



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

Held on
Thursday, February 10, 2022 at 12:00 p.m.
at the
Connecticut Lottery Corporation
777 Brook Street
Rocky Hill, Connecticut 06067

Board Members Present: Robert Simmelkjaer, Board Chair (via teleconference); Wilfred Blanchette, Jr; Michael Cicchetti (via teleconference); Meghan Culmo (via teleconference); Steven Ezzes (via teleconference); John Flores (via teleconference); Ajay Gupta (via teleconference); Manny Langella (via teleconference); Andrew Meehan (via teleconference); and Margaret Morton (via teleconference).

Staff Members Present: Gregory Smith, President & CEO; Peter Donahue; Melissa Durso; Jodi Ganzer; Paul Granato; Lauren Perrotti; Andrew Walter; and Annmarie Daigle.

I. Welcome and Introductions:

Chair Simmelkjaer welcomed the Board members and called the meeting to order at 12:01 p.m. He welcomed Connecticut Lottery's new General Counsel, Melissa Durso.

II. Approval of December 9, 2021 Board Meeting Minutes:

On a motion by Mr. Flores and seconded by Ms. Morton, the minutes of the December 9, 2021 Board Meeting were approved as amended, adding the notation that all members attended via teleconference.

III. Approval of December 16, 2021 Board Meeting Minutes:

On a motion by Mr. Cicchetti and seconded by Ms. Morton, the minutes of the December 16, 2021 Board Meeting were approved as amended, adding the notation that all members attended via teleconference.

IV. Lottery and Sports Report:

a. Financial Report:

Using sales charts, Mr. Granato reported on the Lottery's performance for the month of January and the seven months ended January 31, 2022. All sales figures are unaudited.

Financial highlights included \$116 million in total sales for the month, behind the budget by \$2.7 million and prior year by \$39.7 million, 2.3% and 25.5% respectively.

Total cost of sales were \$83.8 million, \$0.9 million short of budget and \$20.4 million behind the prior year. Total gross profit was \$32.5 million, \$1.7 million short of budget and \$19.3 million behind the prior year. General fund transfers were \$30.6 million for the month, exceeding budget by .7% and behind the prior year by 36.8%.

Sales for the first seven months totaled \$861 million, exceeding budget by \$31 million and behind prior year by \$3.7 million.

Cost of sales totaled \$600 million, up \$10.6 compared to budget and up \$4.3 million compared to prior year. The gross profit was \$260.7 million, up \$20.4 million from budget and down \$8.1 million from the prior year. The Lottery transferred \$239.4 million to the State's General Fund through the first seven months, surpassing budget by \$20.2 million and \$14.4 million behind the prior year's transfer.

b. Marketing Report:

Mr. Donahue highlighted the Lottery's 50th Anniversary including Fast Play games, instant games, advertising and promotions as well as a proclamation by Governor Lamont recognizing February 15, 2022 as Connecticut Lottery Day. Mr. Donahue also shared data from recent Fast Play sales, with two families of active games as well as new instant games.

c. Sports Betting Report:

Mr. Walter provided an overview of Sports Betting activities for the first three months of operations, noting that sales have increased month-over-month in both online and retail operations. He also highlighted the individual retailer sales numbers as well as the retailer affiliate program in which retailers would receive a financial bonus for customers setting up an account.

d. President's Report:

Mr. Smith gave his report, recapping the Lottery's efforts to promote the 50th Anniversary and some of the changes that the CLC has gone through over time including product growth, prize growth, and profits to the State of Connecticut. He also discussed plans for the next five years and highlighted the diversification of CLC's sales channels, product line and business tools, as well as our spending and the plans to expand our reach and awareness of companies in the Connecticut business community that are minority owned and operated.

V. Appointment of Corporate Secretary:

On a motion by Mr. Blanchette, seconded by Mr. Flores and unanimously approved, it was:

Resolved: That the Board of Directors hereby appoints Melissa Durso, in lieu of Matthew Stone, as the Secretary of the Connecticut Lottery Corporation, with such powers and duties as are set forth in Section 12-805(a) of the Connecticut General Statutes and Article III of the By-Laws of the Connecticut Lottery Corporation, each as amended from time to time, and to have Melissa Durso serve as such Secretary without additional compensation and within her existing job duties."

VI. Election of Vice Chair:

On a motion by Mr. Flores, seconded by Mr. Meehan and unanimously approved, it was:

Resolved: That the Board of Directors hereby elects Wilfred Blanchette, Jr. as Vice Chairperson of the Connecticut Lottery Corporation's Board of Directors for a period of one year."

VII. Endorse Problem Gambling Awareness Month:

On a motion by Mr. Meehan, seconded by Mr. Gupta and unanimously approved, it was:

Resolved: That the Board of Directors of the Connecticut Lottery Corporation endorses the Lottery's observance of and participation in "Problem Gambling Awareness Month in Connecticut" from March 1, 2022 through March 31, 2022 to raise public awareness about the potential risks of gambling and to reinforce the Connecticut Lottery Corporation's commitment to corporate social responsibility.

VIII. Committee Reports:

a. Executive Committee:

Mr. Simmelkjaer noted that the Executive Committee in early January to hear business updates regarding sports betting and iLottery as well as lottery vendor diversification. The Committee then met in executive session to hear updates regarding pending claims and litigation as well as the corporation's organizational chart.

b. Audit Committee:

Mr. Meehan stated that the Audit Committee met earlier in the week to discuss the quarterly review of liquidated damages which had been elevated but have improved significantly due to a variety of steps by the vendor. Also in executive session, the Committee received an update of the retail gaming system timeline and a discussion regarding procurement exemption justifications.

c. Finance Committee:

Mr. Ezzes noted that the Finance Committee met yesterday for the primary purpose of reviewing the outline of the timing of the upcoming yearend audit as well as the budget for the next fiscal year. The Committee also reviewed the list of annuity insurance companies' quarterly ratings.

d. Legislative & Games:

Ms. Morton stated that the Legislative & Games Committee met on January 24th to discuss potential legislation that the Lottery is monitoring such as changes to the Lottery's advertising statutes, creation of a state gaming commission, and Freedom of Information among others.

IX. Executive Session:

On a motion by Mr. Meehan and seconded by Mr. Flores, the Board moved to Executive Session at 12:50 p.m. to discuss:

- a. Real Estate Update
- b. Retail Gaming System Update
- c. Expanded Gaming Procurement Update
- d. Update on Pending Claims and Litigation: Civil Suits

Mr. Smith, Ms. Durso and Ms. Perrotti were invited to stay for Executive Session. Mr. Smith and Ms. Perrotti left after item C.

X. New Business:

The Board returned to public session at 1:41 p.m. with Chair Simmelkjaer noting that no votes or actions were taken in Executive Session.

XI. Adjournment:

Chair Simmelkjaer thanked everyone for their participation and noted that the next scheduled Board Meeting is on Thursday, April 14, 2022 at noon.

On a motion by Mr. Langella, seconded by Mr. Flores, and unanimously approved, the meeting adjourned at 1:42 p.m.

Respectfully Submitted,

Melissa Durso
Corporation Secretary
CT Lottery Corporation