



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

Held on
Thursday, April 14, 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); Matthew Daskal (via teleconference, left at 12:50 p.m.); John Flores (via teleconference); Ajay Gupta (via teleconference); James Heckman (via teleconference, left at 12:50 p.m.); Manny Langella (via teleconference, joined at 12:58 p.m.); and Margaret Morton (via teleconference).

Staff Members Present: Gregory Smith, President & CEO; Peter Donahue; Melissa Durso; Jodi Ganzer; Paul Granato; Lauren Perrotti; Mark Walerysiak; 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 Board Member, Matthew Daskal.

II. Approval of February 10, 2022 Board Meeting Minutes:

On a motion by Mr. Flores and seconded by Mr. Blanchette, the minutes of the February 10, 2022 Board Meeting were approved with Mr. Daskal abstaining.

III. Approval of March 28, 2022 Board Meeting Minutes:

On a motion by Mr. Daskal and seconded by Mr. Flores, the minutes of the March 28, 2022 Board Meeting were approved with Mr. Daskal abstaining.

IV. Lottery and Sports Report:

a. Financial Report:

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

Financial highlights included \$126 million in total sales for the month, behind the budget by \$4.6 million or 3.5% and \$10 million or 7.5% from prior year.

Total cost of sales were \$87.9 million, \$5.6 million short of budget and \$6.5 million behind the prior year. Total gross profit was \$38 million, \$1.8 million ahead of budget and \$3.7 million behind the prior year. General fund transfers were \$35.8 million for the month, exceeding budget by 3.7% and even with last year.

Sales for the first nine months totaled \$1.1 billion, exceeding budget by \$17.9 million and behind prior year by \$13.2 million.

Cost of sales totaled \$766.3 million, \$0.3 million behind budget and up \$4.3 million compared to prior year. The gross profit was \$328.9 million, up \$18.2 million from budget and down \$12 million from the prior year. The Lottery transferred \$306.6 million to the State's General Fund through the first nine months, surpassing budget by \$21.7 million and \$11.7 million behind the prior year's transfer.

b. Marketing Report:

Mr. Donahue discussed CLC's instant games price point strategy, noting that the marketing team is constantly analyzing games' performance as a whole as well as by each price point and remarked that sales are still strong compared to the 2021 record year. To prepare for the launch of iLottery, CLC is continuing to modernize its players' experience as the ability to purchase games online is a big step and we expect it to grow once launched. We will include our traditional marketing as well as additional efforts to optimize our messaging across digital platforms. He also noted that CLC has utilized various market research methods over the years and expects that to continue. With the addition of Sports Betting and iLottery we will continue to ask for player feedback.

c. Sports Betting Report:

Mr. Walter provided an overview of Sports Betting activities for the first five months of operations, which is a peak period for sports betting and includes the Super Bowl and March Madness. He also noted steady sales growth in both online and retail channels and that we are now heading into a new period that we were not live in last year that should be a daily grind of baseball games, NHL and NBA playoffs, and the PGA tour. He also discussed the promotions that CLC created with Rush Street and Sportech to engage retail players, which will continue. He also highlighted the online market share, noting that CLC started with almost no brand awareness with PlaySugarHouse and we now have reached double digits for online market share; as well as a recap of the sales by location.

d. President's Report:

Mr. Smith provided his report, recapping that the revenue growth in fiscal 2021 was 12% versus our typical annual growth rate of 3% and that our forecast for this fiscal 2022 was only down about 2.7%, still performing solidly. He mentioned that the lease negotiations and State Properties Review Board steps for the new location are complete and CLC will proceed with the landlord to get the building work bid in the near future. Also discussed was the budget preparation process including the incorporation of the gaming system costs, any cash outlays for the move or building costs, having a full year of sports betting operations including the planned expansion into the 15 retail locations and any additional staff required for sports betting and iLottery. Mr. Smith reported on a legislative matter that we are monitoring, a bill that would require all of the quasi-public agencies' contracts above \$10,000 to be approved by the State Contracting Standards Board, which would significantly affect CLC's procurement process and have a notable impact on returns to the state. He also outlined Powerball Game rules changes that will be voted on later in the meeting, which he reminded the Board are reviewed and vetted by the Powerball game group members. Lastly, Mr. Smith reported on the Rules of Operation document that the Board will also vote on later in the

meeting. This is a new requirement that DCP added to CLC's regulations in early 2021. As such, CLC's consumer-facing document titled "Rules of Operation" and posted on the website will be renamed and no content will be changed.

V. Committee Reports:

a. Executive Committee:

Mr. Simmelkjaer noted that the Executive Committee met in March to discuss potential by-laws changes which will be brought to the Board at a later time as well as updates regarding real estate, Sports Betting and iLottery. The Committee then met in executive session to hear updates regarding pending claims and litigation. No votes or actions were taken.

b. Legislative & Games:

Ms. Morton stated that the Legislative & Games Committee met in February and March to discuss potential legislation that the Lottery is monitoring, some of which Mr. Smith referred to in his report.

c. Personnel Committee:

Mr. Blanchette noted that the Personnel Committee met on April 8th for the primary purpose of reviewing the Affirmative Action Plan for 2021 as well as to discuss potential organizational chart changes based on the evolving needs of the organization with Sports Betting and iLottery.

VI. Executive Session:

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

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

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

VII. New Business:

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

The Board returned to public session at 1:28 p.m. with Chair Simmelkjaer noting that no votes or actions were taken in Executive Session.

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

RESOLVED: That after review and due consideration, the Connecticut Lottery Board of Directors hereby approves and adopts the updates and edits made to CLC's Employee Ethics Policy. Policy edits provide and ensure consistency throughout the document, with substantive changes being made to Paragraph 13. Through board oversight, the President along with the General Counsel/CLC's Ethics Liaison will annually review and if necessary, update the policy as needed and appropriate. CLC employees will be provided policy information and training, while being required to review and affirm their understanding of the policy on an annual basis.

b. Review and Approval of Rules of Operation Changes

On a motion by Ms. Morton, seconded by Mr. Cicchetti and unanimously approved, it was,

RESOLVED: That after due consideration, the Connecticut Lottery Board of Directors approves and adopts the proposed name change of a consumer facing document titled "Rules of Operation". The new name of said document is now "CLC's General Public Provisions". No edits have been made to the content of said document. Further review and consideration will be given as it relates to changes or the elimination of "CLC's General Public Provisions".

BE IT FURTHER RESOLVED: That after due consideration, the Connecticut Lottery Board of Directors approves and adopts the newly drafted "Rules of Operations" as required by the Department of Consumer Protection, pursuant to the lottery regulations, effective April 2021.

c. Review and Approval of Powerball Rules Changes

On a motion by Ms. Morton, seconded by Mr. Cicchetti and unanimously approved, it was,

RESOLVED: That after review and due consideration, and upon the recommendation of the Legislative and Games Committee, the Connecticut Lottery Board of Directors hereby approves and adopts all changes made to Powerball game rules, as presented and dated February 2022.

VIII. Adjournment:

Chair Simmelkjaer noted that the next scheduled Board Meeting is on Thursday, June 9, 2022 at noon and thanked everyone for their attendance.

On a motion by Mr. Flores, seconded by Ms. Morton, and unanimously approved, the meeting adjourned at 1:33 p.m.

Respectfully Submitted,

Melissa Durso
Corporation Secretary
CT Lottery Corporation