



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

Held on
Thursday, October 14, 2021 at 12:00 p.m.
at the
Connecticut Lottery Corporation
777 Brook Street
Rocky Hill, Connecticut 06067

Board Members Present: Robert Simmelkjaer, Board Chair; Wilfred Blanchette Jr.; Michael Cicchetti; Steven Ezzes; John Flores; Ajay Gupta; James Heckman; OPM Secretary Melissa McCaw; and Andrew Meehan.

Staff Members Present: Gregory Smith, President & CEO; Jodi Ganzer; Paul Granato; Lauren Perrotti; Matthew Stone; Mark Walerysiak; Andrew Walter; and Annmarie Daigle.

I. Welcome:

Chair Simmelkjaer welcomed the Board members and called the meeting to order at 12:02 p.m. He introduced new Board member Michael Cicchetti and welcomed Secretary Melissa McCaw to the meeting. He also thanked the employees of Connecticut Lottery, Rush Street Interactive and Sportech as well as the Department of Consumer Protection, for executing the soft launch of sports betting on time.

II. Approval of August 12, 2021 Board Meeting Minutes:

On a motion by Mr. Blanchette and seconded by Mr. Heckman, the minutes of the August 12, 2021 Board Meeting were approved with Mr. Cicchetti and Ms. McCaw abstaining.

III. Approval of September 9, 2021 Board Meeting Minutes:

On a motion by Mr. Heckman and seconded by Mr. Blanchette, the minutes of the September 9, 2021 Board Meeting were approved with Mr. Cicchetti, Ms. McCaw and Mr. Meehan abstaining.

IV. Lottery Report:

a. Financial Report:

Using sales charts, Mr. Granato reported on the Lottery's performance for the month of September and the first quarter of fiscal year 2022. All sales figures are unaudited.

Financial highlights included \$126 million in total sales for the month, ahead of budget by \$11 million and prior year by \$12.4 million, nearly 10 and 11% respectively. Sales were particularly strong for the instant ticket portfolio and for the multistate games of Powerball, Mega Millions and Lucky for Life.

Total cost of sales were \$88.6 million or 70.4% of revenue earned, \$6.9 million ahead of budget and \$9.6 million ahead of the prior year. Total gross profit was \$37.3 million or 29.6% of sales. General fund transfers were \$35.3 million for the month, exceeding both budget and prior year.

Sales for all lottery games totaled \$371.4 million for the first quarter, which is the best first quarter in the Lottery's history from a sales perspective, exceeding budget by nearly \$25 million and prior year by \$15 million, or 7.1% and 4.3% respectively. The \$15 million increase over prior year was due primarily to the multistate games Powerball, Mega Millions and Lucky for Life. In the middle of July, the Lucky for Life game changed from a twice-weekly drawn game to a daily drawing. This change resulted in 70% higher sales. In addition, Keno continues to perform well with a 20% increase over prior year sales totals.

Cost of sales totaled \$258.7 million, up \$12.9 compared to budget and up \$13.1 million compared to prior year. The gross profit was \$112.7 million, up \$11.8 million from budget and \$2.1 million from the prior year. The Lottery transferred \$104.7 million through the first quarter to the State's General Fund, surpassing budget by \$12.3 million and just \$1.4 million behind the prior year's historic transfer.

b. Marketing Report:

Mr. Smith highlighted Powerball sales, which are exceeding prior year and budget; as well as Lucky for Life; since the transition to daily draws in mid-July, overall sales are up 70%. He discussed a Fast Play family addition as well as the recent NASPL award for best-coordinated campaign, given to the Lottery for the Keno campaign.

c. President's Report:

Mr. Smith gave his report recapping soft launch of sports betting on Tuesday, with no issues. He noted that the Lottery is working towards the retail launch, beginning with three locations in the coming days and remaining seven locations at the end of the month. Secretary McCaw also commended the Lottery team and its business partners a successful rollout of sports betting.

V. Committee Reports:

a. Executive Committee

Mr. Simmelkjaer noted that the Executive Committee met on September 9, 2021 primarily in Executive Session to discuss updates on Real Estate, the Gaming System transition, Sports Betting as well as the President's performance review and pending claims and litigation.

b. Personnel Committee

Mr. Blanchette noted that the Personnel Committee met on September 7, 2021 to review the Manager's Compensation Plan. The Committee agreed to study the issue of adjusting Managers' salaries as they compare with other state managers. Such adjustments shall respect the CLC's commitment to a merit-based approach to salary increases but shall not exceed adjustments given to state employee managers.

VI. Executive Session:

On a motion by Mr. Blanchette and seconded by Ms. McCaw, the Board moved to Executive Session at 12:43 p.m. to discuss:

- a. Discussion of Sports Betting Draft Outline
- b. Discussion of Managers' Compensation Draft Recommendation
- c. Update on Pending Claims and Litigation: Civil Suit

Mr. Smith, Ms. Ganzer, and Mr. Walter were present for the first two topics. Mr. Stone was present for all three topics.

VII. New Business:

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

The Board returned to public session at 1:34 p.m. with Chair Simmelkjaer noting that no votes or actions were taken in Executive Session.

- b. Discussion of Board Meeting Schedule for 2022

The Board Meeting Schedule for 2022 will be approved at the next meeting.

VIII. Adjournment:

Chair Simmelkjaer noted that the next scheduled Board Meeting is on Thursday, December 9, 2021 at noon.

On a motion by Mr. Meehan, seconded by Mr. Flores, and unanimously approved, the meeting adjourned at 1:37 p.m.

Respectfully Submitted,

Matthew Stone
Corporation Secretary
CT Lottery Corporation