



Minutes of the Board Meeting  
held on  
Thursday, November 15, 2018  
At 12:00 p.m.  
at the  
Connecticut Lottery Corporation  
777 Brook Street  
Rocky Hill, Connecticut 06067

- Board Members Present: Donald DeFronzo, Chairman; Meghan Culmo (via teleconference); James Heckman (via teleconference); Patti Maroney; Robert Morgan; Natasha Pierre (via teleconference); and Michael Thompson (via teleconference).
- Staff Members Present: Greg Smith, President & CEO; Chelsea Turner, Interim Vice President; Paul Granato; Michael Hunter; Theresa Scott; Matthew Stone; Annmarie Daigle; and Bryan Figueroa.
- Other Ms. Vanessa Rossitto and Ms. Jessica Aniskoff, Blum Shapiro & Company, P.C.
- Call to Order: Chairman DeFronzo called the meeting to order at 12:13 p.m.

I. Welcome:

Chairman DeFronzo welcomed the Board members and thanked them for attending today's meeting.

II. Approval of October 4, 2018 Meeting Minutes:

On a motion made by Mr. Morgan, and seconded by Ms. Maroney, it was:

“Resolved, that the Board hereby approves the October 4, 2018 Board meeting minutes.”

III. Audit Committee Report:

Mr. Granato introduced Vanessa Rossitto and Jessica Aniskoff of Blum Shapiro & Company, P.C. Ms. Rossitto provided the Board with an overview of the Audit results for the year ended June 30, 2018, noting this was Blum Shapiro's first year performing the Audit and it had gone relatively smoothly. Ms. Rossitto noted that Blum Shapiro is preparing to issue a clean unmodified audit opinion for the financial statements. Ms. Rossitto indicated their review included assumptions the State makes in regards to net pension liability, net other pension and employee benefits (OPEB) and useful lives of capital assets.

Ms. Rossitto indicated that her team did not find any material weaknesses or deficiencies and the CLC's financials were produced in accordance with GAAP. Mr. Granato thanked Ms. Rossitto and Ms. Aniskoff, as well as Ms. Barbara Petano and Mr. Barry Sheftel of CLC's finance team for their efforts in completing the Audit.

IV. Discussion of Draft Board Meeting Schedule for 2019:

There was a brief discussion with regard to the Board Meeting Schedule for 2019 as presented. On motion made by Mr. Thompson, seconded by Mr. Morgan, the Board adopted the Board Meeting Schedule for 2019.

V. Lottery Report:

Mr. Smith welcomed and thanked the Board for attending today's meeting, then proceeded to provide the Board with an outline of today's agenda which included: financial update, marketing and promotions, capitol update and stakeholder engagement, corporate responsibility, appreciation and welcome.

Sales Performance and Game Update:

Using sales charts, Ms. Theresa Scott, Interim Director of Sales, provided a brief report for the period ended October 31. All sales figures are unaudited estimates. Sales for all games during the period were \$136.8 million, up 34.5% from the same period last year. Instant games sales were \$237.9 million, which is above budget by 0.6%. Daily numbers games sales were \$80.2 million, which is above budget by 0.2%. Draw game sales were \$20.9 million, which is above budget by 10.4%. Powerball, Mega Millions, and Lucky for Life had combined sales of \$77.2 million through October 31. This is over our projections by 49.7%. The fiscal year projection for all games is \$1.288 billion, and year-to-date sales are approximately \$447.4 million.

Mr. Smith noted that the Lottery continues to perform strongly and that as of November 10, General Fund transfers are \$137 million, which is 9.7% ahead of last year and 15.2% ahead of budget. Sales as of November 10 are \$483 million, which is 6.4% ahead of last year and 6.9% ahead of budget.

Mr. Smith discussed the PowerCruise drawing which occurred earlier in the day, the Yard Goats sponsorship, and also shared a new commercial for Holiday instants which begins airing on Monday.

Ms. Turner then provided a capitol update including the recent public hearing on pension sustainability and the presentation made by Mr. Smith. She also noted upcoming educational forums hosted by the CLC, the first being tomorrow with members of the Massachusetts Gaming Commission, and future events highlighting iLottery and Sports Betting in the coming months. She also discussed the many outreach meetings CLC has had with various stakeholders including retailers, trade associations, casinos, DCP and policymakers.

