

Illinois Lottery Control Board
Open Meeting Minutes
March 2, 2017
122 S. Michigan Ave., 19th Floor, Chicago, IL 60603

On Thursday, March 2, 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

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*
- Jessica White, *Senior Counsel*
- Joseph Weiss, *Director of Sales*
- Nora Iniguez, *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, Ill.

CALL TO ORDER

Board Chairman Blair Garber welcomed attendees and called the meeting to order at 1:52 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 1605/10.7(b) and 20 ILCS 1605/7.8a. She voiced specific concern over a recent article published by the Chicago Tribune, stating lottery top prizes were not being awarded and asked that her prior concerns be reviewed.

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

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OLD BUSINESS

Approval of Minutes

Board Chairman Garber moved to approve the open session minutes from the December 1, 2016, meeting. Board member Aranda-Suh seconded the motion, and the Board unanimously approved the motion.

NEW BUSINESS

Legal Update-Cases for Review by the Board

Senior Counsel Jessica White presented updates on three administrative hearing cases in which the Board members gave recommendations:

1. Department versus Hasan Shaikh (14-LOT-29)
Matters on this case will be submitted to Acting Director Smith for review, with a final determination due April 26, 2017.
2. Department versus Linda Villanueva (15-LOT-46)
Acting Director Smith issued an order affirming the Board's recommendation, which has been communicated to Ms. Villanueva.
3. Department versus Dwight James (15-LOT-58)
Acting Director Smith issued an order affirming the Board's recommendation, which has been communicated to Mr. James.

Ms. White also provided an update on the Lottery's 1st quarter legal docket status:

- 17 cases were new to the 2016 calendar year; 6 were active as of last meeting
- 2 active cases from 2016; 1 new case for 2017
- One pending motion for review; recommendations due by March 21, 2017
- Director will review recommendations; issuing an order by April 26, 2017

Scheduling of Remaining 2017 Meetings

The 2nd through 4th quarter meetings will be held at 1:30 p.m. on the following dates: Thursday, June 8, 2017; Friday, September 8, 2017; and Friday December 8, 2017 at 122 S. Michigan Ave., 19th Floor, Chicago; unanimously approved by the Board members.

