

# Illinois Lottery Control Board Meeting Minutes

Thursday, December 07, 2023, 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

### Lottery Staff:

- Harold Mays, Director, in person
- Scott Gillard, Chief of Staff, in person
- Meghan Powers, in person
- Amber Chappell, Interim CFO, via WebEx
- Joe Weiss, Sales Manager, in person
- Matthew Bell, Chief Tech & Operations Officer, via WebEx
- Audrey Cosgrove, Deputy General Counsel, via WebEx
- Maryann Hong, Deputy General Counsel, in person
- Peter Romano, HR Administrator, via WebEx
- Alicia Ivy, Director's Executive Assistant, in person
- 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
- Richard Fairbanks, VP Retail, via WebEx
- Marisa Zimmerman, VP Marketing, in person
- Emilia Mazur, VP Corporate Affairs, in person
- Tina Wolf, VP Product & Retail, via WebEx
- Ashley Urisman, Regulatory Affairs Manager, in person

### Other Attendees:

- Kathy Gilroy, Member of the Public, via WebEx
- Colleen Rowan, Member of the Public, 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 1:37pm and all Board Members are present to meet the quorum. The Lottery and Allwyn North America Staff are introduced.

## BOARD CHAIR NOMINATION

Deputy General Counsel, Maryann Hong, addresses the Board and states that per Lottery Law, a new Board Chair must be nominated each year. **Board Members Sarah Alter and Alejandra Garza nominate Diana Sheehan. All members vote and approve the nomination of Diana Sheehan to continue her role as Board Chair.**

## PUBLIC COMMENT

**Kathy Gilroy** has a question about the 2024 LCB meeting dates. **Lottery Control Board Secretary, Nora Iniguez, states** that the 2024 meeting dates will be voted on and approved at this meeting and posted to the website.

## OLD BUSINESS

Approval of Minutes

**Board members vote and unanimously** approve and pass the 08/02/2023 minutes of the Lottery Control Board meeting.

## NEW BUSINESS

**Board members vote and approve** the following 2024 dates for the Lottery Control Board Meetings. All meetings will be held in person and via WebEx at 1:30pm.

- Wednesday, April 03, 2024
- Wednesday, June 26, 2024
- Wednesday, September 25, 2024
- Wednesday, December 11, 2024

## DIRECTOR'S REPORT

Sales Performance – FY24 Sales (through October) - Andrew Lang

- FY24 starting strong **+7.4 %** vs budget and **+9.6 %** vs. prior year at just under \$1.3 billion for the first four months of FY24.
- Instant sales of \$661 million are down 6% vs budget and 3.2% vs. prior year. Improvements are being made to address this. 60% of Lotteries across the US are seeing declines July-September year-over-year.
- Draw Based Games are at record sales of \$629 million for the first four months of the fiscal year. This was helped by the three large Mega Millions and Powerball jackpots.

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- DBG Sales excluding Mega Millions and Powerball are at \$419 Million, **+4.7%** above budget and **+22%** above FY23.
- iLottery sales of \$223 million are up \$39 million, **+21%** vs. budget and up \$80 million, **+56%** vs. prior year with player base above 800,000. Over 500,000 people played in the last 90 days.

**Questions and Comments:**

**Board Chair Diana Sheehan, asks,** if the decline we are seeing in Instants is consistent with the other states. **Andrew Lang** said we are in the mid-range with the other state Lotteries.

**Board Chair, Diana Sheehan suggests** that within the tracking of the progress and incrementality of the new \$50 Instant ticket, and as we prepare for years 24 & 25, let's keep in mind of what we are going to have to lap going into next year.

**Board Member Sarah Alter, suggests,** tracking of the new \$50 Instant ticket to see if the purchase was for oneself or a gift. **Andrew Lang says** they will have performance data for the next meeting.

