



**Special Meeting of the  
Finance Committee**

Held on

Thursday, February 20, 2020

at 10:00 a.m., Board Room

at the

Connecticut Lottery Corporation

777 Brook Street

Rocky Hill, Connecticut 06067

Committee Members: Patti Maroney, Chair of the Finance Committee; Patrick Birney (via teleconference); and Manny Langella (via teleconference).

Staff Members: Greg Smith, President & CEO; Paul Granato; Matthew Stone; Annmarie Daigle; and Kristen Williams.

I. Welcome:

Ms. Maroney called the meeting to order at 10:03 a.m.

II. Approval of June 3, 2019 Minutes:

On a motion made by Mr. Birney and seconded by Ms. Maroney, the minutes of the June 3, 2019 Finance Committee were approved, with Mr. Langella abstaining.

III. Approval of October 10, 2019 Minutes:

On a motion made by Mr. Birney and seconded by Ms. Maroney, the minutes of the October 10, 2019 Finance Committee were unanimously approved.

IV. New Business:

a. Review of Financial Statements for the period ended December 31, 2019:

Mr. Granato reported on the unaudited results for the period ended December 31, 2019. The reporting specified the individual game performance including sales, cost of sales, operating expenses and contributions to the General Fund.

Mr. Granato added that the sales revenue totaled \$636.8 million for the six months ended December 31, 2019 compared to \$664.6 million for the prior year. Total sales declined \$27.8 million or 4.2%, primarily due to lower sales in the multi-state games. Other revenue highlights include the instant ticket portfolio up \$2.2 million or 0.6% year-over-year, and Keno revenue up \$7.6 million or 15.8% year-over-year.

Ms. Maroney inquired if other states are reporting a decline in multi-state game sales as well, to which Mr. Smith reported they are and noted that the MUSL Game Group would be meeting soon to discuss this matter.

General fund transfers were \$184.1 million compared to \$185.9 million in the prior year. The lottery has returned profits in excess of \$1 million per day.

b. Quarterly Ratings Report of Insurance Companies:

Mr. Granato presented the Annuity Insurance Companies Quarterly Report to the Finance Committee for review. Currently the CLC has 158 active annuity contracts, with 29 of those contracts having payments beyond the winner's actuarial lifespan. The following insurance companies were specifically discussed:

**Mutual of America Life Insurance Company** - currently reported as having a "Negative" outlook; however, they also have an "A+" rating at this time. Mr. Granato reported that the outlook aspect mainly refers to the company's business planning. Additionally, he stated that there was no new activity with this vendor.

**Monarch Life Insurance Company** - continues to be under regulatory supervision; however, the CLC has no new policies in effect with this vendor.

c. Discussion of FY2020 Financial Statement Audit Timeline:

Mr. Granato reported that our auditors, Blum Shapiro, would be on site at CLC headquarters in mid-June 2020 to begin the audit process, with a target date of mid-September 2020 for completion of the audit. A presentation of the audit to the Board of Directors will take place at the October 2020 Board Meeting.

d. Discussion of FY2021 Budget Timeline:

Mr. Granato announced that the annual budget is due to be presented to the Finance Committee by May 1, 2020, in accordance with the CLC By-Laws. The finalized budget will be presented to the Board of Directors at the June 2020 Board Meeting.

V. Adjournment:

On a motion by Mr. Langella and seconded by Mr. Birney, the meeting adjourned at 10:35 am.

Respectfully Submitted,

---

Paul A. Granato  
Chief Financial Officer