

Finance Committee

Minutes of Special Meeting

February 20, 2013
2:00 p.m.

Connecticut Lottery Corporation
777 Brook Street Rocky Hill
Connecticut 06067

Board Members: Robert Morgan, Chairman of the Finance Committee; Gale Mattison; Martin Stauffer; and Patrick Birney (telephonically)

Staff Members: Anne M. Noble, President & CEO; Paul Granato; Diane Patterson; Chelsea Turner; and Maryann Tarinelli

Call to Order: Chairman Morgan called the meeting to order at 2:01 p.m.

I. Approval of Minutes: On a motion by Mr. Stauffer, seconded by Mr. Mattison, and unanimously approved, it was:

“Resolved: That the minutes of the, November 28, 2012 Special Meeting are approved.”

II. Financial Statements - December 31, 2012:

Chairman Morgan requested that Mr. Granato take the Committee through a review of the financial statements for the 6-Months ending on December 31, 2012. Mr. Granato reported that the Connecticut Lottery Corporation completed the quarter with \$286.8 million in sales or \$8.7 million ahead of budget, which is at a pace that would meet budget, subject to future market conditions. Prize Expense was proportional to sales; and, the results for the quarter reflect the unclaimed prize for Lucky for Life in early November. Retailer commissions were up comparably to sales. Online systems were flat to budget, and Marketing and Advertising were under budget by \$700K. Production expenses are running ahead of budget by \$900K. Production costs of instant tickets were higher, as well as the number of games produced. Operating expenses were down \$431K compared to budget. The largest variance is for approved, but unfilled, open positions. General Fund Transfers of \$89.2 million in the quarter were up \$10.3 million compared to budget.

III. Executive Session:

At 2:42 p.m. Chairman Morgan called for a motion to enter into Executive Session. On a motion made by Mr. Mattison, seconded by Mr. Stauffer, and unanimously approved, the Board moved into Executive Session to discuss:

- New Game Initiatives: Lotto

Anne M. Noble, President & CEO, Paul Granato, Diane Patterson and Chelsea Turner were invited to join Executive Session. The board reconvened in regular session at 2:44 p.m. Chairman Morgan reported that no votes or actions had taken place during the Executive Session.

IV. Old Business:

None

V. New Business:

• Ernst & Young Contract Update

Ms. Noble informed the Committee that the Audit Committee will be recommending to the Board at the meeting scheduled on February 28, 2013 that the contract with Ernst & Young be extended for three additional one year terms.

• Annuity Inquiry

Ms. Noble informed the Committee of a request from the Office of Policy and Management regarding annuities. Ms. Noble stated that Management is currently in the process of responding to the request.

VI. Adjournment: On a motion made by Mr. Morgan, seconded by Mr. Mattison and unanimously approved, the meeting was adjourned at 2:55 p.m.

Respectfully Submitted,

By: Paul A. Granato
Chief Financial Officer
Connecticut Lottery Corporation