



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

DRAFT

Held on

Thursday, August 11, 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; Wilfred Blanchette, Jr; Michael Cicchetti; Matthew Daskal; Steven Ezzes; John Flores; Ajay Gupta; James Heckman (left at 1:30 p.m.); Andrew Meehan; and Margaret Morton (all via teleconference).

Staff Members Present: Gregory Smith, President & CEO; Christopher Davis; Peter Donahue (via teleconference); Melissa Durso; Jodi Ganzer; Lauren Perrotti (via teleconference); Mark Walerysiak; Andrew Walter; Cara Watts (via teleconference); and Annmarie Daigle.

I. Welcome and Introductions:

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

II. Approval of June 9, 2022 Board Meeting Minutes:

On a motion by Mr. Flores and seconded by Mr. Gupta, the minutes of the June 9, 2022 Board Meeting were unanimously approved.

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

On a motion by Mr. Blanchette and seconded by Mr. Ezzes, the minutes of the June 28, 2022 Board Meeting were unanimously approved.

IV. Approval of July 28, 2022 Board Meeting Minutes:

On a motion by Mr. Flores and seconded by Mr. Blanchette, the minutes of the July 28, 2022 Board Meeting were unanimously approved.

V. Lottery Reports:

a. Marketing Report:

Mr. Donahue noted that Connecticut saw Mega Millions sales of \$9.1 million for the most recent jackpot draw. He also reported that there are more than 1.7 million entries for the 50th Anniversary event in

October, with the drawing taking place today, August 11. He also discussed the advertising for Sports Betting and presented a recent radio spot as well as insight to the new campaign.

b. Financial Report:

Mr. Smith reported on the Lottery's performance for the year ended June 30, 2022 with \$1.45 billion in sales, profits of \$406 million and \$401 million to the general fund. He also noted that sales for the month of July are \$10 million ahead of budget. All sales figures are unaudited.

d. President's Report:

Mr. Smith noted that both responsible gaming and ethics training for staff would be held by the end of the calendar year. He also reported that the CLC received an award from NCPG for its gift responsibly campaign. Also noted was the CLC's continued focus on opportunities for minority vendors.

VI. Sports Betting Anti-Money Laundering Training

Ms. Watts provided the Board with the annual required Anti-Money Laundering (AML) training, focusing on the five pillars of an AML program. In compliance with the Bank Secrecy Act (BSA), the Board is required to designate a BSA officer and have written procedures, policies and controls in place.

VII. Committee Reports:

a. Executive Committee:

Mr. Simmelkjaer noted that the Executive Committee met on July 14 to discuss updates regarding ethics training, lottery vendor diversification, real estate, manager compensation, Sports Betting and iLottery. No votes or actions were taken.

b. Audit:

Mr. Meehan stated that the Audit Committee met on July 26 to discuss the quarterly update of liquidated damages, noting that the chronic issues have decreased significantly. Also noted was the compliance audit report with no findings. The Committee voted to recommend an amended financial auditor agreement to the full Board and also discussed the gaming system project and data cyber security.

c. Finance:

Mr. Ezzes noted that the Finance Committee met in July with the primary focus being the amended financial auditor agreement relating to incremental responsibilities to audit Sports Betting and other changes with regard to lease agreements under GASB87.

d. Legislative & Games:

Ms. Morton noted that the Legislative & Games Committee met on August 9 for the primary purpose of reviewing and approving recent Mega Millions and Powerball rules changes with regard to in lane sales, which the CLC is not offering at this time. Also discussed in Executive Session was the upcoming legislative session.

e. Sports Betting

Mr. Simmelkjaer stated that the Sports Betting Development Committee met in June to hear an update on the general business partnership as well as an update on iLottery. The Committee voted to approve the Draft 2023 Sports Betting Budget and submit to the full Board for approval at today's meeting.

VI. Executive Session:

On a motion by Ms. Morton and seconded by Mr. Blanchette, the Board moved to Executive Session at 12:36 p.m. to discuss:

- a. Draft Manager Compensation Program Update
- b. Legal Update
- c. New Initiative Update
- d. iLottery Update
- e. Sports Betting Update

Ms. Durso was invited to stay for the full Executive Session; Ms. Ganzer was invited to stay for item a.; Mr. Smith was invited to stay for items a., c., d., and e.

VII. New Business:

The Board returned to public session at 1:38 p.m. with Chair Simmelkjaer noting that no votes or actions were taken in Executive Session.

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

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

Resolved, that after review and due consideration and based on the recommendation of the Personnel Committee, the Connecticut Lottery Corporation's Board of Directors hereby adopts the changes to the CLC Manager Compensation Plan that mirror the same compensation changes that were approved for Executive Agency managers, including Retroactive Compensation, Annual Increments, and future compensation increases through Fiscal Year 2024. Consistent with the current CLC Manager Compensation Plan, each manager's incentive award amount will be based on their overall annual performance review.

- b. Review of CLC Bylaws

This item was tabled until the October Board Meeting.

- c. Review and Possible Action: Sports Betting Budget for Fiscal Year 2023

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

Resolved, that after review and due consideration, and upon the recommendation of the Finance Committee, the Connecticut Lottery Corporation Board of Directors hereby approves the Fiscal Year 2023 Sports Betting Division Budget as presented.

- d. Review and Possible Action: Anti-Money Laundering Requirements

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

Resolved, that after review and due consideration and to comply with the Bank Secrecy Act (BSA) and the Connecticut Regulations regarding expanding gaming, the Connecticut Lottery Corporation's Board of Directors hereby 1) designates Cara Watts as the Connecticut Lottery Corporation's BSA Officer; 2) approves the Connecticut Lottery Corporation's Anti-Money

Laundrying Policy as presented; and 3) designates the current Sports Betting Development Committee to receive reporting on necessary Anti-Money Laundering activity.

e. Review and Possible Action: Mega Millions Game Rules Changes

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

Resolved, that after review and due consideration and on the recommendation of the Legislative and Games Committee, the Board of Directors hereby approves the Mega Millions game rules changes as presented.

f. Review and Possible Action: Powerball Game Rules Changes

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

Resolved, that after review and due consideration and on the recommendation of the Legislative and Games Committee, the Board of Directors hereby approves the Powerball game rules changes as presented.

VIII. Adjournment:

Chair Simmelkjaer noted that the next scheduled Board Meeting is on Thursday, October 13, 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 1:49 p.m.

Respectfully Submitted,

Melissa Durso
Corporation Secretary
CT Lottery Corporation