Ms. Turner also highlighted corporate responsibility efforts with CLC's dedication to responsible gaming (RG) by again participating in the NCPG-McGill Holiday Campaign, RG GameSense Training as well as participating in two supplier diversity events, one as a host with GNEMSDC in the spring and also attending the annual WBENC event. Ms. Turner then shared a new RG Holiday Campaign video.

Finally, Mr. Smith shared CLC's appreciation of former board member Mr. Robert Dakers, who retired from state service on October 1. He read an email he received from Mr. Dakers and welcomed Ms. Tara Chozet, CLC's new Director of Public Relations and Social Media.

This concluded the Lottery Report.

VI. Committee Reports:

Audit Committee:

Mr. Thompson noted that the Audit Committee met earlier this morning to discuss the financial audit by Blum Shapiro as discussed earlier in today's meeting. The Committee also discussed a purchasing justification; vendor performance issues; the sale of the Alumni Road facility; and sports betting. The Committee also met in Executive Session to discuss three agenda items as well as board committee structure. No votes or actions were taken in Executive Session.

Finance Committee:

Ms. Maroney noted that the Finance Committee met on Wednesday and asked Mr. Granato to provide an update of the financial statements. Mr. Granato reported sales, prize expense and retailer commissions are all up at the same rate.

Legislative and Games:

Ms. Turner noted that the Legislative and Games Committee has not met since the last Board meeting but that there was a game rule change to discuss and vote on. When a player buys Play3/Play 4 tickets through a player activated terminal, those wagers cannot be cancelled as they can be at a traditional retailer terminal. After a brief discussion, on a motion made by Mr. Morgan and seconded by Ms. Maroney, it was:

“Resolved that the Board of Directors approves the game rule changes for Play3 Day, Play3 Night, Play4 Day, and Play4 Night.”

Personnel Committee:

Ms. Pierre reported that the Personnel Committee has not met since the last Board meeting but that there was a recommendation to align managers' sick leave entitlements to those of the union employees. After a brief discussion, it was:

“Resolved that, after due consideration and based on the recommendation of the Personnel Committee, the Board of Directors extends to all Executives, Managers, and Confidential employees of the Connecticut Lottery Corporation the changes in sick family leave entitlements in accordance with the provisions of the 2017 Agreement between the State of Connecticut and SEBAC, effective immediately.”

VII. Executive Session:

At 1:15 p.m., on motion made by Mr. Morgan and seconded by Ms. Maroney, the Board moved to Executive Session to discuss:

- Pending Claims and Litigation/CHRO Matters
- Attorney Client Communication Re: Marcum

- Discussion of draft response to letter from Auditors of Public Accounts
- Discussion and review of draft documents regarding Board committee structure and areas of cognizance

Mr. Smith, Ms. Turner and Mr. Stone were invited to stay for the Executive Session.

Mr. Heckman joined the meeting at 1:39 p.m.

At 1:55 p.m. the Board reconvened in regular session.

VIII. Discussion and action, if any, on items discussed during Executive Session:

Chairman DeFronzo noted that no votes or actions took place during Executive Session.

After a brief discussion, upon a motion made by Mr. Thompson, seconded by Mr. Morgan, it was:

“Resolved that the Board of Directors authorizes the President and CEO to commence a lawsuit against Marcum LLP as a result of its role in the flawed Connecticut Super Draw drawing.”

Also, upon a motion made by Mr. Morgan, seconded by Ms. Maroney, it was:

“Resolved that the Board of Directors approves amending the Bylaws to include the changes related to the Committee descriptions as discussed today.”

IX. Adjournment:

Chairman DeFronzo noted that he has decided that this would be the last Board meeting with him as Chairman. He thanked Ms. Turner and her staff for the remarkable job over the last year and a half and noted that he was pleased to have Mr. Smith on board and felt that the future for the CLC is a bright one. He also offered his thanks to the Board members for their help to keep things moving forward.

On motion made by Mr. Morgan, seconded by Ms. Maroney, and unanimously approved, the meeting adjourned at 2:00 p.m.

Respectfully submitted,

Matthew Stone  
Corporation Secretary  
Connecticut Lottery Corporation