



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

Held on
Thursday, February 9, 2023 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; Douglas Dalena (joined at 2:02 p.m.); Matthew Daskal; Steven Ezzes; Ajay Gupta; James Heckman (joined at 12:08 p.m.); Manny Langella (joined at 12:03 p.m.); and Andrew Meehan (all via teleconference).

Staff Members Present: Gregory Smith, President & CEO; Peter Donahue; Melissa Durso; Jodi Ganzer; Catherine Martorella; Lauren Perrotti; Mark Walerysiak; Andrew Walter; Christopher Davis; and Annmarie Daigle.

I. Welcome:

Chair Simmelkjaer welcomed the Board members and called the meeting to order at 12:01 p.m. He noted that Treasurer Russell's office notified CLC this morning of its designee to the Board.

II. Approval of February 1, 2023 Special Board Meeting Minutes:

On a motion by Mr. Blanchette and seconded by Mr. Simmelkjaer, the minutes of the February 1, 2023 Special Board Meeting were approved with Mr. Gupta abstaining.

III. Approval of December 8, 2022 Board Meeting Minutes:

On a motion by Mr. Cicchetti and seconded by Mr. Ezzes, the minutes of the December 8, 2022 Board Meeting were approved with Mr. Gupta abstaining.

IV. Lottery Reports:

a. Financial Report:

Ms. Catherine Martorella, Director of Finance and Acting CFO, shared an overview of sales for the month and the six months ended December 31, 2022. Total sales for December were \$126 million. Gross profit is lower in comparison to budget and operating expenses due to higher prize expense for the month. General fund transfers were \$33 million for the month.

For the six-month period, total sales were \$743 million, which is 2% greater than budgeted and just slightly lower than last year. Prize expense is close to last year.

Reporting on CLC's Sports Betting Division, total sales for December were \$28.3 million for online and retail with thirteen retail locations were operating at that time. Both NCAA football playoffs and bowl games contributed significantly to sales. For the six-month period, total sales were \$124 million with \$1.5 million to the general fund.

b. Marketing Report:

Mr. Donahue reported on CLC's Sales and Marketing efforts noting we are currently \$18 million ahead of last year in sales, about a full week ahead. Solid holiday sales and jackpot games contributed to strong sales. Marketing is looking at lottery base games for face-lift or play feature opportunities. He stated that a new "\$100,000 Cash5 Bonus Promotion" starts Monday with random \$10 voucher giveaways on Cash5 sales. This will be the last promotion on the current gaming system. Mr. Donahue then presented the new sports betting radio spot commercial for the Arooga's launch.

c. Sports Betting Report:

Mr. Walter noted that our sports book at Arooga's Sports Bar and Grille in Shelton launched last week and things have been going very well, meeting our deadline to open before Super Bowl Sunday. We have 4-6 other projects that are in a deep contract standpoint or in a schematic design plan stage. We will execute this calendar year.

Sales are up in double digits year over year, a 33% increase. Retail performance continues to be strong, with the online to retail split 58%-42%.

d. President's Report:

Mr. Smith noted that we are in a good spot through December and that being three weeks ahead in general fund transfers is a great place to be. Profit percentage year to date is 24.8% and that is quite high. We saw some of our best results in draw game ticket purchases due to recent jackpots. He then provided an update regarding three big projects for the remainder of the year: Retail Gaming, Relocation and ilottery.

V. Committee Reports:

a. Executive Committee:

Mr. Blanchette reported on the Executive Committee, noting that the Committee met on January 12th and received an update on sales and profits, a positive report on minority business opportunities, CHRO update, and performance review of the President and CEO. No votes or actions taken.

b. Audit Committee:

Mr. Meehan noted that the Audit Committee met this week on February 7th. The Committee heard an update on liquidated damages, as well as an update on gaming system conversion. No votes or actions were taken.

c. Legislative & Games Committee:

Mr. Smith provided the Legislative & Games Committee report for Ms. Morton. He noted that the Committee met on February 7th. The Committee discussed several bills that we are tracking this session

including a bill allowing negotiations to occur regarding existing debts to the lottery and reductions or waiving interests if retailers can pay off principle and penalties; a bill regarding the anonymity of lottery winners pertaining to FOIA requests. Also, DCP has initiated a bill with regard to online gaming, background checks etc. that CLC is following.

VI. Executive Session:

On a motion by Mr. Blanchette and seconded by Mr. Langella, the Board moved to Executive Session at 12:41 p.m. to discuss:

- a. Discussion of Gaming Systems and Contracts
- b. Retail Gaming System Update
- c. President & CEO Performance Review

Mr. Smith was present for the full Executive Session except for a portion of item c. Ms. Durso and Mr. Walter remained for items a. and b. Ms. Perrotti was present for item b.

VII. New Business:

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

Upon returning to public session at 2:02 p.m., Chair Simmelkjaer welcomed Mr. Douglas Dalena to the Board, and thanked him for his attendance at today's meeting. Mr. Dalena is Treasurer Russell's designee.

Chair Simmelkjaer also noted that no votes or actions were taken while in Executive Session.

After a brief discussion, on a motion by Mr. Blanchette, seconded by Mr. Meehan, and with Mr. Dalena abstaining, it was:

Resolved: That the Connecticut Lottery Board of Directors hereby authorizes the Connecticut Lottery President to sign the agreement with Sportech regarding its operation of certain retail sports betting locations per the terms negotiated. Further, the Connecticut Lottery Board of Directors hereby authorizes the Connecticut Lottery President to amend the Sportech agreement without the need for approval by the Connecticut Lottery Board of Directors, knowing that this agreement does not require Board approval per the Connecticut Lottery Purchasing Policy.

The President & CEO's Performance Review was tabled to the next meeting.

- b. Lottery Vendor Diversification Update

The Board decided to table this item to the next meeting in the interest of time.

- c. Election of Vice Chair:

Chair Simmelkjaer thanked Mr. Blanchette for his service to the Board and the CLC as Vice Chair and on a motion by Chair Simmelkjaer, seconded by Mr. Langella, and with Mr. Dalena abstaining, it was:

Resolved, that the Connecticut Lottery Board of Directors hereby elects Wilfred Blanchette, Jr. as Vice Chairperson of the Connecticut Lottery's Board of Directors for a period of one year.

d. Problem Gambling Awareness Month

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

Resolved, that the Board of Directors of the Connecticut Lottery Corporation endorses the Lottery's observance of and participation in "*Problem Gambling Awareness Month in Connecticut*" from *March 1, 2023 through March 31, 2023* to raise public awareness about the potential risks of gambling and to reinforce the Connecticut Lottery Corporation's commitment to corporate social responsibility.

VIII. Adjournment:

Chair Simmelkjaer thanked everyone for their attendance and noted that the next scheduled meeting of the Board is on April 13, 2023. On a motion by Mr. Meehan, seconded by Mr. Blanchette, and unanimously approved, the meeting adjourned at 2:08 p.m.

Respectfully Submitted,

Melissa Durso
Corporation Secretary
CT Lottery Corporation