

Illinois Lottery Control Board Meeting Minutes

Wednesday, September 25, 2024, 1:30pm CDT

555 W. Monroe St., Chicago, IL 60661

VIA WEBEX AND IN PERSON MEETING ATTENDANCE

Board Members:

- Diana Sheehan, Board Chair, in person
- Sarah Alter, Board Member, in person
- Alejandra Garza, Board Member, in person
- Wynona Redmond, Board Member, in person

Lottery Staff:

- Harold Mays, Director, in person
- Meghan Powers, Communications Director, in person
- Amber Chappell, Chief Financial Officer, via Webex
- Joe Logue, Chief Transformation Officer, in person
- Joe Weiss, Sales Manager, via Webex
- Maryann Hong, Deputy General Counsel, in person
- Mason McDaniel, Legislative Liaison, via Webex
- Peter Romano, HR Administrator, via Webex
- Steven Fowler, Region 5 Regional Coordinator, via Webex
- Nora Iniguez, Lottery Control Board Secretary, in person

Allwyn-North America Staff:

- Keith Horton, General Manager & General Counsel, in person
- Andrew Lang, VP Finance, in person
- Marisa Zimmerman, Chief Revenue Officer, in person
- Richard Fairbanks, VP Retail Sales, in person
- Lorell Lynch-Public Affairs Director, in person

Other Attendees:

- Andie Tipton, Governor's Office, via Webex
- Kathy Gilroy, Member of the Public, via Webex
- Drew Ellis, Play iLottery, via Webex
- Paul Haberstock, Member of the Public, via Webex
- Tiffany Webb, Gambling & Outreach Coordinator, via Webex
- Jessica Nardulli, Member of the Public, via Webex
- Patrick Barry, Fulcrum Government Strategies, via Webex
- Colleen Rowan, IGT, via Webex

CALL TO ORDER/ROLL CALL

Diana Sheehan, Board Chair, welcomes everyone that is in attendance both in person and via Webex. The meeting is called to order at 1:30pm with all the Board Members including new Board Member Wynona Redmond present to meet the quorum. The Lottery and Allwyn North America Staff are introduced.

PUBLIC COMMENT

No public comment.

OLD BUSINESS

Approval of Minutes

Board Members vote and unanimously approve and pass the 06/04/2024 minutes of the Lottery Control Board meeting.

DIRECTOR'S REPORT

Sales Performance – FY24 Summary, FY25(July & August 2024)-Andrew Lang

- FY24 sales at \$3.86 billion were another record year. Factors include the launch of the \$50 Instant, Fast Play games and large jackpots for Mega Millions and Powerball.
- FY24 Instants were up 4.9% with sales at \$2.143 billion.
- Draw Based Games were up 9.3% with sales at \$146 billion.
- iLottery sales were up 31% vs prior year with sales at \$687 billion.
- FY25 sales for July and August 2024 are slightly below budget at \$630 billion due to a lack of any large jackpots.
- FY25 Instants are up \$32 billion, 9.7% vs prior year. Cashless payment has been added to all vending machines and is live across the whole state.
- Draw Based Games remain solid close to budget with online sales ahead and retail behind.
- iLottery sales of \$118 billion are slightly down but remain strong and are ahead of budget.

Questions and Comments:

Board Member, Alejandra Garza, asks why is there a decline in Instants throughout the US market? Andrew Lang explains that the \$50 Instant ticket helped sales in many states and some states that released prior to Illinois, sales are now ebbing away. Although it is hard to

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pinpoint the exact reason, Illinois Lottery continues to do all the right things in terms of point of sale, marketing and launching new games.

Board Chair, Diana Sheehan, asks if there is still an uptick in sales in the launch of the \$50 Instant? Andrew Lang states that sales were at \$1 million a day at launch and now it has settled to its natural state at approximately \$600,000 a day.

Board Member, Sarah Alter, asks is there a deeper intel on who is purchasing the \$50 Instant ticket? Marisa Zimmerman states that it is core players that play the other price points at \$20- and \$30-dollar scratch tickets.

Board Member, Sarah Alter, asks what the online comp was in previous years for iLottery sales? Andrew Lang explains that FY24 had digital sales up from last fiscal year at 31% and up 88% FY23 vs FY22.

Board Member, Sarah Alter, asks if there is an association to benchmark against other state Lotteries? Andrew Lang states La Fleur's magazine collects data from all the US lotteries and publishes it annually.

Board Chair, Diana Sheehan, asks if we have a gauge on who is the iLottery buyer? Marisa Zimmerman states that the iLottery player tends to skew a bit younger and higher income than the general demographics.

Board Chair, Diana Sheehan asks what percentage of Instants are an impulse purchase versus having an intent to purchase a specific ticket? Marisa Zimmerman states that most tickets are being purchased by impulse due to less people going into stores.

Board Chair, Diana Sheehan states that Albertson's did not have a stellar second quarter in sales and asks how the grocery chain Jewel is doing in Lottery sales? Richard Fairbanks states that there is still much to learn since the Kroger acquisition and in Illinois, Jewel does a much better job with Lottery than most grocers. **Andrew Lang states** that in FY25, Jewel is up 6.2% in sales with retail and vending.

Board member, Wynona Redmond, asks if sales are affected when vending machines are down or not working at either Jewel or Walmart stores? Richard Fairbanks explains that Jewel is very good at paying attention to its machines and report any issues immediately. Once issues are reported, these retailers are given a high priority in fixing the vending machine.

