



DRAFT MINUTES

Meeting of the Board of Directors of the Connecticut Lottery Corporation

Held on
Thursday, April 11, 2024 at 12:00 p.m.
at the
Connecticut Lottery Corporation
15 Sterling Drive
Wallingford, Connecticut 06492

Board Members Present: Robert Simmelkjaer, Board Chair; Wilfred Blanchette, Jr.; Matthew Daskal; Ajay Gupta (joined at 12:09 p.m.); James Heckman; Manny Langella; Andrew Meehan; and Margaret Morton (left at 1:21 p.m.) (all via teleconference).

Staff Members Present: Gregory Smith, President & CEO; Melissa Durso; Jodi Ganzer; Catherine Martorella; Lauren Perrotti; Brett Steen; Mark Walerysiak; Art Mongillo; and Annmarie Daigle.

I. Welcome:

Chair Simmelkjaer welcomed the Board members and called the meeting to order at 12:02 p.m. After congratulating UConn basketball fans and a brief mention of the opening of Total Mortgage Arena in Bridgeport, he welcomed Mr. Brett Steen, CLC's new Senior Director of Marketing.

II. Approval of February 8, 2024 Board Meeting Minutes:

On a motion by Mr. Meehan, seconded by Mr. Langella, the minutes of the February 8, 2024 Board Meeting were approved with Mr. Daskal and Mr. Langella abstaining as they did not attend.

III. Approval of March 15, 2024 Board Special Meeting Minutes:

On a motion by Mr. Blanchette and seconded by Mr. Langella, the minutes of the March 15, 2024 Board Special Meeting were approved.

IV. Lottery Reports:

a. Sports Betting Report:

Sports Betting report provided by Mr. Smith. He noted that Total Mortgage Arena in Bridgeport opened on March 20th and a grand opening event was held this past Monday with many Bridgeport political delegation participants. He then stated that retail sales are lagging a bit since the switch to Fanatics; also the Shelton Arooga's location closed and it has impacted our sales. Online sales have exceeded last March's sales and total sales are doing "ok". We will now be able to analyze data to start making improvements. Although we have not gained ground on the other two market competitors yet, we expect the market share development to now be a focus.

b. Marketing Report:

Mr. Steen provided the Marketing Report noting that instant tickets are turning the corner and we are seeing an acceleration. This is driven by a few tickets – 200X, \$4 Million Fortune, and \$500,000 Cashword. The 2nd Chance platform launched on March 4th and is already seeing great participation from players. The first ticket, Electric 8s, within a few short weeks has become our bestselling \$1 game. He also noted that we are currently enhancing the content of our digital menu boards and as well as working with Angus Reid to gather the information regarding research.

c. Financial Report:

Mr. Smith provided the Financial Report stating that most of our sales deficit occurred in the first few months of the fiscal year. Prize expense is higher by .3% from budget, all driven by Play3 and Play4 games and the numbers that were drawn which impacts profitability. Both games are the highest in sales and profits for us, but the "house" has been paying out. Slightly up on the General Fund transfers for the first eight months and we are approximately \$4 million ahead of budget in sales through March. With regard to Sports Betting, we are very close in line with last year for sales, hold, costs of sales and operating expense, along with transfers to the state.

d. President's Report:

Mr. Smith provided the President's Report. Mr. Mongillo provided a brief update on the Legislative Agenda for this session, noting that session will end May 8th. CLC is focusing on two bills -- HB 5282, which allows us to waive interest for delinquent retailers and also addresses licensing of CLC employees; and HB 5284, which includes revising various gaming statutes based upon DCP proposals. CLC has concerns with two provisions in the bill with regard to third party testing and affiliate advertising in that third party testing language is duplicative and DCP already has the ability to demand and conduct their own testing. This would impact monetary return to the state. As far as the affiliate marketing language, Connecticut is the only state that has excluded affiliate marketing with click throughs etc.

Mr. Smith then noted that CLC completed its Affirmative Action report for 2023 and we meet many of the annual goals for diversity in our staffing. Based upon our statistics, we would likely have to hire more white males to be at the same state statistics as other agencies.

