



MINUTES
Special Meeting
of the Board of Directors of the
Connecticut Lottery Corporation
Held on
Thursday, June 8, 2023 at 9:00 a.m.
at the
Connecticut Lottery Corporation
777 Brook Street
Rocky Hill, Connecticut 06067

Board Members Present: Robert Simmelkjaer, Board Chair; Wilfred Blanchette, Jr. (joined at 9:11 a.m.); Douglas Dalena; Matthew Daskal; Steven Ezzes; Ajay Gupta; Manny Langella; and Margaret Morton (joined at 9:38 a.m.) (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 9:02 a.m.

On a motion by Mr. Daskal, seconded by Mr. Gupta and unanimously approved, the Board moved the approval of prior minutes to later in the meeting, when a quorum is present.

II. Lottery Reports:

a. Financial Report:

Ms. Catherine Martorella, Director of Finance and Acting CFO, provided the Financial Report. Total sales for the ten months ended April 30 were \$1.2 billion, which is under budget by 0.1%. She noted that the CLC transferred \$345 million to the general fund for the same period. Total sales through May are \$1.34 billion and ahead of the prior year by \$4 million. Reporting on the Sports Betting Division, total sales are \$219 million through April 30. This is under budget due to the less than anticipated number of retail outlets operating. Retail hold for the period is 10% and 7% for online.

b. Marketing Report:

Mr. Donahue provided an overview of the Leger's Player Value Gaming Study 2023 noting that promotions are a good way to motivate players and non-players. The study validates that \$5 price point is the most popular overall, followed by \$1 and \$2. Mr. Donahue also presented a new 30-second TV spot for the Your Ticket to Possible branding campaign.

c. Sports Betting Report:

Mr. Walter noted that Sports Betting sales were up for April and May. Massachusetts has also legalized sports betting and we are awaiting the impact on Connecticut, as Bobby V's is not far from the Springfield casino. The hold in both online and retail were above budget in both April and May. Various promotions and giveaways will take place this week and next week, watch parties where we will give away concert and sports event tickets and gift cards. Radio ads will provide support to the Bobby V's Windsor Locks and Arooga's Shelton locations. He also noted that the Sports Betting RFP is on schedule.

d. President's Report:

Mr. Smith discussed various issues experienced with the transition of the retail gaming system, noting that the quantity of system issues was not abnormal. However, the vendor call centers field service teams were understaffed. We are still in the adjustment phase as it relates to understanding how to use all of the system functions. Issues are being handled as they come forward and the CLC team is tirelessly working to get things ironed out. Vendor has not been showing the same confidence in their work as they projected in earlier months. We are hoping that their confidence will return shortly after correcting the issues that have risen. Overall not a bad system deployment, but not seamless.

Mr. Smith next commented on the Sports Betting vendor proposals. CLC received a good group of proposers and had Q&A with finalists. Online Gaming Committee meets tomorrow and we will provide a more robust update at that time. Project is currently on schedule.

Mr. Davis then provided the Legislative update, noting that the session ended last night at midnight. Of note, the state contracting standards board bill did not pass. A bill introduced by DCP that impacted gaming statutes and the definition of key employees has passed. Additionally, DCP investigators now have arrest powers in retail sports wagering facilities. Regarding iLottery funds, legislation provides for profits to go the General Fun much like our retail sales revenue. With regard to the XL Center legislation allows and authorizes contracts with a private provider. CLC's initiative to introduce waiver to delinquent lottery sales agents was not successful. This bill also had language relating to the disclosure of names and addresses of winners.

Ms. Durso provided a reminder to the Board that both substantive and grammatical changes were being made to the Bylaws. Work had commenced on that project last year and then it was placed on hold. The Bylaws will be a topic of discussion in the upcoming months.

III. Approval of April 13, 2023 Board Meeting Minutes:

On a motion by Mr. Gupta and seconded by Ms. Morton, the minutes of the April 13, 2023 Board Meeting were unanimously approved.

IV. Committee Reports:

a. Executive Committee:

Chair Simmelkjaer reported on the Executive Committee, noting that the Committee met on May 11 and received an update on sales and profits, and in Executive Session, an update on the gaming system transition as well as a CHRO matter, and discussion of executive compensation and succession planning. No votes or actions taken.

b. Audit Committee:

Mr. Smith provided the Audit Committee report for Mr. Meehan. He noted that the Committee met on April 25 to hear the quarterly update of liquidated damages with SG as well as a discussion of the new gaming system launch. No votes or actions taken.

c. Finance Committee:

Mr. Ezzes noted that the Finance Committee met on May 3 and June 7, primarily to review the CLC's Draft Retail Lottery Budget for FY2024. The Committee voted at their June 7 meeting to recommend the budget for Board approval, which the Board will vote on later in the meeting today.

V. Executive Session:

On a motion by Mr. Blanchette and seconded by Ms. Morton, the Board moved to Executive Session at 9:54 a.m. to discuss:

- a. Discussion of Gaming Systems and Contracts
- b. Discussion of Proposed Retail Lottery Budget for FY2024
- c. Real Estate Update
- d. Discussion of Executive Compensation and Succession Planning

All staff present remained for Executive Session. Item d. was tabled to the next meeting.

VII. New Business:

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

Upon returning to public session at 10:23 a.m., Chair Simmelkjaer noted that no votes or actions were taken while in Executive Session.

Catherine Martorella provided an overview of the proposed FY2024 Retail Lottery Budget that projects a modest decrease in sales, noting that jackpot predictions are usually stable and conservative.

After a brief discussion, on a motion by Ms. Morton, seconded by Mr. Langella, and unanimously approved, it was:

Resolved, that after review and due consideration, and upon the recommendation of the Finance Committee, the Connecticut Lottery Corporation's Board of Directors hereby approves the Retail Lottery Fiscal Year 2024 Budget as presented.

VIII. Adjournment:

Chair Simmelkjaer thanked everyone attending and noted that the next scheduled meeting is on August 10, 2023. On a motion by Mr. Langella, seconded by Mr. Dalena, and unanimously approved, the meeting adjourned at 10:37 a.m.

Respectfully Submitted,

Melissa Durso
Corporation Secretary
CT Lottery Corporation