



Minutes
Finance Committee
Special Meeting
May 9, 2025, 11:00 a.m.
15 Sterling Drive
Wallingford, CT 06492
via teleconference

Committee Members: Steven Ezzes, Chair of the Finance Committee; and Douglas Dalena (all via teleconference).

Staff Members: Frank Suarez, President & CEO; Melissa Durso; Catherine Martorella; Lauren Perrotti; Andrew Walter; Margaret Annino; and Annmarie Daigle.

I. Welcome:

Mr. Ezzes called the meeting to order at 11:06 a.m.

II. Approval of December 10, 2024 Finance Committee Meeting Minutes:

This item was tabled to the next meeting.

III. Sales and General Fund Transfer Update:

Ms. Martorella reported that total sales to date are \$1.14 billion; this is down approximately 6%, primarily due to the multi-state games. Of this total, iLottery makes up \$8.7 million, which is on track with projections. Compared to last fiscal year, total sales are down \$74.7 million, with decreases in the multi-state games making up \$71 million of that difference. She mentioned that as Mr. Suarez presented at the last Board meeting, this is felt across the industry as jackpots have been hit at a greater frequency this year, preventing the growth in the top prize which is a driver of sales. To date, sales are down from budget by \$96 million. The greatest variances from budget stem from instant tickets, down over 6% from expectations and the multi-state games, down over 23% from budget.

Through last week, transfers are just under \$300 million. Year over year, this is a 6% drop – directly proportional to sales – and about 5.5% less than budgeted.

Sports Betting handle to date is \$304 million. This is an overall increase of 67% from last year. While retail is down approximately 4% year over year, online has increased by over 113%. Compared to budget, Sports Betting is up 26% from projections and the hold is running at 9.5% for the year. That is 9% online and 10.7% retail.

IV. Quarterly Ratings Report of Insurance Companies:

Ms. Martorella noted that the insurance companies that provide annuity products to CLC all have a current stability rating of A or A+, with the exception of Monarch, who has a less than favorable rating, we continue to monitor.

V. Review of Draft FY2026 Budget:

Ms. Martorella presented the full draft FY2026 budget, highlighting changes as well as the multistate game projections which are conservative. Total budgeted sales, including sports betting and iLottery is \$1.866 billion, a 5.5% increase from FY2025. The budget for FY2026 includes a plan for instant tix launches ensuring the number of tickets launched is robust but we also don't want to over promise. She noted that Gaming System Fees are a percentage, based on sales. Marketing, Advertising and Promotions overall spend saw cuts in FY2025 and we are seeing the effects of that and looking to boost the ad campaign and reinvest into our brand going forward, hence the increase in the budget. Adding the Double Play add-on to Powerball Ball and Mega Millions increasing to \$5 should bring growth. These initiatives also require support from a marketing perspective. Other changes include Salaries and Benefits; as we have a similar headcount, some positions have been replaced with different roles. We have added additional security positions for nights and weekends as the lottery drawings occur every day and night in our building. Additional building operations costs and general repairs were added to the budget as the building is new to us, but it is not a new building. We are in communication with the landlord regarding capital improvements.

There was a brief discussion with regard to a change in expenses for regulatory costs whereas in past years CLC had experienced credits, which was not the case this year resulting in over \$6 million in regulatory costs for next year, an increase of 99.8%.

Mr. Ezzes left the meeting at 11:31 a.m.

VI. Executive Session:

The Committee chose to discuss the draft budget in public session only.

VII. Adjournment:

On a motion by Mr. Dalena, the meeting adjourned at 11:46 a.m.

Respectfully submitted,

Melissa Durso
Corporate Secretary
Connecticut Lottery Corporation