



## **Minutes of the Board Meeting**

Held on

Thursday, August 15, 2019

at 12:00 p.m.,

at the

Connecticut Lottery Corporation

777 Brook Street

Rocky Hill, Connecticut 06067

- Board Members: Patrick Birney, Vice Chair; Dawna Capps (via teleconference); John Flores (via teleconference); Manny Langella (via teleconference); Patti Maroney; Margaret Morton; and Michael Thompson.
- Staff Members: Greg Smith, President & CEO; Paul Granato; Jodi Ketchale; Theresa Scott; Matthew Stone; Andrew Walter; Annmarie Daigle; and Bryan Figueroa.
- Call to Order: Vice Chair Birney called the meeting to order at 12:07 pm.

I. Welcome & Pledge of Allegiance:

Vice Chair Birney welcomed the Board members and thanked them for attending today's meeting.

II. Approval of the June 13, 2019 Board Meeting Minutes:

On a motion made by Ms. Morton, and seconded by Ms. Maroney, it was:

“Resolved, that the Board hereby approves the June 13, 2019 Board meeting minutes”.

III. Approval of the July 17, 2019 Special Board Meeting Minutes:

On a motion made by Mr. Thompson, and seconded by Ms. Morton, it was:

“Resolved, that the Board hereby approves the July 17, 2019 Special Board meeting minutes”.

Ms. Maroney abstained.

IV. Lottery Report:

Review of Sales Performance:

Using sales charts, Ms. Theresa Scott, Interim Director of Sales, provided a brief report for the period ending July 31, 2019. All sales and figures are unaudited estimates.

Ms. Scott reported that sales performance continues to be strong with total sales of \$107.1 million for June and \$105.3 million for July. Lotto has not had a winner since January 2018, and the jackpot is currently at \$21 million. Keno has sold \$289 million since its launch in 2016 and is currently one of the most popular games sold on our vending machines.

Capitol Update:

Mr. Walter, Counsel, provided a Capitol update including a recent discussion of a proposal in the state budget that passed to fund Debt-Free Community College using the proceeds from internet lottery sales. He noted that a feasibility study of internet lottery is due in early February and that CLC expects to work with the Administration, Office of Policy and Management, the Department of Consumer Protection, as well as the Attorney General's office, as a valuable resource as those entities evaluate and issue their report.

Mr. Walter also discussed a recent proposal that would give the tribes the rights to a small venture in Bridgeport, as well as exclusivity over sports betting and e-sports. CLC would have very limited iLottery for draw games, with a maximum of six drawings per day. It is not likely that this proposal would be the vehicle on which to call a special session.

Recently, another concept raised is to sell the XL Center in Hartford to the tribes for the purpose of a small gambling facility or sportsbook, and in exchange, the tribes would abandon the East Windsor casino. This concept brings the same exclusivity problems, with MGM, the OTBs and the CLC being completely uninvolved. Currently, the tribes are against this idea, as they are unwilling to abandon the East Windsor concept at this time.

Mr. Walter also mentioned recent conversations with the Connecticut Energy Marketers Association, who represents many of the CLC's convenience store retailers, as well as with the OTBs.

President's Report:

Mr. Smith welcomed and thanked the Board for attending today's meeting.

Mr. Smith noted two recent staff additions, Mr. Peter Donahue, Senior Director of Marketing, and Ms. Kathy Shumaker, Security and Compliance Manager.

Mr. Smith noted the overall sales growth of \$66 million and increase in transfers of \$25 million, reaching \$370 million, and the continued success of the Keno game year over year, which is now one of the top Keno programs in the country. He also stated that the Mega Millions \$1.5 billion jackpot from October 2018 contributed strongly to sales growth and to growth in transfers.

Mr. Smith discussed several marketing initiatives including the New Year's Rockin' Eve promotion which launches August 18<sup>th</sup> and from which he showed a commercial; the Hartford Yard Goats sponsorship; and the Players Club Loyalty Program.

Mr. Smith also mentioned several Responsible Gaming initiatives, notably the recent meeting of the Partnership for Responsible Gaming; the CLC Responsible Gaming Holiday Campaign kickoff; as well as the upcoming Connecticut Council on Problem Gambling Annual Conference in October.