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DIRECTOR'S REPORT

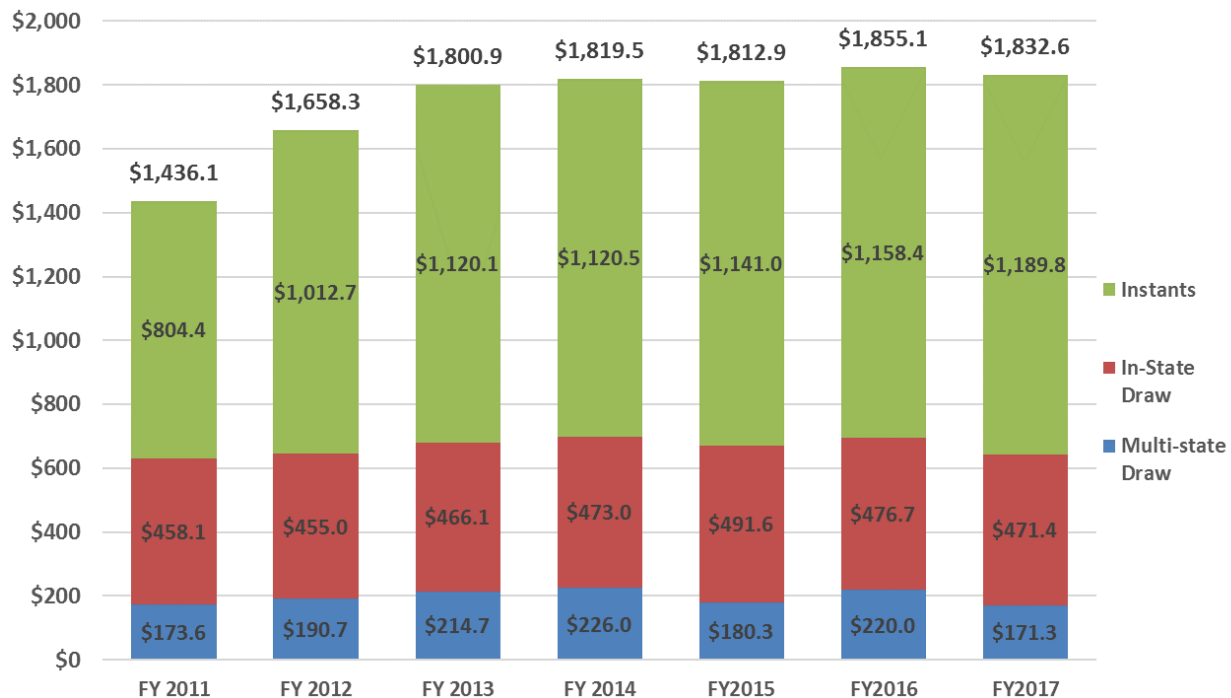
Sales and Marketing Update

Jay Rivara, Northstar's Vice President of Operations and Technology, presented that 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.

Sales Performance Overview

Illinois YTD Sales Summary July 1st through Feb. 25th



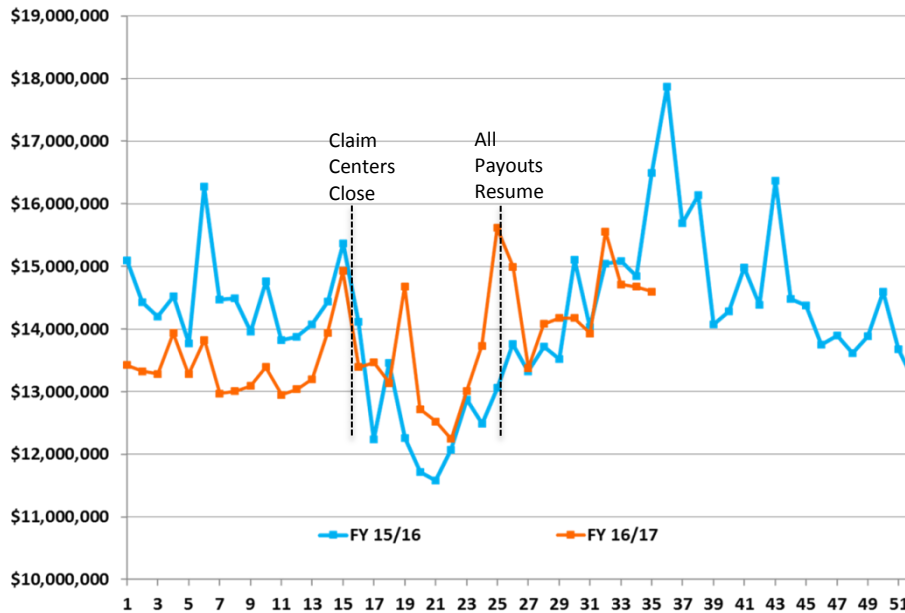
Total YoY	15.5%	8.6%	1.0%	-0.4%	2.3%	-1.2%
Instants YoY	25.9%	10.6%	0.0%	1.8%	1.5%	2.7%
In-State Draw YoY	-0.7%	2.4%	1.5%	3.9%	-3.0%	-1.1%
Multi-State Draw YoY	9.8%	12.6%	5.3%	-20.2%	22.0%	-22.1%

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iLottery Sales

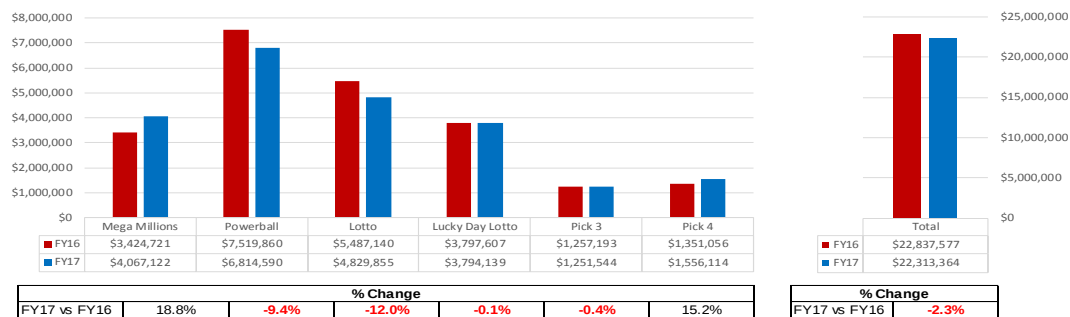
Mr. Rivara detailed iLottery sales information to the Board, using the below graphs to convey sales and registered user data.

