

# Illinois Lottery Control Board Meeting Minutes

Wednesday, April 27, 2022, via WebEx

## MEETING ATTENDANCE

### Board Members:

- Diana Sheehan, Board Chair
- Sarah Alter, Board Member
- Alejandra Garza, Board Member

### Lottery Staff:

- Harold Mays, Director
- Scott Gillard, Chief of Staff
- Meghan Powers, Director of Communications
- Carol Radwine, Chief Financial Officer
- Joe Weiss, Sales Manager
- Amber Chappell, Finance Manager
- Nora Iniguez, Lottery Control Board Secretary

### Camelot Staff:

- Andrew Lang, VP Finance
- Marissa Zimmerman, VP Marketing
- James Bickford, Chief Commercial Officer
- Emilia Mazur, VP Corporate Affairs
- Ashley Urisman, Regulatory Affairs Manager
- Kelsey Young, VP Strategy
- Tina Wolf, VP Product & Retail Partnerships

### Other Attendees:

- Paul Haberstock, member of the public
- Matthew Block, Scientific Games
- Kathy Gilroy, member of the public
- Shane Hartman, member of the public

## CALL TO ORDER/ROLL CALL

Diana Sheehan, Board Chair, welcomes everyone and meeting is called to order at 1:47pm with above board members present to meet a quorum. Lottery and Camelot Staff are introduced.

## PUBLIC COMMENT

Kathy Gilroy comments on an article where previous Lottery Control Board Chairman, Gary Fencik believes that the new Fast Play games are a casino game disguised as a Lottery. The article states that Mr. Fencik also criticized the marketing tactics of the 2<sup>nd</sup> chance lotteries, the \$30 Instant tickets, along with the Fast Play games. He believes they may encourage a core group to play excessively. Kathy Gilroy questioned whether Fast Play games are really draw games or more of an Instant or immediate game and that it could possibly target gambling addicts. Kathy Gilroy would like to see the current board make more of an effort in overseeing advertising for major media campaigns as it states in the Illinois Lottery Law as well on the sale of the Fast Play games.

## OLD BUSINESS

### Approval of Minutes

**Board members vote and unanimously approve and pass** the 01/26/2022 minutes of the Lottery Control Board meeting.

## DIRECTOR'S REPORT

### Summary– Andrew Lang

Camelot congratulates Harold Mays on his confirmation from Acting Director to Director of the Illinois Lottery. Since the last meeting, sales have been doing well especially with the performance of Fast Play. While the quarter has been good, there are some possibly future headwinds for the Lottery to grow with inflation running high, competition with sports betting, casinos, and video gaming terminals. Camelot thanks the Board for their participation in the business planning sessions for FY23 and will share with them as soon as they are finalized.

### Sales Performance - Q1 - Q3 Sales (July - March) - Andrew Lang

- Record YTD Q3 sales of \$2.6 Billion
- Instant ticket sales are strong in March at \$45 Million a week. Camelot commented that good instant products are coming for continued strong sales.
- Draw based games are steady with no significant boost in sales primarily because of no high jackpots for Mega Millions and Powerball.
- iLottery sales are up 29 % vs budget and up 52% vs prior year with the help of the Fast Play games.

### Finance Update – Amber Chappell

- YTD Sales Revenue by Game has a total of \$858,742,415. There is a slight decline in Instants from prior year but up from prior year in total YTD sales. There is a decline in multi-state sales due to jackpot performance.
  - Profit and Loss statement for FY22 as of 03.31.2022, has an operating income of \$610,376,090 which is about 24% of revenue returned to the state for the good causes we support.
- The prescribed transfer amount for the Common School and Capital Projects fund for FY22 is \$775 Million. Through the end of March, we have transferred 70% (\$545,724,000) and are on track to meet the total for FY22.
- As of 03/31/2022, the Lottery has transferred \$76.1 Million overall during the life of the specialty ticket causes. Of this, \$7.4 Million has been transferred in FY22.

### Advertising & Marketing – Marissa Zimmerman

- New platform (Dream Ranger Platform) was launched this year supporting jackpots with overall positive reviews on ads and high claimed purchase rate
- Media spend continues to focus on digital channels.
- Jan-Feb 2022 launches: Multiplier family, Dream Ranger campaign, Pick support highlighting Chicago Bulls player Ayo Dosunmu, and pushed app downloads.
- March 2022-Instead of release of a new ticket, players were asked to find their favorite Instant to purchase. Support in Problem Gambling Awareness month begins.

Illinois Lottery Control Board  
Open Meeting Minutes  
Wednesday, April 27, 2022, via WebEx

- April 2022-New commercial spot launched rolling out every other month. Pick campaign continues with support of Chicago Bulls Player, Ayo Dosunmu.
- Instant tickets for months January-May are shown to the Board by Tina Wolf. In May, a new family of tickets called Illinois Jackpot will launch along with the specialty ticket for the State Police Memorial. Also, a new Scan-N-Play of Fast Play games will launch in May.
- iLottery-Fast Play has been the top game for digital sales with over 119,000 players per week generating \$52 Million in sales through week 39.

Questions and Comments:

**Board Chair, Diana Sheehan, asks what the gauge on consumers is being on board with scanning QR codes with respect to the Scan-N-Play games.**

Tina Wolf responds that a consumer study was done where consumers helped in understanding the best layout of the ticket.

**Board Chair, Diana Sheehan, asks what percentage of players of the iLottery platform are new players and what is the target goal for number of players.**

James Bickford states he doesn't have the number of new players but will get it to the board. He also states as far as the target, their goal is growing the average weekly players as well as setting ambitious targets for the new fiscal year.

