



DRAFT MINUTES

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

Held on
Thursday, December 12, 2024 at 12:00 p.m.
at the
Connecticut Lottery Corporation
15 Sterling Drive
Wallingford, Connecticut 06492

Board Members Present: Robert Simmelkjaer, Board Chair (left at 1:30 p.m.); Wilfred Blanchette, Jr.; Michael Cicchetti; Douglas Dalena; Steven Ezzes (joined at 12:25 p.m.); Ajay Gupta; Andrew Meehan; and Margaret Morton (all via teleconference).

Staff Members Present: Frank Suarez, President & CEO; Melissa Durso; Jodi Ganzer; Catherine Martorella; Lauren Perrotti; Brett Steen; Mark Walerysiak; Andrew Walter; Cara Watts; and Annmarie Daigle.

Guests Present: Thomas Goldfuss and Caitlin Nero of Whittlesey

I. Welcome:

Chair Simmelkjaer welcomed the Board members and called the meeting to order at 12:11 p.m.

II. Finance Committee Report:

a. Whittlesey Report on Audited Financial Statements for the year ended June 30, 2024:

Ms. Martorella introduced Tom Goldfuss and Caitlin Nero, representing Whittlesey, who provided the report on the Audited Financial Statements for the year ended June 30, 2024. In their first year as CLC's financial auditor, Whittlesey has issued an unmodified or clean opinion on the Lottery's financial statements, meaning that there were no findings on the report or on internal control and compliance. All information requested from management was provided on schedule. The audit confirmed Sales revenue, which includes lottery and sports wagering, totaled \$1.68 billion, declined \$22 million or 1.3% compared to the prior year. Cost of sales, including prizes and commissions, totaled \$1.26 billion, down \$1.25 million or 0.1% compared to the prior year. Operating expenses of \$23.5 million, increased \$4.3 million or 22% compared to the same period last year due to a change in pension liability. Transfers to the State's General Fund totaled \$387 million, down \$17 million or 4%.

Mr. Simmelkjaer thanked Whittlesey for their report and the CLC team for their cooperation and congratulated the team for the clean audit. Mr. Suarez and Ms. Martorella echoed his sentiments.

b. Executive Session: Whittlesey:

The Board chose not to enter Executive Session with Whittlesey.

III. Review of Annual Board AML Training and Risk Assessment:

Mr. Walter provided an overview of AML responsibilities and the need to train the Board annually. He then introduced Ms. Watts who presented the AML 5 Pillar Review.

IV. Approval of October 10, 2024 Board Meeting Minutes:

On a motion by Ms. Morton and seconded by Mr. Cicchetti, the minutes of the October 10, 2024 Board Meeting were approved, with Mr. Simmelkjaer abstaining as he was not in attendance.

V. Lottery Reports:

a. Financial Report:

Ms. Martorella reported that total sales to date are \$582 million, which is about \$21 million short of last year. The Game of Thrones scratch game launched earlier this week and has a 2nd Chance experiential prize. General fund transfers are at \$154 million, down about 8% from budget and 2.8% from last year. iLottery is moving forward on target and we had our first big winner (Play4) to headquarters. Sports Betting sales are at \$179 million, a 55% increase from last year. Sports Betting transfers to the general transfers are \$2.2 million, about \$1 million higher than last year.

b. Marketing Report:

Mr. Steen noted that although we are seeing growth with our instant ticket trends we are starting to see a bit of slowdown. While we do have sales growth compared to last year, it is not keeping up with the budget that was set. New instant launches such as Game of Thrones and UConn will hopefully help to accelerate our sales. Mr. Simmelkjaer asked to see the iLottery account creation trends in future reports.

c. President's Report:

Mr. Suarez provided the President's Report. He was happy to report that we did open our 11th retail sports book location in Norwalk. Additionally we are adding lottery sales to the XL Center in Hartford and Total Mortgage Arena in Bridgeport with hopes that it will bring in more traffic to the locations and add to lottery sales.

He also noted that we are renewing our World Lottery Association membership for responsible gambling at a Level 4 which is the highest level of certification in the world. He also discussed CLC's Give a Child a Toy, Not a Ticket holiday responsible gaming campaign that is in its 11th year.

VI. Committee Reports:

a. Finance Committee:

Mr. Ezzes noted that the Committee met on December 10 and was joined by our financial auditors, Whittlesey. The auditors provided the same update that the Board just received. There were no findings on this year's review. Additionally, the Committee was provided a general sales and profits update and a report on the insurance ratings. No votes or actions took place.

b. Legislative & Games Committee:

Ms. Morton noted that the Legislative & Games Committee met on December 6 to discuss CLC's legislative agenda for the upcoming legislative session. We discussed and reviewed the rule changes to

the Mega Millions game and we were presented with some new game ideas that the CLC team would like to initiate. The Committee voted to recommend the Mega Millions game rules to the full Board.

VII. Executive Session:

On a motion by Ms. Morton and seconded by Mr. Simmelkjaer, the Board moved to Executive Session at 1:10 p.m. to discuss:

- a. Legislative Update
- b. Gaming System Update
- c. New Game Concepts

All CLC Staff remained for Executive Session.

VII. New Business:

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

Upon returning to public session at 1:30 p.m., Vice Chair Blanchette noted that no votes or actions were taken while in Executive Session.

- b. Review and Possible Action: Mega Millions Game Rules

Ms. Durso noted that CLC had worked with DCP to vet and receive approval to the proposed Mega Millions changes which included amongst other things, changes to the odds, higher jackpots and a change in price point from \$2 to \$5 which now includes the Megaplier. The L&G committee then voted to recommend the rules to the board for consideration. Earlier this week, CLC was notified that MUSL and the Mega Millions Consortium refined the odds to make them more precise by adding additional places after the decimal point. This change will now go to vote with the Mega Millions Consortium on January 13th. After the vote takes place, CLC will re-circulate the rules to DCP and then to the Committee and full Board.

- c. Board Meeting Schedule for 2025

On a motion by Mr. Blanchette and seconded by Ms. Morton, the Board Meeting Schedule for 2025 is hereby approved as presented.

VIII. Adjournment:

Vice Chair Blanchette thanked all for attending and wished everyone a happy holiday.

On a motion by Ms. Morton, seconded by Mr. Cicchetti, and unanimously approved, the meeting adjourned at 1:33 p.m.

Respectfully Submitted,

Melissa Durso
Corporation Secretary
CT Lottery Corporation