



DRAFT MINUTES

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

Held on
Thursday, June 13, 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.; Michael Cicchetti (left at 1:12 p.m.); Matthew Daskal; Douglas Dalena; Steve Ezzes; Ajay Gupta; James Heckman; and Margaret Morton (joined at 1:10 p.m.) (all via teleconference).

Staff Members Present: Gregory Smith, President & CEO; Melissa Durso; Jodi Ganzer (via teleconference); Catherine Martorella; Lauren Perrotti (via teleconference); Brett Steen; Mark Walerysiak; Andrew Walter; Margaret Annino; Irena Baj-Wright; Art Mongillo; and Annmarie Daigle.

I. Welcome:

Chair Simmelkjaer welcomed the Board members and called the meeting to order at 12:02 p.m.

II. Approval of April 11, 2024 Board Meeting Minutes:

On a motion by Mr. Gupta and seconded by Mr. Ezzes, the minutes of the April 11, 2024 Board Meeting were approved with Mr. Cicchetti abstaining as he did not attend.

III. Approval of May 14, 2024 Board Special Meeting Minutes:

On a motion by Mr. Blanchette and seconded by Mr. Daskal, the minutes of the May 14, 2024 Board Special Meeting were approved with Mr. Cicchetti abstaining as he did not attend.

IV. Approval of May 17, 2024 Board Special Meeting Minutes:

On a motion by Mr. Cicchetti and seconded by Mr. Daskal, the minutes of the May 17, 2024 Board Special Meeting were unanimously approved.

V. Lottery Reports:

a. Finance Report:

Ms. Martorella provided the Finance Report for the 10 months ended April 30, 2024 noting that Sales have increased \$7.4 million compared to budget. Prize expense is 63.3% of total sales which is higher compared to budget. Total gross profit is \$340 million, which is \$33 million lower than last year and a

direct relation to top line sales. Year-to-date, total sales for the year are \$1.33 billion which is down \$44 million from last year. A total of \$359 million has been transferred to the general fund so far this year.

Sports Betting sales through April 30, 2024 were \$218.5 million with the shift to Fanatics as our new operator having impact our sales. To date, \$2.3 million has been transferred to the general fund.

b. Sports Betting Report:

Mr. Walter provided the Sports Betting Report comparing sales figures from December through May of 2023 and December through May of 2024. He noted that Fan Cash retail rewards is live and it allows the players to receive incentives. Fanatics is going to be present at the Traveler's Championship tournament. We are currently working together on future projects and he hopes to share more information at the next Board meeting in August.

c. Marketing Report:

Mr. Steen provided the Marketing Report noting that we have seen improvement in instant ticket performance in April and May. To date, there are approximately 35,000 app downloads for 2nd Chance with 15,000 players and 138,000 entries. He also discussed marketing efforts during the soft launch of iLottery. He noted that in fiscal year 2025 we will launch more 2nd Chance games and experiential prize games, drive draw games at both retail and online, will generate buzz with new holiday offerings, and a big focus on Keno.

d. President's Report:

Mr. Smith provided the President's Report, stating that CLC launched its new iLottery platform on Monday of this week and are currently in the soft launch phase. He commented that it's important for our vendor to work smarter not harder; and that in all businesses failure to plan is planning to fail.

Ms. Perrotti next provided an overview of the soft launch phase, including the limited hours and number of registrants. She noted that Player Support is available every day from 8:00 a.m. to midnight.

Next, Mr. Mongillo provided a recap of the legislative session which ended on May 8th. On the final night of session the Senate passed House Bill 5236 with added provisions from House Bill 5284 and it has significant impact on CLC operations. Public Act 24-12 requires lottery systems and games to be testified by a third party but will not impact draw games that are sold in at least 20 states.

House Bill 5282 did not pass as it relates to allowing the President and CEO to waive interest from delinquent retailers. We may want to revisit this next year. Senate Bill 391 State Contracting Standards Board regarding quasi-public agencies also did not pass. The 2025 legislative session begins January 8th and concludes on June 4th.

Finally, Mr. Walerysiak gave a brief update of the Draw Studio migration to CLC headquarters in Wallingford. He noted that the move is going very well and hardware is in place. Testing on recording, networking and editing capabilities is happening this week as well as mock drawings. The target is that the first drawing in Wallingford is on July 1st.

VI. Committee Reports:

a. Finance Committee:

Mr. Ezzes stated that Finance Committee met on June 5, 2024 with the primary purpose to approve the fiscal 2025 Lottery Budget which will be voted on by the full Board later in the meeting.

b. Personnel Committee:

Mr. Blanchette noted that the Personnel Committee met on June 6, 2024 to review the Management Compensation plan which they voted to approve and present to the full Board at today's meeting.

VII. Executive Session:

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

- a. Discussion of Proposed Lottery Budget for FY2025
- b. iLottery Update
- c. Discussion of Management Compensation
- d. Discussion of Succession Planning
- e. CHRO Update

Mr. Smith, Ms. Durso, Ms. Martorella; Ms. Perrotti, Ms. Baj-Wright Ms. Annino stayed for Executive Session items a. through c., Ms. Baj-Wright was present for item d. and Ms. Durso was present for items d. and e.

VII. New Business:

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

Upon returning to public session at 1:42 p.m., Chair Simmelkjaer stated that no votes or actions were taken while in Executive Session.

b. Review and Possible Action: Proposed Lottery Budget for FY2025:

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

Resolved, that after review and due consideration and based upon the recommendation of the Finance Committee, the Connecticut Lottery Corporation's Board of Directors hereby adopts the Lottery Budget for Fiscal Year 2025.

c. Discussion of Management Compensation:

On a motion by Mr. Blanchette, seconded by Mr. Daskal 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 approves the CLC Manager Compensation Plan that mirrors the same compensation changes that were approved for Executive Agency managers for Fiscal Year 2025. The compensation changes will go into effect on approximately July 1, 2024 and January 1, 2025.

Separately, CLC will bring forward to the CLC Board of Directors a recommendation for the annual Incentive Award once those results are known.

d. Discussion of Succession Planning

Mr. Simmelkjaer noted that the Executive Committee conducted an extensive search with over 300 candidates having applied for the position of President and CEO over the course of eleven months, and that Frank Suarez, Executive Director of the D.C. Lottery, was ultimately selected as he impressed the Board with his strategic vision, dedication to customer-centric solutions, and commitment to fostering a collaborative and inclusive work environment.

Mr. Simmelkjaer also expressed his gratitude personally and on behalf of the Board, to Greg Smith for his exceptional leadership over the past 6 years and wished him all the best in his much deserved retirement.

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

Resolved, that after due consideration and based upon the recommendation of the Executive Committee, the group tasked with managing the President and CEO search, the Connecticut Lottery Corporation's Board of Directors hereby appoints Frank Suarez as President and CEO of the Connecticut Lottery Corporation, effective as of August 1, 2024.

VIII. Adjournment:

Chair Simmelkjaer thanked everyone for attending and noted that the next regular meeting is scheduled for August 8, 2024.

On a motion by Mr. Ezzes, seconded by Mr. Simmelkjaer, and unanimously approved, the meeting adjourned at 1:49 p.m.

Respectfully Submitted,

Melissa Durso
Corporation Secretary
CT Lottery Corporation