**Board member, Sarah Alter, compliments** Allwyn-North America on their latest commercial for the Lottery App.

**Board Chair Diana Sheehan, asks,** if in figuring out what metrics of tracking to use, will seeing what people play within the past 90 days to track progression be something new going forward. **Andrew Lang states** that tracking playership within the last thirty days is more relevant especially tracking the variation of spikes when jackpots are high. **Andrew Lang states** that the team looks at different metrics in detail.

Finance Update -Sales thru October 2023 (Draft & Unaudited) – Amber Chappell

- We have strong sales performance for the first four months primarily with multi state games and Lotto due to high jackpots. Fast Play games category continues to grow with 89% of sales coming from the iLottery platform. Instants continue to underperform compared to prior year and plan.
- YTD Profit and Loss Statement – Through October the Department has generated \$337.5 million providing approximately 26% of sales to the good causes we support.
- Financials for FY23 are still unaudited- Sales reported: \$3.609 billion, Total Operating Revenue: \$3.614 billion, and Operating Income: \$882 million
- The Department has transferred \$285 million to the Common School Fund through 10.31.2023. In November, an additional \$65 million was transferred totaling \$350 million to date. Remaining FY23 transfers to the Common School Fund have not been made as we wait for audited results.

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- The Department supports 8 specialty causes. As of 10.31.2023, the Department has transferred \$90.5 million for these causes. Of this, \$2.8 million has been transferred in FY24.

#### Advertising & Marketing – Marissa Zimmerman & Tina Wolf

- Media spend by channel shifted some funds to support the Instant tickets in both the Shopper and Retailer Direct OOH for FY24.
- July-October 2023 highlights in Instants, Draw/iLottery, Experiential include:
  - Support of Fast Play games, sweepstakes partnered with sports teams, retailers, and experiential activations at Illinois State Fair, and Taste of Chicago.
  - Highlight was given to Frogger Instant ticket since it was a fun license ticket. This included the top five stores that sold this ticket won tickets to a Chicago Bulls game, purchase two Frogger tickets receive free \$1 ticket and receive a free \$2 Instant when you purchase at least three Frogger tickets.
  - Holiday Instants were launched with the campaign “**Scratch Away**” in October and a “**Coming Soon**” to promote the \$50 Instant. Holiday 2<sup>nd</sup> Chance promotion runs through January 2024.
- Tina Wolf presents Instant and Fast Play tickets that were launched July-October 2023. Highlights include: \$30 Instant that tested well in focus groups, \$20 Instant loaded with \$100, \$200, \$600 dollar payouts, and the clear \$10 **Gift of Green** holiday ticket which is in high demand.

#### Questions and Comments:

**Board Member, Alejandra Garza, asks** if after seeing the results of the sweepstakes and experiential activations are there some not to be considered for 2024 especially the ones done at the Fiesta Del Sol and Chinatown Summer Fair. **Marisa Zimmerman states** that these are done to drive people to register for an online account. Sweepstakes with sports teams comes as part of a sponsorship and are low cost. One thing learned from last year is that people prefer cash/gift cards. **Emilia Mazur states** that the main goal for the community experiential activations is to support the community, build the brand and reputation by having a presence.

**Board Chair Diana Sheehan, asks** if there is a QR code on the back of the Instants tickets that take you to the app. **Tina Wolf states** that Instant tickets do have this, and new ticket stock was ordered to have the QR code on the back of the draw games.

#### Public Relations and Responsible Play - Emilia Mazur

- \$1 billion Powerball jackpot was celebrated with three ticket grab events which builds player engagement excitement, rewards loyal players with free tickets, and generates media interest in the support of local retailers. Other ticket giveaways were hosted in August and October.
- There is a current activation at Navy Pier promoting the new \$50 Instant ticket giving away the ticket and other cash prizes. Lottery Director shared that someone won a free ticket and instantly scratched it on the spot and won \$10,000.