He touched briefly on iLottery, noting that a few more items need to be completed between DCP and IGT prior to the launch.

He concluded his report by stating that the AML Training which is specific to the Board needs to be completed and that we have a few Board members that have not yet completed the training. He asked that they complete it within the next week as it only takes 10 or so minutes to complete.

V. Committee Reports:

a. Executive Committee:

Mr. Simmelkjaer provided an Executive Committee update. The Committee held its regular meeting on March 21, 2024. The committee was provided a generalized update regarding sales and profits and then discussed the Gaming System/Contracts, Bylaws, Legislative Agenda and Succession planning in Executive Session. No votes or actions took place.

b. Finance Committee:

The Finance and Audit Committees held a combined meeting on March 7, 2024. A brief overview of sales and profits was provided to the joint committee and then the Committees discussed the selection

of the new financial auditor. The Finance Committee voted with the support of the Audit Committee to recommend Proposer #1 to the Board of Directors for consideration.

c. Legislative & Games Committee:

Ms. Durso noted that the Legislative & Games Committee held a meeting on April 8, 2024. A brief update was provided both in public session and in executive session regarding CLC's legislative agenda for this session. No votes or actions took place.

d. Personnel Committee:

Mr. Blanchette noted that the Personnel Committee met on April 4, 2024. The CLC Human Resources team provided the Committee with an overview of the 2023 Affirmative Action Plan as well as updates regarding the edits of several CLC personnel and HR policies. In executive session, there was a discussion of survivor benefits and medical coverage. No votes or actions took place.

VI. Executive Session:

On a motion by Ms. Morton and seconded by Mr. Simmelkjaer, the Board moved to Executive Session at 12:48 p.m. to discuss:

- a. iLottery Update
- b. Legislative Update
- c. Discussion of new financial auditor
- d. Discussion of Bylaws changes
- e. Discussion of Survivor Benefits
- f. Discussion of Succession Planning

Mr. Smith, Ms. Durso, Ms. Perrotti, and Ms. Ganzer stayed for Executive Session items a. through e.

VII. New Business:

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

Upon returning to public session at 1:36 p.m., Chair Simmelkjaer stated that no votes or actions were taken while in Executive Session.

b. Survivor Benefits: Medical Insurance Coverage:

Ms. Durso read the following resolution:

Whereas: The 1998 lottery tragedy is always in the minds and hearts of the CLC Board of Directors and staff.

Whereas: The CLC Board of Directors wishes to continue its promise to maintain health and dental benefits for the surviving spouses of those who lost their lives.

Therefore, it is Resolved that the CLC will transition the surviving spouses' health and dental benefits to the State of Connecticut's Partnership Plan as recommended by CLC's Human Resources Department in collaboration with those discussions held with the Comptroller's office. This will ensure that CLC fulfills its commitment to maintaining health and dental benefits as promised. Should any additional modifications be necessary, the Board authorizes the President and CEO to approve such modifications in the best interests of the surviving spouses, without further discussion and approval by the Board.

On a motion by Mr. Langella, and seconded by Mr. Blanchette, the resolution passed unanimously.

c. New Financial Auditor:

On a motion by Mr. Daskal, seconded by Mr. Langella, and unanimously approved, it was:

Resolved, that after due consideration and with the recommendation of the Finance Committee and the support of the Audit Committee, the Connecticut Lottery Board of Directors hereby approves and authorizes the CLC President and CEO to execute a contract with Proposer #1 to provide audit services to the corporation covering fiscal years ending 2024, 2025, and 2026 and providing the CLC the option to extend audit services for up to three additional fiscal years ending 2027, 2028, and 2029.

VIII. Adjournment:

Chair Simmelkjaer thanked everyone for attending and noted that the next regular meeting is scheduled for June 13, 2024.

On a motion by Mr. Blanchette, seconded by Mr. Langella, and unanimously approved, the meeting adjourned at 1:39 p.m.

Respectfully Submitted,

Melissa Durso
Corporation Secretary
CT Lottery Corporation