



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

Held on
Thursday, August 10, 2023 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; Douglas Dalena; Steven Ezzes; Ajay Gupta; James Heckman; and Margaret Morton (all via teleconference).

Staff Members Present: Gregory Smith, President & CEO; Peter Donahue; Melissa Durso; Jodi Ganzer; Catherine Martorella; Lauren Perrotti; Mark Walerysiak; Andrew Walter; Christopher Davis; and Annmarie Daigle.

I. Welcome:

Chair Simmelkjaer welcomed the Board members and called the meeting to order at 12:00 p.m.

II. Approval of June 8, 2023 Board Meeting Minutes:

On a motion by Mr. Ezzes, and seconded by Mr. Gupta, the minutes of the June 8, 2023 Board Meeting were approved, with Messrs. Cicchetti and Heckman abstaining as they were not in attendance.

III. Lottery Reports:

a. Financial Report:

Ms. Catherine Martorella, Chief Financial Officer, provided the Financial Report. Total sales for the year ended June 30 were \$1.45 billion, which is under budget by 0.1% with several large jackpots contributing positively to sales. She noted that the CLC transferred \$401 million from lottery sales to the general fund for the year, ahead of the prior year by \$328,000 and ahead of budget by \$16 million or 4%. Reporting on the Sports Betting Division, total sales are \$251 million for the year. This is under budget due to the less than anticipated number of retail outlets operating, nine vs. the planned fifteen. Retail hold for the period is 11% and 8% for online. Ms. Martorella noted that these results are unaudited.

b. Marketing Report:

Mr. Peter Donahue provided the Marketing report, stating that iLottery planning is underway and work has started on the marketing strategy. Tentative launch of a \$50 scratch ticket is planned for December 2023, with Mr. Donahue noting that 19 U.S. lotteries currently sell \$50 tickets and two of those sell \$100 tickets. CCPG is aware of our intent to launch. Also discussed was the evaluation of a new draw game

"Cash Pop" which is in the early stages. The game is currently being sold in 9 US Lotteries. The RFQ process for the research initiative continues, noting that CT-specific research will make for a better understanding of competitive gaming environment in the state, allowing for CLC to make more informed business decisions.

c. Sports Betting Report:

Sports Betting report provided by Andrew Walter. He provided an overview of sports betting retail sales by month. July is the slowest month as expected, with baseball driving the sales for both online and retail. College football starts at the end of August and the NFL starts beginning of September and with pre-season football starting soon, we expect sales to increase.

Progress of sportsbook at XL Center in Hartford is doing well, Mr. Walter provided photos of the progress with his update. Oak View Group will manage the day-to-day operations of the sports bar, along with the food and beverage. During arena events patrons with arena tickets will be able to move freely into and out of the sportsbook. The construction will likely wrap up this month and CLC expects that we will be open in early September with a grand opening event to follow.

Regarding the new sportsbook operator, CLC issued a preliminary notice of award and discussions and negotiations with new operator continue.

d. President's Report:

Mr. Smith discussed the new office move which is officially beginning and for some today is the last day at the Rocky Hill office. The move will take place over approximately four weeks and the public will be alerted as to when our Rocky Hill claims office is closed and when we are at the new address. He also noted that any tickets due to reach the 180-day expiration during the planned closure of the claims office will be honored as a valid claim for a few weeks following the move.

Regarding ilottery, Mr. Smith mentioned the need to edit the language in our game rules as there are no tickets in online sales and no claiming process for online wins thus the need to be amended. DCP is involved in the modification of rules, and the CLC Board will be asked to approve them under the normal process.

Regarding the Retail Lottery System Conversion, the new system launched in late May and since that time CLC issued some Public Notices due to issues affecting a small quantity of both draw tickets and instant tickets. Regardless of the quantity of tickets affected, CLC understands that any system issues can impact public confidence. Players are always directed to contact CLC with any questions. The system vendor, IGT, has been quick in coming up with corrections, but we need to make sure that issues do not continue.

Ms. Durso provided a reminder to the Board that both substantive and grammatical changes were being made to the Bylaws. Work had commenced on that project last year and then it was placed on hold until recently. We are asking the Board to vote on accepting the updated Bylaws later in the meeting.

IV. Committee Reports:

a. Executive Committee:

Mr. Blanchette provided an Executive Committee update. The Committee met briefly on July 13, its main focus on the reports that we received today and a discussion about succession planning including a timeline. There were no votes or actions taken during the meeting.

b. Audit Committee:

Mr. Smith provided the Audit Committee report in Mr. Meehan's absence, noting that the Committee met on July 25 to hear the quarterly update of liquidated damages with both the former vendor, SG as well as the current vendor, IGT. Also discussed was the recently completed State Auditor of Public Accounts IT system audit that resulted in one recommendation relating to the staff access to a certain secure room and thus we reduced quantity of those having access. No votes or actions were taken.

V. Executive Session:

On a motion by Mr. Blanchette and seconded by Mr. Gupta, the Board moved to Executive Session at 12:39 p.m. to discuss:

- a. Discussion of Gaming Systems, Contracts and Venues
- b. Real Estate Update
- c. Discussion of DCP Notices
- d. Discussion of Executive Compensation and Succession Planning
- e. Discussion of Pending Claims and Litigation: CHRO Matter

Mr. Smith stayed for the entire Executive Session. Ms. Durso remained for Items a., b., c., and e.; Ms. Ganzer remained for Items a., b., c., and d.; Ms. Perrotti, Mr. Walter and Mr. Walerysiak remained for Items a., b., and c.

VII. New Business:

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

Upon returning to public session at 1:46 p.m., Chair Simmelkjaer noted that no votes or actions were taken while in Executive Session.

After a brief discussion, on a motion by Mr. Dalena, seconded by Mr. Gupta, and unanimously approved, it was:

Resolved, after review and due consideration, the Connecticut Lottery Corporation's Board of Directors approves the sublease associated with the retail sports wagering location in Hartford, Connecticut and such approval is contingent upon review by the State Properties Review Board. The Corporation's Board of Directors authorizes the President to sign the sublease upon receipt of the State Property Review Board's feedback, if any. Any material changes to terms must be brought back to the Connecticut Lottery Board for consideration and approval, and then submitted to the State Property Review Board if approved by the Connecticut Lottery Board.

On a motion by Mr. Ezzes, seconded by Mr. Dalena, and unanimously approved, it was:

Resolved, that the Board of Directors of the Connecticut Lottery Corporation appoints the CLC Executive Committee to serve as the Executive Search Committee for the New President and CEO of the Connecticut Lottery Corporation.

- b. Review and Possible Action: Bylaws Changes

A discussion was led by Mr. Dalena relating to methods of attendance at Board meetings (Bylaws Section 5) and circumstances where the new FOIA law allows for attendance via electronic means. It was

reinforced that the public will continue to be provided a means to attend public meetings when they are solely held by electronic means.

On a motion by Mr. Blanchette, seconded by Mr. Dalena, 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 The Connecticut Lottery Corporation Bylaws. The changes provide and ensure consistency throughout the document, with substantive changes being made to accurately reflect updated business practices.

VIII. Adjournment:

Chair Simmelkjaer thanked everyone attending and noted that the next scheduled meeting is on October 12, 2023. He also noted the December meeting is scheduled for December 14, 2023 and asked that all Board Members try to attend that meeting in person at the new offices.

On a motion by Mr. Dalena, seconded by Mr. Gupta, and unanimously approved, the meeting adjourned at 1:55 p.m.

Respectfully Submitted,

Melissa Durso
Corporation Secretary
CT Lottery Corporation