



DRAFT MEETING TRANSCRIPTION

Legislative & Games Committee

Special Meeting

May 19, 2021 at 1:00 p.m.

via teleconference

Committee Members: William Blanchette, Jr.; Meghan Culmo; John Flores; and James Heckman (all via teleconference).

Staff Members Present: Greg Smith, President & CEO; Matthew Stone; Christopher Davis; Angelica Mack; and Annmarie Daigle.

I. Welcome:

(W. Blanchette): Good afternoon. This is a Special Meeting of the Legislative & Games Committee of the Connecticut Lottery. This is Will Blanchette, I am acting chair for this meeting and I'd like to call the meeting to order at 1:01 p.m., on Thursday, May 19, 2021. Before we get started I'd like to ask Matt Stone to give us the meeting procedures per the Governor's orders.

(M. Stone): Thank you. This is Matt Stone, General Counsel for the Lottery. A reminder that we continue to operate under Governor Lamont's Executive Order regarding public meetings. The primary reminder I want to give the Committee is that speakers should identify themselves by name before speaking, and this applies to everyone speaking whether a Committee member or not. I know this can be awkward during a conversation but it is a requirement of the Executive Order, so please do your best to comply. That is all I have, thank you.

II. Approval of the December 7, 2020 Legislative & Games Committee Meeting Minutes:

(W. Blanchette): Thank you. The first order of business is the approval of the December 7, 2020 meeting minutes. Do I have a motion?

(M. Culmo): Meg Culmo, so moved.

(W. Blanchette): Thank you, I will second. Will Blanchette. All in favor?

(Ms. Culmo and Mr. Blanchette): Aye.

(W. Blanchette): Opposed? Abstentions?

(J. Heckman): Jim Heckman, I abstain.

(J. Flores): I'll abstain as well. John Flores.

(W. Blanchette): So the minutes pass with Mr. Flores and Mr. Heckman abstaining.

III. Approval of the February 8, 2021 Legislative & Games Committee Meeting Minutes:

(W. Blanchette): The next item is the approval of the February 8, 2021 meeting minutes. Can I have a motion on those?

(J. Flores): John Flores, so moved.

(J. Heckman): Jim Heckman, second.

(W. Blanchette): Thank you. All those in favor?

(All, except for Mr. Blanchette): Aye.

(W. Blanchette): I have to abstain on those, Blanchette abstains. The motion passes.

IV. Approval of the March 8, 2021 Legislative & Games Committee Meeting Minutes:

(W. Blanchette): The next item is the approval of the March 8, 2021 meeting minutes.

(J. Flores): John Flores so moved.

(W. Blanchette): Will Blanchette will second. All those in favor?

(All, except for Mr. Heckman): Aye.

(W. Blanchette): Any abstentions?

(J. Heckman): Me, Jim Heckman.

(W. Blanchette): Thank you, the minutes pass with Heckman abstaining.

V. Review and Possible Action Re: Lucky for Life Game Rules:

(W. Blanchette): The next item is the review and possible action for the Lucky for Life game rules. For that we'll go to Greg.

(G. Smith): This is Greg Smith from Connecticut Lottery. Angelica Mack, one of our staff counsels guides us through game rules changes so I am going to turn that over to her prior to any voting for it.

(A. Mack): Thank you Greg, this is Angelica Mack, Counsel for the Connecticut Lottery. The Lucky for Life proposed game rule change are quite simple. The Directors of the New England lotteries recently changed the game rules to allow us to go from Monday and Thursday drawings to daily drawings which are scheduled to begin on July 19, 2021. In order to affect this change we need to amend the Connecticut-specific rules to adopt the changes to the Lucky for Life rules. That is the only change – to go to daily drawings – if there are any questions I'm happy to explain.

(W. Blanchette): Are there any questions? Hearing none. Is there a resolution that can be read?

(G. Smith): This is Greg, if you are ready, I will read that resolution.

Resolved, that, after review and due consideration, the Legislative and Games Committee recommends to the Board of Directors that the Board of Directors approve the Lucky for Life game rules changes as presented.

(W. Blanchette): May I have a motion?

(J. Flores): John Flores, so moved.

(W. Blanchette): Thank you John; I will second. Blanchette, second. All those in favor?

(All): Aye.

(W. Blanchette): Any opposed? Abstentions? The matter is passed.

VI. Review and Possible Action Re: Lucky for Life Game Rules:

(W. Blanchette): The next matter is the review and possible action about the change in Powerball game rules. Again, Mr. Smith.

(G. Smith): Thank you this is Greg Smith and again I will pass this to the capable hands of Angelica Mack.