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- During National Lottery Week, emphasis was given to the purpose of the Illinois Lottery showcasing **where the money goes** within the last fifty years. This was picked up by thirty publications with placements and broadcasts in digital. Radio and social media promotions were done to promote a free ticket giveaway. Anyone who came to a payment center to claim a prize received a free Lottery ticket.
- Community Outreach events consisted of Fiesta Del Sol, Chosen Few Picnic, and the Chinatown Summer Fair. These outreaches show Lottery's support within the diverse player base within these communities. Outreach final numbers for these events are shared with the Board.
- The Lottery is the major sponsor of the "Power Hour" which supports after school learning all year round with the Illinois Alliance Boys and Girls Club. Back to School drives were held in Springfield and Niles, Illinois, with 1700 items donated. We are currently active in a holiday toy drive.
- The Alzheimer's ticket was launched in September and Ticket for The Cure in October. The Director participated in the blowing of the horn for the start of the Susan G Komen race. A new marketing strategy for the new specialty ticket will be shared with the Board at the next meeting since there will not be a new ticket each month.
- Efforts remain focused on supporting and advancing the Responsible Gaming Program consistent with practices consistent with the WLA. This includes an updated Responsible Gaming logo and messaging, **18+ Be Smart, Play Smart**.
- Stakeholder engagement consisted of interaction with the Illinois Council on Problem Gambling and providing information on how the Lottery supports responsible gaming amongst its players.
- The Lottery sponsored the Way Back Inn's annual rebuilders' dinner which is a non-profit organization that supports individuals recovering from drug, alcohol, and gambling use disorders. Funds raised from the dinner support addiction treatment services in Illinois.
- Gift Responsibly campaign will be made visible for the holiday season stating that Instants are great as gifts but not for children. Application for recertification with the WLA will start in 2024.

### 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-Chief Financial Officer, Carol Radwine retired after seven stellar years with the Department. The Lottery wishes her the best in her retirement. Amber Chappell, Finance Manager, has been selected as Interim CFO. Our agency procurement officer has taken another position with another agency and we are actively seeking someone for that position.
- Audit- The Department has completed and distributed its FY23 Internal Audit Report to the Board. The Department has a total of three findings that have initiated corrective actions for and four auditor recommendations. The Department's Internal Audit function was established to provide independent and objective assurance and consulting services designed to add value and improve the Lottery's operations. The Internal Audit is in addition

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to the Department's Annual Financial Audit and its 2-year compliance audit that is conducted by the Office of the Auditor General which are in progress for completion by the end of the year.

- Finance- Starting in FY 24 all Lottery proceeds minus what we receive from the Specialty tickets will go into the Common School Fund. This will be the first time since 2010 that this will be the case. Legislation was changed for this to happen.
- Specialty Tickets- Three tickets were launched supporting Alzheimer's, Breast Cancer support and one supporting the Veterans program. November was our last individual specialty ticket launch. In January, we will launch our first joint Specialty ticket per the legislation passed this year. This one ticket will fund all 10 specialty causes we have in the program. The Board will be updated on strategy around how we present that ticket in marketing and retail.
- Legislative- The Department was successful in passing a small administrative change to clarify statutory language regarding how fund transfers should occur in our specialty ticket program. This change will ensure there is no delay in the distribution of proceeds to each causes' special fund.

#### Questions and Comments:

**Board Member, Sarah Alter, asks** how we will ascertain what amount goes to each cause. **Director states** that proceeds will be equally divided.

#### Closing Remarks – Director Harold Mays

The Department's focus over the next few months will be to close out the holiday season strong and responsibly maintain that momentum as we prepare to celebrate our 50<sup>th</sup> Anniversary year. The Director is proud of the work the team has done and appreciates the support the Board has provided. Any follow up questions or information needed is always available by the Department.

#### ADJORNMENT

With all business concluded, motion to adjourn was given at 2:40pm. **Motion was unanimously approved and passed.**

Respectfully submitted by,

Nora Iniguez/LCB Secretary