



**Special Meeting of the
Executive Committee of the
Connecticut Lottery Corporation**

Held on
Monday, August 5, 2019 at 9:00 a.m.
at the
Connecticut Lottery Corporation
777 Brook Street
Rocky Hill, Connecticut 06067

Committee Members: Patrick Birney, Vice Chair of the Board and Chair of the Finance Committee; Margaret Morton, Chair of the Legislative and Games Committee (via teleconference); Natasha Pierre, Chair of the Personnel Committee (via teleconference); and Michael Thompson, Chair of the Audit Committee (via teleconference).

Staff Members: Gregory Smith, President and CEO; Matthew Stone; Tara Chozet; and Annmarie Daigle.

Guests: Lynda Brandt, Audit Supervisor, Gaming Division, Department of Consumer Protection.

Call to Order: Vice Chair Birney called the meeting to order at 9:06 a.m.

I. Welcome:

Vice Chair Birney welcomed and thanked the Executive Committee members for their participation in today's meeting.

II. Approval of July 12, 2019 Executive and Audit Committee Special Meeting Minutes:

On a motion by Ms. Morton and seconded by Ms. Pierre, the Executive Committee component from the July 12, 2019 Executive and Audit Committee Special Meeting was approved.

III. Executive Summary: 2018-2019 Financial Roundup:

Vice Chair Birney asked Mr. Smith to discuss the year-end results with the Committee. 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. He also stated that the Mega Millions \$1.5 billion jackpot from October 2018 has contributed strongly to sales growth and to growth in transfers. He noted that the CLC is looking forward to future growth with the recent hire of Peter Donahue as Senior Director of Marketing; as well as the expanded efforts in Keno recruitment and Keno monitor location placement. Ms. Morton and Mr. Thompson both offered their congratulations on the outstanding year-end results.

IV. Discussion and Possible Action Re: Independent Investigation:

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 reestablish confidence in the CLC by legislators, the public, and other stakeholders.

Mr. Smith stated that the purpose of the review would be to investigate what information was known by whom, at what time, and whether there were any reporting obligations associated with that knowledge.

Vice Chair Birney stated that the Board's participation in this investigation was critical to acknowledge and advance issues of transparency and integrity raised by the CLC's stakeholders. Vice Chair Birney suggested to the Committee the creation of a task force to oversee the investigation. The task force would be 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. The Committee members concurred, and the consensus was that the Board's involvement would give credibility to the process. Mr. Thompson noted that according to its by-laws, the full Board would need to review and agree on the task force's and Mr. Smith's recommendations for hiring a firm.

Separately, Vice Chair Birney asked about an in-depth review of the CLC's management and operations. Mr. Smith stated that any operation and management review would likely follow the appointment of a Board Chair and other vacant Board positions.

After a brief discussion, on a motion by Mr. Thompson, amended by Mr. Birney, and seconded by Ms. Pierre, it was:

Resolved, that the Executive Committee hereby recommends that the CLC Board of Directors assemble 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 would 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.

V. Adjournment:

On a motion made by Mr. Thompson and seconded by Ms. Morton, the Committee adjourned at 9:37 a.m.

Respectfully Submitted:

Matthew Stone
Corporate Secretary
Connecticut Lottery Corporation