(A. Mack): Thank you, this is Angelica Mack. A couple more changes to the Powerball game rules. The first is to add Monday drawings, so we'll continue with the current Wednesday and Saturday drawings and effective August 23, 2021 we'll begin also Monday drawings. That's the most important of the changes. An additional change that was made was the addition of Powerball rule 27.8 which gives the Powerball Product Group emergency rule making authority to adopt rule changes or modifications necessary to protect the integrity of the game in response to an imminent crisis or emergency, this was of course precipitated by the COVID pandemic and the need to lower those jackpots last year. This will require an affirmative three-quarters vote of the Product Group and the changes take effect immediately unless otherwise indicated by the Product Group. MUSL recommended that each participating jurisdiction adopt this rule so we have included it as the Connecticut specific rule number 26 to say that we would recognize the Product Group's emergency rule making authority. A couple other minor changes, the maximum number of consecutive drawings a player can purchase was reduced from 52 to 39; this does not impact us as our maximum is 26. Clarification that lotteries could require players to purchase the Power Play promotion or Double Play promotion if they choose; we do not offer the Double Play, we do offer the Power Play which is the multiplier but we do not require it to be purchased. There were quite a few changes to the Double Play promotion but as I mentioned we do not offer the Double Play so it does not impact us. Just some other technical changes, correcting amendment dates etc. Any questions?

(G. Smith): This is Greg, I am going to add one comment for the Board's awareness. Angelica clearly stated that regarding the Double Play promotion that we are not intending on doing it and if we ever were to decide to do that we would bring it back to this Committee and the full Board to approve before we add it.

(W. Blanchette): Any questions for Mr. Smith? Hearing none, I'll ask for the resolution.

(G. Smith): This is Greg, I'll read it.

Resolved, that, after review and due consideration, the Legislative and Games Committee recommends to the Board of Directors that the Board of Directors approve the Powerball game rules changes as presented.

(J. Flores): John Flores, so moved.

(J. Heckman): Jim Heckman, second.

(W. Blanchette): Any discussion? All in favor?

(All): Aye.

(W. Blanchette): Any opposed? Any abstentions? The motion carries.

VII. Legislative Update:

(W. Blanchette): The last item on the agenda is the Legislative Update. Who will be presenting that for us?

(G. Smith): This is Greg Smith, for this update we are going to begin with Chris Davis to bring us up to speed, and then I'll potentially follow up with some comments.

(C. Davis): Good afternoon everyone, this is Christopher Davis, the Government Relations Manager for the Connecticut Lottery Corporation. We are going into the final three weeks of the legislative session, this is the crunch time where they'll be meeting quite regularly, at least three or four days per week and then perhaps all five or even six days towards the end. The big bill of the session that we've been monitoring is of course the sports betting bill that would also legalize iLottery here in the State of Connecticut. The final version of that bill has not been released yet but it is our understanding that it's going to be very close to the terms of the agreement that the Governor's office released with the two tribes, that would see the Connecticut Lottery being able to offer draw games only and sports wagering online as well as at 15 retail locations across the state. The Finance committee will be taking up the bill tomorrow morning and that likely will be the final hurdle before it can be brought up for a vote before the House of Representatives. According to the Speaker and the Majority Leader and their comments yesterday they anticipate that to happen this week so it's quite possible that it could happen as soon as tomorrow. After hopeful passage in the House it will go on to the Senate for their approval before going to the Governor. Those provisions in the bill per the terms of the agreement released by the Governor would be based on a compact being signed by the State of Connecticut and the two Native American tribes so there are still a few things that would have to happen but it seems like the legislation is moving forward this session and hopefully within the next couple of days. Before I move on are there any questions on that particular bill?

(J. Flores): This is John Flores. Quick question Chris. We have to wait until the compact is amended before we can implement anything?

(C. Davis): The approval for the Lottery to do these things would be contingent upon the compacts being signed with the Native American tribes so before we can do anything regulations would have to be set in place and those would be determined based on the compacts as well. So yes, the compacts would have to be signed and ultimately approved by the Bureau of

Indian Affairs at the federal level and the Department of Interior before we could move forward with sports wagering.

(G. Smith): And I'm going to add two cents on top of that – this is Greg Smith – we know that the legalization and the signing of the bill allows us to move forward in discussion and receiving RFP proposals and things of that nature that we can continue to do simultaneously, we know that there will be no tickets sold on our systems until everything is fully legal and regulations issued and in compliance so I think all the conversations recognize that there will be some things happening simultaneously but certain things will not occur until the bill is actually signed and no selling will occur until the compliance requirements are established and systems up and running.

(W. Blanchette): Any further discussion?

