



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

Held on

Thursday, December 9, 2021 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; Meghan Culmo; Steven Ezzes; John Flores; Ajay Gupta; James Heckman; Andrew Meehan; and Margaret Morton (all via teleconference).

Staff Members Present:

Gregory Smith, President & CEO; Peter Donahue; Jodi Ganzer; Paul Granato; Lauren Perrotti; Matthew Stone; Andrew Walter; and Annmarie Daigle.

Guests:

Jessica Aniskoff; Angelo Lombardo; and Vanessa Rossitto; CliftonLarsonAllen.

I. Welcome:

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

II. Finance Committee Report:

Mr. Ezzes stated that the Finance Committee met on November 19th to review the Audited Financial Statements for the year ended June 30, 2021. He introduced the audit team from the legacy BlumShapiro group, which merged with and into Clifton Larsen Allen (CLA) on January 1, 2021, to provide their report to the full Board. Vanessa Rossitto, audit partner, proceeded to go through a presentation of the financial highlights, noting that there were no audit findings, and no significant deficiencies or material weaknesses were reported in internal controls or financial reporting.

The audit confirmed total sales of \$1.498 billion and confirmed total transfers of \$418 million to the General Fund to support our mission of raising revenue for the State.

III. Approval of October 14, 2021 Board Meeting Minutes:

On a motion by Mr. Blanchette and seconded by Mr. Heckman, the minutes of the October 14, 2021 Board Meeting were approved, with Ms. Culmo and Ms. Morton abstaining as they were not in attendance.

IV. Lottery and Sports Report:

a. Financial Report:

Using sales charts, Mr. Granato reported on the Lottery's performance for the month of November and the five months ended November 30, 2021. All sales figures are unaudited.

Financial highlights included \$116 million in total sales for the month, ahead of budget by \$1.4 million and prior year by \$7.5 million, just over 1% and 7% respectively.

Total cost of sales were \$78.8 million, \$3 million short of budget and \$4 million ahead of the prior year. Total gross profit was \$37.5 million, \$4.3 million ahead of budget and \$3.5 million ahead of the prior year. General fund transfers were \$35.9 million for the month, exceeding both budget and prior year by 16% and 13% respectively.

Sales for the first five months totaled \$613.1 million, exceeding budget by nearly \$32 million and prior year by \$30 million, or 5.5% and 5.2% respectively.

Cost of sales totaled \$424.2 million, down \$11.9 compared to budget and up \$22.4 million compared to prior year. The gross profit was \$188.9 million, up \$19.8 million from budget and \$7.8 million from the prior year. The Lottery transferred \$173.6 million to the State's General Fund through the first five months, surpassing budget by \$19.2 million and \$2.9 million ahead the prior year's transfer.

b. Marketing Report:

Mr. Donahue highlighted the Lottery's new 2nd Chance Program, including the updated logo, 2nd Chance website and tickets with the 2nd Chance component. He also highlighted the Lottery's 50th Anniversary games, which are expected to launch in January 2022 in coordination with the Lottery's 50th Anniversary. He also shared the new 50th Anniversary television spot.

c. Sports Betting Report:

Mr. Walter provided an overview of Sports Betting activities for the first five full weeks of operations, noting that sales have increased week-over-week in both online and retail operations. He also highlighted the retailer affiliate program in which retailers would receive a financial bonus for customers setting up an account.

d. President's Report:

Mr. Smith gave his report, recapping the Lottery's responsible gaming holiday campaign which is underway with over 125 toy drop off locations statewide this year; as well as the iLottery RFP which is in the final stages of the procurement process.

V. Committee Reports:

a. Executive Committee:

Mr. Simmelkjaer noted that the Executive Committee met twice since the last Board meeting -- on November 18 and December 1, 2021 -- primarily in Executive Session to discuss the President's performance review and compensation, as well as to hear updates regarding pending claims and litigation.

b. Audit Committee:

Mr. Meehan noted that the Audit Committee met on October 26, 2021 to discuss the quarterly review of liquidated damages which have improved significantly and also to receive an update of the retail gaming system, disaster recovery and data security as well as a contract amendment with Scientific Games which will come before the full Board as a resolution later in the meeting.

On a motion by Mr. Meehan, seconded by Mr. Blanchette, and unanimously approved, the Board voted to add Agenda item VII. c., Scientific Games Contract Amendment, to today's meeting agenda.

c. Finance Committee:

Mr. Ezzes noted that the Finance Committee met on November 19, 2021 for the primary purpose of reviewing the yearend audit with CliftonLarsonAllen, which was discussed earlier in the meeting.

VI. Executive Session:

On a motion by Mr. Meehan and seconded by Mr. Flores, the Board moved to Executive Session at 1:10 p.m. to discuss:

- a. Managers' Compensation Draft Recommendation
- b. President & CEO's Performance Review
- c. Real Estate Recommendation
- d. Pending Claims and Litigation: Civil Suit

Mr. Smith and Ms. Ganzer were present for the first topic. Mr. Smith was present for the third topic. Mr. Stone was present for the fourth topic.

VII. New Business:

The Board returned to public session at 2:28 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 Ms. Culmo, and unanimously approved, it was:

Resolved, that after review and due consideration, and upon the recommendation of the Personnel Committee, the Connecticut Lottery Corporation's Board of Directors approves the Manager Compensation recommendation for FY22 as presented by the President and the Director of Human Resources. The range of increases is 3.5% to 7.5%, equaling the same maximum award granted to state managers in July 2021.

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

Resolved, after review and due consideration, and upon the recommendation of the Executive Committee, the Connecticut Lottery Corporation's Board of Directors approves the real estate selection decision of the Connecticut Lottery Corporation's real estate evaluation team for Property D, and authorizes the President to (1) enter into lease negotiations with the landlord for that property under the same terms as presented to the Board, (2) submit the final negotiated lease to the State Property Review Board for their review, and (3) sign the lease upon receipt of the State Property Review Board's feedback, if any. Any material changes to terms must be brought back to the Connecticut Lottery Board for consideration and approval, and submitted to the State Property Review Board if approved by the Connecticut Lottery Board.

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b. Discussion of Board Meeting Schedule for 2022

On a motion by Mr. Cicchetti and seconded by Mr. Blanchette, the Board Meeting Schedule for 2022 was unanimously approved.

c. Scientific Games Contract Amendment

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

Resolved, that after due consideration and recommendation by the Audit Committee, the Connecticut Lottery Corporation Board of Directors hereby authorizes the CLC President to execute two Consent to Assignment and Assumption Agreements covering current contracts between CLC and Scientific Games; and CLC, Scientific Games, and DCP.

VIII. Adjournment:

Chair Simmelkjaer thanked everyone for their participation and noted that the next scheduled Board Meeting is on Thursday, February 10, 2022 at noon.

On a motion by Mr. Heckman, seconded by Mr. Gupta, and unanimously approved, the meeting adjourned at 2:38 p.m.

Respectfully Submitted,

Matthew Stone
Corporation Secretary
CT Lottery Corporation