**Board Member, Alejandra Garza, asks, where is expected growth to come from in respect to cohort groups.**

James Bickford states that the demographic of a Pick player is slightly younger and is more female based showing that Lottery is attracting a different type of player. Over the coming months into FY23, information on actual cohorts can be shared from media partner 360i.

**Board Member, Sarah Alter, asks what it means in terms of digital growth and commented that an incremental technical investment will have to made.**

James Bickford states that the most important thing is the more than 7000 retailers who are critical to the business. Scan-N-Play will be the first product in engaging retail and digital together. Playing catch up and accelerating more in the digital space will be part of the FY23 business plan.

**Board Member, Alejandra Garza, asks if there will be any algorithms or guardrails regarding growth in digital play that look at incoming players and may flag them about needing to be reminded what responsible gaming is all about.**

James Bickford stated that Emilia Mazur will touch base on this in her Responsible Gaming section as this is central to the business.

**Board chair, Diana Sheehan, asks how we balance not becoming competitive with the current retailers as the Lottery now moves into Scan-N-Play where it may look like the Lottery is a potential retail outlet itself.**

Andrew Lang stated that this will be a purchase done with a retailer. No iLottery account is necessary.

Retail/Promotions Update – James Bickford

- The partners that work with the Lottery (Circle K, Thorntons) on promotions continue to support the brand. Camelot will look at what is next in the future and understand more about their digital environment as the retailers look for opportunities to deliver better experiences on their platform.

Illinois Lottery Control Board  
Open Meeting Minutes  
Wednesday, April 27, 2022, via WebEx

- Camelot would like to solve some technical issues in having a promotional capability with the independent retailer space in doing an Instant ticket promotion while players are purchasing high jackpot draw games.

Questions and Comments:

**Board Chair, Diana Sheehan, asks if Lottery is looking at the future especially with sophisticated retailers who are starting to think through how they will engage with their partners and shoppers in an immersive environment.**

James Bickford stated that it is part of the plan to unlock those conversations and look for better opportunities that retailers are trying to build.

Public Relations and Responsible Play - Emilia Mazur

- PR continues to focus on driving win belief stories with the help of the retailers in providing photos, quotes and adding visuals to get stories out in a timely matter.
- Illinois Lottery announced half year proceeds to the state.
- St. Patrick's Day PR activation is done at five different retailers with a high sale of winning tickets.
- Camelot is preparing in submitting a report to receive a Level 4 certification in responsible gaming with the World Lottery Association which is the highest in its framework. The report will be shared with the Board.
- Responsible gaming is in every element when a game is brought forth including, design, risk profile with other games, and marketing communication on safe play. Safeguards are set in place to provide mandatory spending limits every 7 days, ID verification and geo location for all players on the website. The goal is always operating in transparency and responsibility.
- Problem Gambling Awareness month is supported with messaging of **"Set a Limit. Stick to It."**

Questions and Comments:

**Board member, Alejandra Garza, asks if the public relations distribution list for news media has targets for the African American, Asian, and Latino communities and would like to see a list.**

Emilia Mazur stated that they have a multicultural media buy to make sure that Lottery is communicating to make sure that they are talking about the Lottery in the communities that it serves. For wider distribution lists regarding winner stories, Emilia will have to confirm that it is being done and will get a list to the Board.

Director's Comments - Harold Mays

The director thanks the board, and the members of the public for their participation in today's meeting. He also thanks Kathy Gilroy for her input and states that her comments are taken seriously, and the department will follow up on her questions and concerns. Responsible gaming and compliance with all state laws and administrative rules is of the most important to the department.

- There are no major staff changes since the last meeting. The department has hired a new role (Chief Transformation Officer) that will help support and drive our efforts to become best in class and Lottery retail. Times will be set up for the board members to meet him.
- Camelot and the department are in the middle of its FY23 business planning process and are making progress in completing the plan. The director thanks the Board for its active engagement in the process and they will be kept abreast on the status of the plan.

Illinois Lottery Control Board  
Open Meeting Minutes  
Wednesday, April 27, 2022, via WebEx

- The state concluded its Spring legislative session with the success that the department's iLottery program will continue for another 3 years.
- The department was also successful in making some much needed changes to the fund transfer requirements that will allow us to address some historical fund reconciliation challenges that the Lottery has had in the past that require legislative remedy. These changes will help to resolve outstanding audit findings and simplify the fund accounting procedures.
- Fall & Spring legislative agendas include efforts to continue to expand the iLottery program to include the sale of Instant tickets. We will continue to try to make the necessary changes to the sports wagering act to support the Lottery's sports wagering pilot program. We are working diligently to make improvements to our Specialty ticket program.
- The department has completed its 2-year financial and compliance audit with the Office of the Auditor General. The final report will be shared with the Board.
- 2 Specialty tickets were launched since the last meeting. A ticket that supports the Special Olympics and the other that supports Multiple Sclerosis research. We have 3 specialty tickets launching over the next three months, one that supports police memorials, homelessness prevention and HIV AIDS. The department is pursuing options to improve the efficiency of the program for the benefit of the causes. The Board will be kept informed on the progress in that area.

The Lottery is positioned to close the year strong in sales with the best proceeds year ever. The Director thanked the Lottery Control Board and Camelot for making that possible and the guidance and support from the Board in helping to enable us to meet the mission of the Lottery.

## ADJORNMENT

With all business concluded, motion to adjourn was given at 3:15pm. **Motion was unanimously approved and passed.**

Respectfully submitted by,  
Nora Iniguez/LCB Secretary