(C. Davis): There are a couple more bills that I'd like to bring to the Board's attention. There are three bills that are still active in the legislature dealing with quasi-public agencies, all three of which would make some changes to how we would operate as a quasi-public agency. House Bill 6664 has some significant changes in how we would be operating and governed and the procedures that we would undertake such as the Board of Directors would have to approve all expenses over \$5,000, which would be a major step for all of you on the Board to make those approvals. Another bill, 6194, which would have all of our contracts over \$1 million or a length of five years be reviewed by the State Contract Review Board among a few other changes; and in House Bill 6577, any real estate transactions that the Lottery or any other quasi agency takes part in would be subject to not only review, which is our current statutory requirement, but would also the approval or denial of the State Property Review Board. So they would be able to reject any real estate transaction that we try to enter into. So these bills would significantly change our operations and the view of the Lottery in a negative way, or in an unnecessary way for sure, so those are bills that we have publically opposed with testimony and continue to have conversations with other quasi-public agencies and the Governor's office as well as members of the legislature trying to improve or hope that these bills do not end up moving forward this session. There is one bill that did pass the House of Representatives last night, House Bill 6038, and that dealt with winners of the Lottery having the option to have their name removed from the winners' section of our website, upon written request, and to require us to also get written consent to publish any photos of any winners on our website. Both of those are actually our current practice, we get consent to publish someone's photo and if someone were to request to have their name removed we would comply with that request. So these changes codify our current practice into statute and don't really change any way in which we are operating. Any questions on those bills?

(G. Smith): This is Greg Smith. Just a few other thoughts relative to the ones Chris mentioned with regard to contracts and the property review board and the like – our statutes or policies or bylaws already cover each of these topics so we have a well-established purchasing policy for different contracting and bids, securing various quotes based on contract price levels and even regarding some of our primary contracts like our retail gaming system, our ticket printing contracts, those are all approved by the Board including amendments, so we feel as though we have really strong attention to these matters and we know that our legislation and bylaws are stronger than some of the other quasis where this may have been brought to light because of some of them not being as strong as ours. We think that this may cause difficulties for us in terms of slowing down our process, to approve various lower level contracts, so we're opposing

this because we already have a plan in place and I think it's more about getting the other quasis who are not as strong to get those up to that level. It's not just CLC that has strong adherence to this, I think most of the quasis do and there's been some maybe in recent years who have had lesser attention provided to their language.

(W. Blanchette): This is Will Blanchette. It seems to me that we are the only quasi that has a parent agency regulating us, is it reasonable to think that we could ask for an amendment to be excepted from these?

(G. Smith): This is Greg. It's always possible to go that route. When the quasi groups get together and talk, we discuss some approaches and ways to respond to these bills with the administration and we don't see any of these bills on the threshold of passage any day now and what we look for is how can we solve the concerns that exist? What would be the steps we can take to solve those concerns before bills like these get passed. That outreach is a continuous and ongoing effort and it becomes important for all of us -- CLC in this example -- to state what exists for us now so people can recognize that the weakness is not across the board and it may be something that can be written in a particular quasi's enabling legislation as opposed to a broad based bill.

(C. Davis): Yes, one of our greatest concerns is that each one of these bill is one-size-fits-all for all the quasi-public agencies and as you know, each one of us has been structured differently, for decades in our case, and we all have separate purposes and ways about doing our business as a quasi-public so to try and apply all of these things to all of us at the same time does not really make much sense. And as you mentioned, Mr. Blanchette, we have DCP regulating our operations quite closely unlike some of the other quasi-publics.

(J. Flores): This is John Flores, do we know if these bills pass what the effective date would be? Because I suspect that if they pass that would slow down our sports betting, it would create another hurdle for us to run through.

(C. Davis): Most of the contracts requirements and the property review board requirements I believe would begin on October 1 of this year so theoretically depending on the timing of things, they could enact those items, there are a few sections which would take place on July 1

(G. Smith): This is Greg one last time. We have not been provided input that says these bills are popular in the legislature and are on the threshold of passage but it's also very important to say to our Board and Committee members thoughts about these in case you receive any outreach on them. So we are making sure you're aware of the conversations we're having and the positions that we have developed or are holding so that you might do the same.

Adjournment:

(W. Blanchette): Any further discussion or any other business to discuss.

(G. Smith): Last comment from Greg, just that if anything starts developing publically on the sports betting or expanded gaming front, we will be sure to let you know.

(W. Blanchette): Thank you. I'll entertain a motion to adjourn.

(J. Heckman): Jim Heckman, so moved.

(J. Flores): Second, John Flores.

(W. Blanchette): All those in favor?

(All): Aye.

(W. Blanchette): Thank you everyone, we are adjourned at 1:23 p.m.

Respectfully submitted,

Matthew Stone
Corporation Secretary
Connecticut Lottery Corporation