



**Regular Meeting
of the Board of Directors of the
Connecticut Lottery Corporation**

DRAFT

Held on

Thursday, June 9, 2022 at 12:00 p.m.

at the

Connecticut Lottery Corporation

777 Brook Street

Rocky Hill, Connecticut 06067

Board Members Present: Robert Simmelkjaer, Board Chair (via teleconference); Wilfred Blanchette, Jr; Michael Cicchetti (via teleconference); Meghan Culmo (via teleconference); Steven Ezzes (via teleconference); John Flores (via teleconference); James Heckman (via teleconference); Manny Langella (via teleconference); Andrew Meehan (via teleconference); and Margaret Morton (via teleconference, joined at 12:15 p.m.).

Staff Members Present: Gregory Smith, President & CEO; Peter Donahue; Melissa Durso; Jodi Ganzer; Paul Granato; Lauren Perrotti; Andrew Walter; Cara Watts; and Annmarie Daigle.

I. Welcome and Introductions:

Chair Simmelkjaer welcomed the Board members and called the meeting to order at 12:03 p.m.

II. Approval of April 14, 2022 Board Meeting Minutes:

On a motion by Mr. Flores and seconded by Mr. Cicchetti, the minutes of the April 14, 2022 Board Meeting were approved.

III. Lottery and Sports Report:

a. Financial Report:

Using sales charts, Mr. Granato reported on the Lottery's performance for the month of May and the eleven months ended May 31, 2022. All sales figures are unaudited.

Financial highlights included \$117.8 million in total sales for the month, behind the budget by 9% and prior year by approximately 12%.

Total cost of sales were \$84 million, comparing favorably to both budget and prior year. Total gross profit remains strong with nearly \$34 million before operating expenses. General fund transfers were \$31.7 million for the month, commensurate with prior year performance.

Sales for the first eleven months totaled \$1.3 billion, exceeding budget by \$5.4 million and behind prior year by \$39 million.

Cost of sales totaled \$935 million or 70% of sales. Gross profit remains strong – with \$402 million before operating expenses. The Lottery transferred \$374 million to the State’s General Fund through the first eleven months, up \$22 million from budget and down \$13 million from the prior year.

Mr. Granato noted that he plans to retire effective July 1, as he had relayed to Mr. Smith earlier in the week and will assist with any transition necessary. He thanked the Board and Management team for the opportunity, and wished the CLC much continued success. Chairman Simmelkjaer thanked Mr. Granato for his service to the CLC and to the Board and wished him all the best.

b. Marketing Report:

Mr. Donahue noted that sales of the 50th Anniversary tickets are going well and there are 22,000 registered players for the 50th Anniversary second chance drawing. In addition, there are more than 1.3 million entries for the 50th Anniversary event in October. He reviewed CLC’s instant games and Fast Play sales by price point, noting about a 6% decline across almost all price points since February. He presented similar results for sales by trade style.

c. Sports Betting Report:

Mr. Walter provided an overview of Sports Betting activities for the first six months of operations, for which he noted somewhat steady sales growth in both online and retail channels and that we are now in heading into off peak months that include MLB games, NHL and NBA playoffs, tennis and the PGA tour. He also introduced Cara Watts, Compliance Manager who discussed Anti-Money Laundering protocols and required Board training, which would occur at the August meeting.

d. President’s Report:

Mr. Smith provided his report, recapping that the CLC is maintaining a 2.5%-3.5% annual growth rate, still performing solidly. He reported on several matters resulting from this legislative session including approval of stored value instruments for iLottery, cross channel promotions, media messaging changes, simple interest calculations, and a study of gambling best practices. Also discussed the Sports Betting Development Committees bylaws change to include iLottery.

IV. Committee Reports:

a. Executive Committee:

Mr. Simmelkjaer noted that the Executive Committee met on May 12 to discuss potential by-laws changes which will be brought to the Board at a later time as well as updates regarding real estate, Sports Betting and iLottery. The Committee then met in executive session to hear updates regarding pending claims and litigation. No votes or actions were taken.

b. Audit:

Mr. Meehan stated that the Audit Committee met in April to discuss the quarterly update of liquidated damages, the gaming system update and date cyber security. No votes or actions were taken.

c. Finance:

Mr. Ezzes noted that the Finance Committee met in May and June with the primary focus being the draft budget that the Board will vote on later in the meeting.

d. Personnel Committee:

Mr. Blanchette noted that the Personnel Committee met on June 8th for the primary purpose of reviewing the Corporation's ongoing retirements and hiring as well as changes to collective bargaining agreements, including proposing the manager compensation plan to align with other state managers.

VI. Executive Session:

On a motion by Ms. Culmo and seconded by Mr. Blanchette, the Board moved to Executive Session at 12:48 p.m. to discuss:

- a. iLottery Update
- b. Sports Betting Policy
- c. Gaming System Conversion Update
- d. Draft Manager Compensation Program Update
- e. Update on Pending Claims and Litigation: Civil Suits

Mr. Smith, Ms. Durso, Ms. Perrotti and Mr. Walter were invited to stay for Executive Session.

VII. New Business:

- a. Discussion and action, if any, on items discussed during Executive Session

The Board returned to public session at 1:56 p.m. with Chair Simmelkjaer noting that no votes or actions were taken in Executive Session.

- b. Review and Possible Action: Proposed Budget for Fiscal Year 2023

After a brief discussion and on a motion by Ms. Morton, seconded by Mr. Cicchetti and unanimously approved, it was,

Resolved, that after review and due consideration, and upon the recommendation of the Finance Committee, the Connecticut Lottery Corporation Board of Directors hereby approves the Fiscal Year 2023 Budget as presented.

VIII. Adjournment:

Chair Simmelkjaer noted that the next scheduled Board Meeting is on Thursday, August 14, 2022 at noon and thanked everyone for their attendance.

On a motion by Mr. Heckman, seconded by Mr. Ezzes, and unanimously approved, the meeting adjourned at 2:07 p.m.

Respectfully Submitted,

Melissa Durso
Corporation Secretary
CT Lottery Corporation

