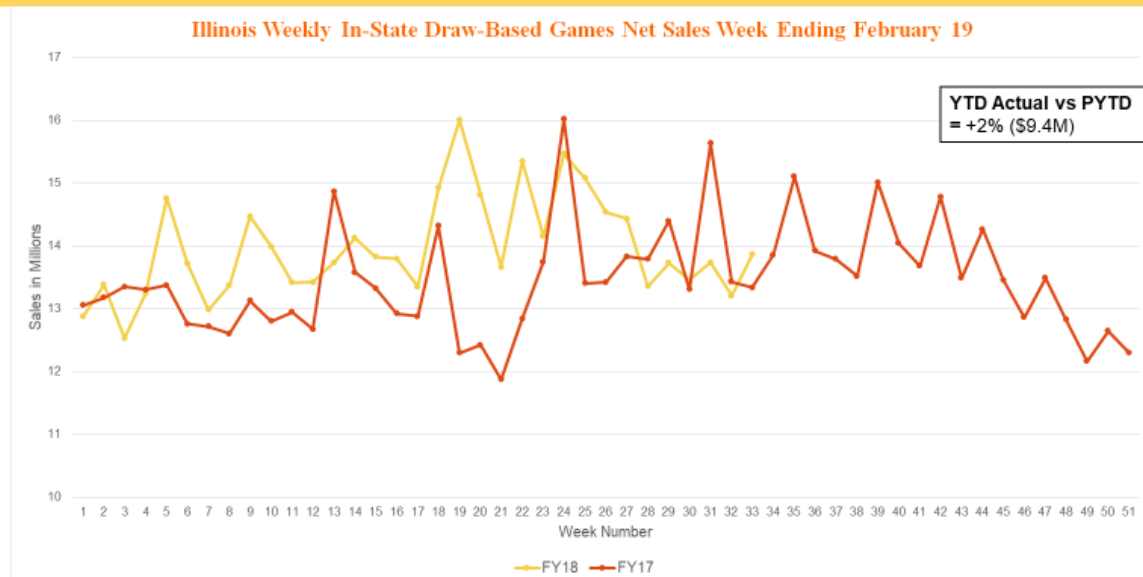
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iLottery Sales

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.



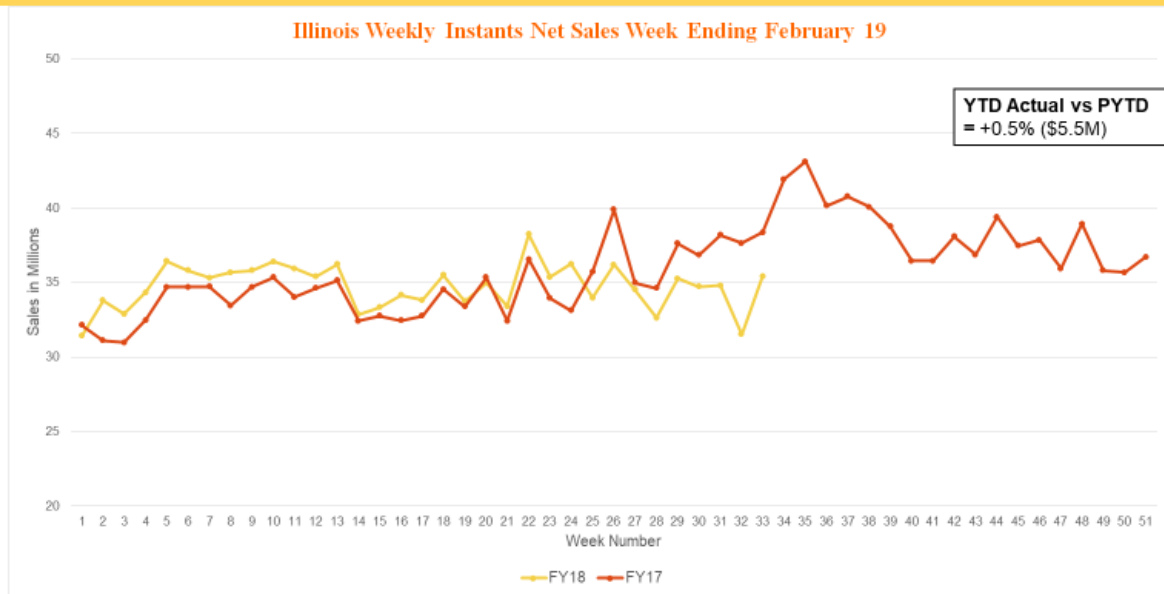
*Includes all draw-based games: Powerball, Mega Millions, Lucky Day Lotto, Lotto, Pick 3 and Pick 4



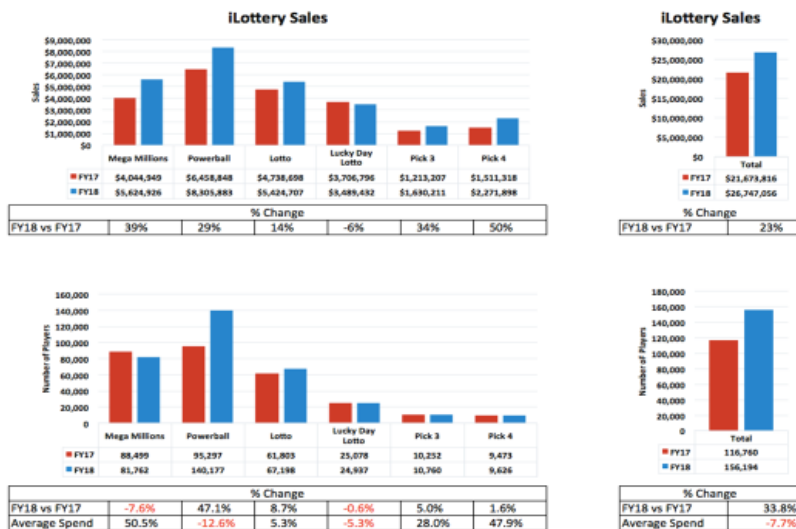
*Excludes Powerball and Mega Millions

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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