Weekly In-State Online Games Net Sales (2.25.17 FY)

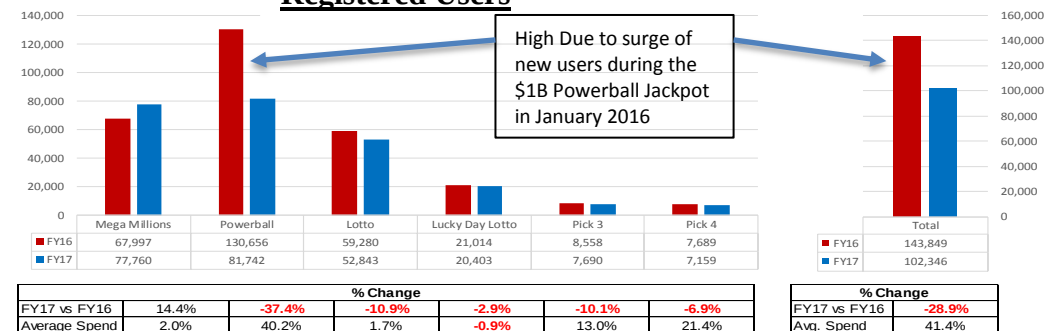


YTD Comparison

Sales



Registered Users



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Advertising and Retail Marketing

Family Multiplier: January 9 to February 5

- The multiplier instant ticket family included TV, Hispanic TV, radio, digital , out of home (OOH), POS, events, and social media
- TV will run second phase April 3 to April 16

Special Olympics: February 7 to March 6

- The Special Olympics specialty ticket support of multi-channel marketing including audio, digital, OOH, POS, website, events, and social media
- PR launch occurred on 02/14/17 at Soldier Field

St. Patrick's Day Raffle: February 13 to March 16

- Campaign included TV snipes, radio, digital, OOH, POS, website, events, and social media

MS Project: March 10 to April 3

- Campaign will include audio, digital, OOH, POS, website, events, and social media
- PR launch to be planned

Red Ribbon Cash: June

- Campaign to include audio, digital, OOH, POS, website, events, and social media
- PR launch to be planned

On-going Instant Support: *tentative* May start through FY18

- Instants supported on an ongoing basis with dedicated TV creative, featuring new instant tickets

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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

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	\$19,308,173,465

Ticket/Cause	Lifetime Amount Transferred
Veterans Cash (veterans causes)	\$13,721,629
Ticket for the Cure (breast cancer research and treatment)	\$11,815,899
MS Project (multiple sclerosis research and treatment)	\$8,403,288
Red Ribbon Cash (HIV/AIDS research and treatment)	\$7,154,111
Special Olympics (state and Chicago organizations)	\$1,575,887

For the Quarter Ended Dec. 31, 2016	
Cash Balance carried forward from last quarter	\$ 109.8 M
Receipts into the fund this quarter	\$ 376.2 M
Expenditures from the fund this quarter	(\$374.3 M)
Cash Balance at the end of the quarter	\$ 111.7 M
Expenditures/Transfers made this quarter	\$ 374.3 M
Vouchers paid this quarter	\$ 26.9 M
Prizes paid this quarter	\$ 166.4 M
Transfers made this quarter	\$ 181.0 M

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Private Management Update

Acting Director Gregory Smith updated the Board on the private management procurement process for the Lottery. The Evaluation Committee is wrapping up its assessment of the RFP response submitted by Camelot Illinois. The Illinois Lottery and its current private manager, Northstar, continue to map lottery processes in anticipation of manager and supplier transitions. Northstar will continue to provide all management services until a new private manager is in place.

Responsible Gaming

Ms. Tomao then gave a summary of Responsible Gaming practices. She stated that the Illinois Lottery was a member of the World Lottery Association, which created a Responsible Gaming framework so that each aspect of gaming is considered in a lottery's quest to operate responsibly. Using this framework, the Illinois Lottery put in place a plan to address each of these 10 areas and to assure across-the-board compliance at every level of the organization.

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.

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 & Playslip Message												
Point-of-Sale Materials												
Retailer Focus												
Social Media												

*Responsible Gaming messages included on all communications throughout the year

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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 2:26 p.m.

Respectfully submitted,

Nora Iniguez
Lottery Control Board Secretary