Lastly, Mr. Smith noted the upcoming management and bargaining unit employee evaluations taking place in August and September. Mr. Smith described the Lottery's plan to develop an instant win terminal game, which was discussed at the Legislative & Games Committee last week and will be discussed later in today's meeting.

This concluded the Lottery Report.

Ms. Capps joined the meeting at 12:36 p.m.

Vice Chair Birney noted a change to the agenda, with the Executive Session taking place before the Committee Reports.

V. Executive Session:

At 12:44 p.m., on a motion made by Ms. Morton and seconded by Mr. Thompson, the Board moved to Executive Session to discuss:

- a. Draft Managerial Compensation Plan Proposal
- b. Pending Claims and Litigation: Civil Suits and CHRO Matters

Mr. Smith and Mr. Stone were invited to stay for Executive Session. Ms. Ketchale was invited to stay for the first item.

Ms. Morton left the meeting at 1:10 p.m.

The Board reconvened in regular session at 1:15 p.m.

Vice Chair Birney noted that no votes or actions took place during Executive Session.

VI. Committee Reports:

Executive Committee:

Mr. Birney noted that the Executive Committee met on August 8, 2019. At that time Mr. Smith described his recent meeting with members of the Governor's administration, which included discussions on the expansion of the lottery through sports betting and iLottery, and included discussion of the value of an independent third-party review of events occurring three to five years ago, some of which surfaced during a recent CHRO hearing. There was a strong consensus that such a review would help re-establish confidence in the CLC by legislators, the public, and other stakeholders. The Committee decided at that meeting to create of a task force, comprised of recently appointed Board Members, who would work closely with Mr. Smith to develop the scope of the investigation and to engage a law firm to conduct the investigation. Vice Chair Birney stated that Ms. Capps, Mr. Langella, and Ms. Maroney have agreed to participate in the task force.

Audit Committee:

Mr. Thompson reported that the Audit Committee met just prior to today's Board Meeting. At that meeting, Mr. Smith notified the Committee of CLC's intent to enter into short term provisional contracts with its instant ticket print vendors as the current contracts expire on August 29, 2019, and while the RFP for instant ticket printing is nearing the end of the procurement process, it is expected that the new contracts will not be finalized by the end of August.

The Committee then met in Executive Session to discuss pending claims and litigation.

Legislative and Games Committee:

Mr. Smith noted that the Legislative and Games Committee met on August 7, 2019 for the CLC to introduce to the Committee the concept of instant win terminal games, as well as a Capitol update.

Personnel Committee:

Vice Chair Birney noted that the Personnel Committee met on August 13, 2019 for the purpose of discussing a managerial compensation plan proposal.

VII. New Business:

Review and Possible Action Re: Executive Committee Recommendation to Full Board Appointing Task Force:

On a motion by Mr. Thompson, seconded by Ms. Maroney, and unanimously passed, it was:

“Resolved that, after due consideration, the Board of Directors hereby appoints a task force to work with the President & CEO on an external investigation of events occurring three to five years ago, some of which surfaced during a recent CHRO hearing. The task force, comprised of Ms. Capps, Mr. Langella, and Ms. Maroney, will work closely with the President & CEO to develop the scope and timing of the investigation, and to recommend an outside firm to conduct the investigation. The task force would bring these details to the full Board for approval at its next meeting.”

Review and Possible Action Re: New Game Initiative:

On a motion by Mr. Langella, seconded by Mr. Thompson, and unanimously passed, it was:

“Resolved, that after due consideration, the Board of Directors hereby gives approval to the CLC to begin the process of developing specifications for instant win terminal games.”

Review and Possible Action Re: Draft Managerial Compensation Plan Proposal:

After a motion by Vice Chair Birney, seconded by Mr. Langella, Vice Chair Birney, Ms. Capps, and Mr. Langella voted in favor of approving the Managerial Compensation Plan Proposal. Mr. Flores, Ms. Maroney, and Mr. Thompson voted against, putting the vote at a tie and therefore the Proposal was not approved.

VIII. Adjournment:

On motion made by Mr. Thompson and seconded by Ms. Maroney, the meeting adjourned at 1:27 p.m.

Respectfully Submitted,

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Matthew Stone  
Corporation Secretary  
Connecticut Lottery Corporation