



**Special Meeting
of the Finance Committee**

Held on
Wednesday, November 15, 2017 at 10:00 a.m.
at the
Connecticut Lottery Corporation
777 Brook Street
Rocky Hill, Connecticut 06067

Committee Members: Patrick Birney, Chairperson of the Finance Committee (attended by teleconference); Robert Dakers; Robert Morgan (attended by teleconference).

Staff Members: Chelsea Turner, Interim President & CEO; Paul Granato; Matthew Stone; Annmarie Daigle; and Bryan Figueroa.

Call to Order: Mr. Birney called the meeting to order at 10:10 a.m.

I. Approval of September 21, 2017 Minutes:

On a motion made by Mr. Dakers and seconded by Mr. Morgan, the minutes of the September 21, 2017 Special Meeting of the Finance Committee were unanimously approved.

II. Review of Financial Statements for the period ended September 30, 2017:

Mr. Birney requested that Mr. Granato give an overview of the first quarter financial statements. Mr. Granato reported on the unaudited results for the quarter ended September 30, 2017. Mr. Granato reported on individual game performance including sales, cost of sales, operating expenses and contributions to the General Fund. The Committee had a general discussion on sales performance, marketing support of lottery games, and production costs.

Three-month highlights ended September 30, 2017:

- Total sales for the quarter were \$315.7 million compared to \$295.6 million for the prior year, an increase of \$20.3 million or 6.8%. Mr. Granato highlighted the continued growth of Keno which added \$20.1 million of revenue for the quarter compared to \$16.2 million in the prior year, up \$3.9 million or 24%.
- Total sales exceeded budget by \$12.5 million or 4.1%. Sales revenue for the instant ticket portfolio of games exceeded budget by \$4.7 million and Powerball revenue exceeded budget by \$10.1 million. Keno sales revenue was under budget by \$2.0 million.
- Transfers to the General Fund totaled \$92.7 million for the quarter ending September 30, 2017 compared to the \$84.3 million from prior year, an increase of \$8.4 million, or 10.0%.
- General Fund Transfers exceeded budget by \$10.6 million for the period ending September 30.

III. New Business:

State Budget Update

Ms. Turner provided the Committee with a brief update of the State Budget, most notably the \$1 million cost reduction to the CLC's operating expenses for FY18 and FY19. Ms. Turner is confident that the CLC will be able to achieve the \$1 million in savings for FY18. Management is planning to present a more formal plan outlining these projected savings.

Gaming System Modernization Cost

Ms. Turner provided the Committee with an overview of a recent upgrade to the gaming system's hardware and software and the associated costs. A brief discussion followed.

IV. Old Business:

Financial Software Conversion Update

Mr. Granato stated that the conversion is completed and his team is adjusting well to the new system. While we no longer have a dedicated team at CAL, tech support is available to answer any questions we may have, or issues we might experience.

V. Adjournment:

On motion made by Mr. Dakers and seconded by Mr. Morgan, and unanimously approved, the meeting was adjourned at 10:46 a.m.

Respectfully Submitted,

Paul A. Granato
Chief Financial Officer
Connecticut Lottery Corporation