Board Chair, Diana Sheehan asked if the decline in \$1 and \$2 price points indicates that consumers are upgrading to more expensive products due to rising prices? Andrew Lang

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states that a dollar today is not what a dollar was in 1974, and people are now spending \$5 dollars on coffee. **Marisa Zimmerman states** that those price points pick up during the gift giving holiday.

Finance Update -Sales thru August 2024 (Draft & Unaudited) – Amber Chappell

- Instant sales are up year over year due to the sale of the \$50 Instant ticket, but underperforming compared to plan.
- Both multi state and Lotto jackpot performances are down compared to the prior year. As of date, only Mega Millions has reached a \$800 million jackpot that was hit on 09/10/2024 compared to last year reaching \$1.58 billion prior to hitting 8/8/23 and Powerball reached a \$1 billion jackpot before hitting 7/19/23. Lotto reached a \$23.75 million jackpot that was hit on 09/21/2023 making it the largest in several years.
- Fast Play continues to outperform plan and prior year with 91% of total Fast Play sales on the iLottery platform.
- YTD Profit and Loss Statement – through August, the Department has generated an operating income of \$132.3 million providing approximately 21% of our sales to the “Good Causes” we support.
- Through September, the Department has transferred \$190 million to the Common School Fund. Once the FY24 audit concludes, the Department will transfer the remaining FY24 proceeds which is approximately \$8.6 million.
- The Department supports a total of 10 special causes through one specialty ticket program. As of 08/31/2024 the Department has transferred a total of \$99.4 million to the causes we support. In FY25, \$1.6 million has been transferred.

Advertising & Marketing – Marissa Zimmerman

- Paid social media, shopper marketing and retailer out of home continue to receive the bulk of media spend.
- June-September 2024 highlights in Instants, Draw/iLottery, Experiential include:
 - Support was continued for the May Celebrations ticket family, Summer and Fall tickets were released as well as a new spot for the TV campaign Scratch Away.
 - New Fast Play tickets that were rolled out include *Crossword Blowout*, *Crack the Safe*, *Match 5 Doubler* and *Luxury Loot*. Fast play Scan-N-Play education messages were rolled out in retail.
 - 50th Anniversary event was held on 07/18/2024 on Michigan Avenue at Pioneer Court Plaza with a 35-foot gold disco ball.

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- 50th Anniversary retail tour continued visiting various retailers throughout the state and having a presence at various festivals including, NASCAR, West Fest, Fiesta Del Sol, the State Fair and Taste of Chicago.
- Sweepstake prizes for customers included a book of \$50 Instants, a book of \$10 Million Instants, free groceries, and gift cards.
- Overview of Fast Play and Instant Tickets for June -September are shown to the Board Members.

Public Relations and Responsible Play & Corporate Social Responsibility –Lorell Lynch & Keith Horton

- Community outreach for May-July 2024 included events for Police Memorials Awareness month, Boys and Girls Club Alliance, HIV/AIDS, Homelessness Awareness, Chosen Few House Picnic, and China Summer Fair.
- Winning storytelling continues to drive win belief, promote Mega Millions Jackpot roll and promote Illinois Lottery's 50th Anniversary Celebration.
- The 50th Anniversary 3-hour event drew crowds of several thousand and over 500 people won cash and prizes. All Chicago TV news outlets were present.
- Responsible gaming activity included a stakeholder engagement at the National Conference on Gambling Addiction and Responsible Gambling and sponsoring the 2nd Annual Latinx Conference on Problem Gambling on 09/27/2024.
- Player Education continues with a focus on social media, marketing, creative assets, and player messaging.

Questions & Comments:

Board Member, Wynona Redmond, thanks Allwyn for including the mental aspect in the responsible gaming program.

Director's Comments – Harold Mays

The Director thanks the Board Members, Allwyn-North America and the Lottery team and members of the public for their participation in today's meeting.

- Staff- There has been no management staff changes since the last meeting.
- The Department celebrated its first stand-alone headquarters in 20 years with a building dedication to the legendary Representative E.J. Zeke Giorgi who is known as the father of the Lottery due to him sponsoring the original lottery law.
- Audit –The Department has begun its FY24 financial compliance audit with the office of the Auditor General. The Board will be kept up to date of its progress.

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- Specialty Tickets – As of July 1st, all the causes of our specialty ticket program are now being funded by the new joint ticket. Each cause receives an equal share of the proceeds.
- Legislative-The Department was unsuccessful in getting its clean-up bill (mostly administrative) passed. Efforts will continue in November.

Closing Remarks – Director Harold Mays

The Director states that the year has been fun and exciting as the Lottery celebrated its 50th Anniversary all over the state. He thanks the Lottery and Allwyn team who delivered a successful campaign that allowed everyone to participate in the celebration. As always, the Department is available for any follow ups or further information.

Questions and Comments:

Board Member, Sarah Alter asks what the process will be going forward in reviewing the 10 Specialty Causes? **Director Mays states** that the legislation that was passed includes a Specialty Ticket program Task Force that will review the program, assess the progress, and make the exact determination.

Board Chair Diana Sheehan thanks the Lottery and Allwyn on a phenomenal year in sales and formerly welcomes new Board Member Wynona Redmond.

ADJORNMENT

With all business concluded, motion to adjourn was given at 2:38pm. **Motion was unanimously approved and passed.**

Respectfully submitted by,

Nora Iniguez/LCB Secretary