



Minutes of the Board Meeting

Held on

Thursday, October 10, 2019

at 12:00 pm,

at the

Connecticut Lottery Corporation

777 Brook Street

Rocky Hill, Connecticut 06067

- Board Members: Wilfred Blanchette Jr.; Dawna Capps (via teleconference); Meghan Culmo (via teleconference); John Flores; James Heckman (via teleconference); Manny Langella (via teleconference); Patti Maroney; Margaret Morton; and Michael Thompson (via teleconference).
- Staff Members: Greg Smith, President & CEO; Paul Granato; Michael Hunter; Theresa Scott; Matthew Stone; Annmarie Daigle; and Kristen Williams.
- Guests: Jessica Aniskoff and Vanessa Rossitto, Blum Shapiro & Company, P.C.
- Call to Order: Ms. Morton called the meeting to order at 12:02 pm.

I. Welcome & Pledge of Allegiance:

Ms. Morton welcomed the Board members and thanked them for attending today's meeting. She introduced Mr. Wilfred Blanchette, a newly-appointed Board member; Mr. Peter Hsieh, Director of DCP's Gaming Division; as well as Blum Shapiro auditors, Ms. Vanessa Rossitto and Ms. Jessica Aniskoff.

Mr. Langella joined the meeting at 12:04 p.m. and Mr. Heckman joined the meeting at 12:06 p.m.

II. Approval of the August 15, 2019 Board Meeting Minutes:

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

“Resolved, that the Board hereby approves the August 15, 2019 Board meeting minutes”.

Mr. Blanchette abstained.

III. Finance Committee Report:

Mr. Granato introduced Ms. Vanessa Rossitto, Audit Partner, and Ms. Jessica Aniskoff, Audit Manager, of Blum Shapiro and Company, P.C. Ms. Rossitto presented the CLC Audited Financial Statements for the year ended June 30, 2019. Ms. Rossitto noted that Blum Shapiro is preparing to issue a clean unmodified audit opinion for the financial statements. The audit confirmed total sales of \$1.334 billion and confirmed total transfers of \$370 million to the General Fund to support our mission of raising revenue for the State.

During the presentation, Ms. Rossitto reviewed key financial metrics and disclosures included in the notes to the financial statements. She also made note of upcoming GASB Standards, which would be implemented in FY20, FY21 and FY22, with emphasis on the standard regarding leases in FY21. The CLC leases several types of equipment from our primary vendor, Scientific Games. To ensure that the CLC remains compliant, Ms. Rossitto advised that discussions on this matter will begin within the next few months.

Ms. Morton was very proud and thankful for the hard work performed by Mr. Granato and the entire Finance Department, as achieving a clean audit is an outstanding feat!

She then thanked the auditors for their report and Ms. Rossitto and Ms. Aniskoff left the meeting at 12:18 p.m.

IV. Lottery Report:

a. Review of Sales Performance:

Using sales charts, Ms. Theresa Scott, Interim Director of Sales, provided a brief report for the period ending September 30, 2019. All sales figures are unaudited.

Ms. Scott reported that Lotto has not had a winner since January 2018, and the jackpot is currently at a record-breaking \$24 million. Overall sales of all the CT Lottery games remain consistent versus this time last year; however, Connecticut draw games are doing exceptionally well at \$21 million in current year sales versus \$15.1 million in FY19.

Powerball and Mega Millions sales have slightly decreased in FY20 versus FY19. Ms. Scott explained that larger jackpots draw players to these particular games; and, since July 2019 four Powerball jackpots were won, and two Mega Millions jackpots were won.

Mr. Langella left the meeting at 12:26 p.m.

b. President's Report:

Mr. Smith noted the overall sales growth compared to the previous year, indicating both Keno and Lotto are performing strongly, offsetting the lower sales for Powerball and Mega Millions games. He also noted that holiday instants are due to launch later this month and would help sales. Mr. Smith noted that as of October 2, 2019, CLC has returned \$10 billion to the Connecticut General Fund since the lottery's inception in 1972.

Mr. Smith highlighted CLC's dedication to responsible gaming with recent plans to collaborate on marketing efforts with the Connecticut Council on Problem Gambling, sponsoring their upcoming annual conference, and the CLC Responsible Gaming Holiday Campaign kickoff.

Mr. Smith introduced the new Silver and Gold scratch game series to the Board, which is performing well compared to other \$10 and \$20 tickets currently in circulation as both tickets have a minimum prize that is two and one half times the wager.

Mr. Smith reported during the recent NASPL conference that the CLC was a finalist in multiple categories and received an award for our Problem Gambling Awareness Month video. Mr. Smith also discussed In-Line Sales in which lottery tickets are placed at checkout lines for

purchase. Within 30 days, Texas will be adding 1,500 retailers that will utilize this method of sale. Arkansas may also be collaborating with Walmart for the same initiative. The Powerball game group is evaluating various international efforts for the Powerball game. We will discuss further if any momentum occurs.

Mr. Smith also thanked the CLC Marketing and IT Departments for their work in launching the new website, which is receiving very positive feedback. The Marketing Department is also actively working with DCP and SG on the development of the Fast Play game, which is expected to launch in April 2020.

This concluded the Lottery Report.

Ms. Culmo joined the meeting at 12:58 p.m.

V. Committee Reports:

a. Executive Committee:

Mr. Thompson provided both the Executive Committee and Audit Committee reports. He stated that the Executive Committee met jointly with the Audit Committee on October 4, 2019. At that time, Mr. Smith provided the Committees with updates regarding quarterly liquidated damages with SGI; sales and general fund transfers; the compliance audit currently underway; a data privacy and security initiative at the lottery; disaster recovery; as well as the progress of the Task Force. The Committees also met in executive session to discuss CHRO matters, civil suits and administrative proceedings.

b. Audit Committee:

Mr. Thompson stated that the Audit Committee met jointly with the Executive Committee on October 10, 2019. The report is the same as the Executive Committee.

c. Finance Committee:

Ms. Maroney reported that the Finance Committee Meeting met immediately prior to today's Board Meeting. The Committee met with Ms. Rossitto and Ms. Aniskoff of Blum Shapiro & Company P.C. for the presentation of the FY19 Financial Audit review. The Committee also reviewed the quarterly ratings report of annuity providers.

d. Task Force:

Mr. Smith reported on the Task Force Committee meetings, which occur every Monday. The recommendation for creating this committee occurred at the August 2019 Board meeting. A third-party firm was hired to evaluate the CT Lottery's statutes and regulations, conduct interviews, review electronic communications and ultimately issue a final report in the second half of October.

VI. Discussion of Draft Board Meeting Schedule for 2020:

Mr. Smith reminded the Board members that six board meetings must take place during the calendar year, and the dates presented for the upcoming year are subject to approval at the December Board meeting.

VII. Executive Session

At 1:07 p.m., on motion made by Ms. Morton and seconded by Mr. Flores, the Board moved to Executive Session to discuss:

a. Pending Claims and Litigation: Civil Suits, CHRO Matters and Administrative Proceeding

Mr. Smith and Mr. Stone were invited to stay for Executive Session.

The Board reconvened in regular session at 1:46 p.m.

VIII. Discussion and action, if any, on items discussed during Executive Session:

Ms. Morton noted that no votes or actions took place during Executive Session. She again thanked the CLC staff for their integrity and hard work during the year.

IX. Adjournment:

On motion made by Mr. Blanchette and seconded by Mr. Flores, the meeting adjourned at 1:47 p.m.

Respectfully Submitted,

Matthew Stone
Corporation Secretary
CT Lottery Corporation