



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

Held on
Thursday, April 13, 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; Matthew Daskal (joined at 12:29 p.m.); Steven Ezzes; Ajay Gupta; James Heckman (joined at 12:50 p.m.); and Margaret Morton (all via teleconference).

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

I. Welcome:

Chair Simmelkjaer welcomed the Board members and called the meeting to order at 12:05 p.m.

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

On a motion by Mr. Blanchette and seconded by Mr. Cicchetti, the minutes of the February 9, 2023 Board Meeting were unanimously approved.

III. Lottery Reports:

a. Financial Report:

Ms. Catherine Martorella, Director of Finance and Acting CFO, shared an overview of sales for the month and the nine months ended March 31, 2023. Total sales for the month of March were \$123 million, under budget by 6.7%, and under the previous year by 2.2%. Gross profit is over budget by \$500,000 and very close to the previous year. General fund transfers were close to \$32 million for the month, compared to \$35 million for March of the previous year.

For the nine-month period, total sales were \$1.1 billion, which is 1.2% greater than budgeted and an increase of 1.6% over last year. Prize expense is close to last year. General fund transfers for the nine-month period was \$315 million, \$24 million over budget and very similar to last year.

Reporting on CLC's Sports Betting Division, total sales for the nine-month period ended March 31, 2023 were \$199 million collectively for online and retail with nine retail locations operating at that

time. This is under budget by 29%, mainly due to the budget being based on all 15 locations being operational. Our online and retail sports book locations had 11% growth over March of last year, which is impressive being that for the NCAA basketball tournament Elite 8, Final 4 and Championship games, no bets could be placed on UConn. Gross profit the nine-month period was \$7.3 million, over budget by nearly 10%, with \$2.2 million to the general fund, under budget by the same 29%.

b. Marketing Report:

Mr. Donahue reported on the recent \$100,000 Cash5 Bonus Promotion that ran through the month of February which garnered a 9% increase in sales during the promotion period and 3.5% increase in the 10 days following. He next reviewed draw and instant game industry data compared to other lotteries in surrounding states of similar size to Connecticut, as well as all other U.S. states. He noted that CLC will be issuing an RFI for a research partner in the near future.

c. Sports Betting Report:

Mr. Walter noted that February and March were strong months and we expect sales to subside a bit until football season starts. Sales at our newest sports book location, Arooga's Sports Bar and Grille in Shelton has been encouraging. He congratulated UConn men's basketball for their tournament success and reiterated that for the Elite 8, Final 4 and Championship games, no bets could be placed on UConn.

Mr. Walter noted that RSI and CLC announced that RSI will be winding down operations in Connecticut in the coming months and that CLC has issued an RFP this past Monday for a new vendor.

d. President's Report:

Mr. Smith asked Mr. Davis to provide an update on Lottery Vendor Diversification. Mr. Davis noted that CLC made enhancements over the last couple of quarters with approximately 34 orders placed with 16 certified diverse vendors in the quarter ended December 31, 2022 alone. In this past quarter ended March 31, thirteen orders were placed with 9 different vendors utilized. He also noted that 39% of CLC's master vendor list is diverse vendors, with new vendors joining us each quarter including building repairs by members of the Minority Construction Council, which we recently joined. Special thanks to Sen. McCrory for the introduction to the Society for Human Engagement and Business Alignment, also known as SHEBA. Because of this connection, we have participated in presentations to their cohorts of minority owned start-ups, including their most recent cohort in February. In addition to continuing our partnerships with MCC, SHEBA, the Center for Women and Enterprise, and the Greater New England Minority Supplier Diversity Council, we recently became a member of the CT Black Business Alliance to foster similar relationships with their members and associated businesses and look forward to additional successful procurement opportunities with their members in the near future.

Mr. Davis also noted that the CLC Purchasing department now requests at least one bid or quote from a diverse supplier for each procurement when possible and uses state DAS diverse vendor search portal prior to solicitations; notifies organizations of solicitations; reports weekly, monthly, and quarterly on supplier diversity data; works with our marketing and advertising partners to identify additional diverse owned or operated media outlets and subcontractors.

Mr. Smith then discussed the upcoming budget for sports betting noting that with the change in operator, we will not have all of the details to present by June but more likely the August Board Meeting.

IV. Committee Reports:

a. Executive Committee:

Chair Simmelkjaer reported on the Executive Committee, noting that the Committee met on March 10th and received an update on sales and profits, and in Executive Session, an update on the gaming system transition as well as a discussion on the responsibilities of the President and CEO. No votes or actions taken.

b. Legislative & Games Committee:

Mr. Smith provided the Legislative & Games Committee report for Ms. Morton. He noted that the Committee met on April 10th primarily to review changes to both the Cash5 and Lotto! game rules to bring them in line with the new gaming system launching in May. These rules were approved by DCP and will be presented to the Board for approval later in the meeting. The Committee also discussed various bills that we are tracking this session including a bill that would bring all quasi-public entities under the review of the State Contract Review Board. We are actively working to not be under the State Contract Review Board due to the complexity of some of our contracts as well as the volume. Another bill allowing negotiations to occur regarding existing debts to the lottery and reductions of, or waiving of interest, if retailers can pay off principle is moving through the Public Safety Committee. Also, DCP has initiated a bill with regard to online gaming, background checks etc. his bill has also passed through the Public Safety Committee.

c. Personnel Committee:

Mr. Blanchette noted that the Personnel Committee met on April 10th as well, primarily to review the CLC's Affirmative Action Plan for year ending December 31, 2022. No votes or actions were taken at the meeting.

V. Executive Session:

On a motion by Mr. Ezzes and seconded by Mr. Blanchette, the Board moved to Executive Session at 12:39 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. Perrotti and Mr. Walter remained for items a. and b.

VII. New Business:

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

Upon returning to public session at 1:54 p.m., Chair Simmelkjaer noted that no votes or actions were taken while in Executive Session.

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

Resolved, that after review and due consideration, the Connecticut Lottery Corporation's Board of Directors hereby approves the terms of the Internet Lottery Gaming System and Services Contract with the prospective Successful Proposer and authorizes the Connecticut Lottery President to execute the Contract, upon its terms and conditions being finalized.

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

b. Review and Possible Action: Cash5 Game Rules

On a motion by Mr. Daskal, seconded by Mr. Cicchetti and unanimously approved, it was:

Resolved, that after review and due consideration and with recommendation from the Legislative and Games Committee, the CLC Board of Directors hereby approves the Cash5 game rules changes as presented.

c. Review and Possible Action: Lotto! Game Rules

On a motion by Mr. Dalena, seconded by Ms. Morton and unanimously approved, it was:

Resolved, that after review and due consideration and with recommendation from the Legislative and Games Committee, the CLC Board of Directors hereby approves the Lotto! game rules changes as presented.

VIII. Adjournment:

Chair Simmelkjaer thanked everyone for their attendance and noted that the next scheduled meeting of the Board is on June 8, 2023. On a motion by Mr. Cicchetti, seconded by Mr. Daskal, and unanimously approved, the meeting adjourned at 1:59 p.m.

Respectfully Submitted,

Melissa Durso
Corporation Secretary
CT Lottery Corporation