



CT Lottery

MEETING TRANSCRIPTION

Executive Committee

Regular Meeting

May 13, 2021 at 10:00 a.m.

via teleconference

Committee Members: Robert Simmelkjaer, Board Chair; Wilfred Blanchette, Jr., Personnel Committee Chair; Andrew Meehan, Audit Committee Chair; and Margaret Morton, Legislative & Games Committee Chair.

Staff Members: Greg Smith, President & CEO; Pete Donahue; Paul Granato; Jodi Ketchale; Lauren Perrotti; Matthew Stone; Steve Wagner; Mark Walerysiak; and Annmarie Daigle.

I. Welcome:

(R. Simmelkjaer): Hello everyone, welcome. This is Rob Simmelkjaer, I am the Chairman of the Board of the Connecticut Lottery Corporation. Today is May 13, 2021 and I am calling to order this Regular Meeting of the Board's Executive Committee at 10:02 a.m. We are operating under Governor Lamont's Executive Order 7B and to explain the impact of that on this meeting let me introduce Matt Stone, the General Counsel of the Connecticut Lottery Corporation.

(M. Stone): Thank you Mr. Chairman. This is Matt Stone, General Counsel for the Lottery, and as the Chair mentioned, we do continue to operate under that Executive Order and the primary thing for speakers to remember today about this meeting is to identify yourself by name before speaking. I know this can be awkward in a conversation but it is a requirement of the Executive Order, so please do your best. That is all, back to you Mr. Chairman.

II. Approval of the March 11, 2021 Executive Committee Special Meeting Minutes:

(R. Simmelkjaer): Thank you Matt. Again, this is Chairman Simmelkjaer. The first item on the agenda is to approve the March 11, 2021 Executive Committee meeting minutes, may I have a motion?

(W. Blanchette): Will Blanchette, so moved.

(M. Morton): Peg Morton, second.

(R. Simmelkjaer): Thank you. All those in favor?

(All): Aye.

(R. Simmelkjaer): Any opposed? Any abstentions? The minutes are approved.

III. Update on FY2021 Budget Process:

(R. Simmelkjaer): We will move down the agenda, I know my welcome was a brief one but as we move along I'll mention some of the things that are happening that are of interest to folks in the public and then we'll go into Executive Session a little later in the meeting to go into further

detail on a few items. Let's go to item three now which is an update on the budget process for fiscal year 2022. Greg is that you?

(G. Smith): Yes, thank you. This is Greg Smith. Just for the Executive Committee's awareness, noting that our Finance Committee chair has been out for a few months, I've had a few conversations with her and we have a meeting planned for next week to do the budget review; the first pass of the budget has already been issued to the Finance Committee members in the beginning of May and we expect to have a second draft to you this Friday for use in the meeting that is scheduled for next week. I think it's worth noting now our footing in what the future looks like is still a bit unsure. We've been experiencing great sales and it would be really fun to think that we could keep this growth going, much less these sales going, and so don't be surprised if we are a little bit more conservative in what sales growth might look like for fiscal 2022 as you look at these numbers.

(R. Simmelkjaer): Understood. This is Rob Simmelkjaer, it's obviously been quite a year for sales, we've all been theorizing and discussing what's behind the incredible growth that we've seen, of course we want to sustain that the best we can but have to be realistic that with all the changes of reopening and all the other things going on right now with the economy it's not always clear what the impact of that may be on lottery sales. So we understand that, and look forward to seeing that in the Finance Committee. Anything else on that?

(G. Smith): This is Greg, we have no line item for sandbagging on this, it's really just that we've recognized four years of growth in one year and so we are going to work on maintaining that more so than exceeding that.

(R. Simmelkjaer): Understood. Thank you for that.

IV. Update on iLottery RFP:

(R. Simmelkjaer): Unless anyone has any questions on that we will move on to item four which is an update on the iLottery RFP. What I'll say quickly on this for the members of the public, RFPs are available for review on the lottery website, we have a couple of active RFPs out right now that are pending legislation. We are following closely as are many others in the state, the legislative process around the gaming modernization bill that we expect to be introduced in fairly short order in the House and so we are waiting for that to happen; that law, if passed, will authorize Connecticut Lottery to begin online sales of certain lottery products -- draw games, Keno, primarily -- so in preparation for that we have issued an RFP for vendors to assist us in bringing that product to market. Greg, do you want to update us on status of that RFP?

(G. Smith): That RFP has been in development for a while, it has been modified by the language that we are expecting to see as far as certain games we are allowed to offer and it actually took a back seat to the sports betting documentation that we have prepared and have issued. We are finalizing the iLottery RFP and will put it out as soon as that's done, I expect in the next five or six work days so it might beat the legislation to market, or it might not, but it will have the same caveats, as nothing will be done until it's legal.

(R. Simmelkjaer): Yes, thank you for correcting me on that; so that RFP has not been issued yet but it's in preparation being issued in the coming days, weeks?

(G. Smith): Let's say days, but not thinking tomorrow.

(R. Simmelkjaer): Very good, thank you. So keep an eye out for that. Anything else on that?

(G. Smith): That is all.

V. Update on Sports Betting RFP:

(R. Simmelkjaer): Moving on to our next item which is the discussion of the Sports Betting RFP. As I was saying related to iLottery, we are expecting through this legislative process, the Connecticut Lottery to be authorized to operate both online and retail sports betting. We issued an RFQ, a Request for Qualifications, in late April and invited qualified vendors to submit their qualifications to partner with Connecticut Lottery on sports betting in Connecticut. As has been stated publicly, we received 15 qualification documents in response to that RFQ and we invited five companies to present to us directly through that process and we issued a formal RFP on May 10, Monday of this week. Of the five companies that we spoke to we invited specifically four to respond to that RFP but anybody can see and respond to the RFP, it is on our website as well right now. That RFP as is the iLottery RFP, of course is contingent on legislative passage of this law which we can expect to happen soon but respondents will be asked to submit formal RFPs 14 days after passage and signature of the gaming modernization bill that I mentioned earlier. So that is the status; Greg what can you add to the sports betting RFP process?

(G. Smith): Really not much, there is a timeline on it that has the qualifiers or pending nature of certain things but it's been out there, it asks the right questions and we're looking for the responses from the companies that we focused it on and then we'll potentially see some other responses from companies who choose to come forward on their own.

(R. Simmelkjaer): One thing that I can briefly add is that the Sports Betting Development Committee, which consists of four members of the Board – myself along with Will Blanchette, Andrew Meehan and Manny Langella – all have met and all were present for our conversations with the companies who were invited to present. The companies who were invited, were invited primarily based on their qualifications that were presented and based on our expectation of the law and the language of the law that we expect to be in the bill that is voted on by the legislature. We invited companies that we felt were capable of complying with that likely legislative language as well as companies that fit with our current business strategy of how to execute sports betting in the state.

[Brief pause, loss of internet connectivity]

(R. Simmelkjaer): Ok, we are back after a brief internet outage at lottery headquarters. We are discussing item five, the sports betting RFP. Bottom line is that process is continuing, awaiting legislative language and the passage of law we will continue to progress that and you can find the RFP on the Connecticut Lottery website and we'll continue that process. We'll move on to Executive Session to discuss an update on the gaming system procurement process, a real estate update, and an update on litigation so I'll ask for a motion to go into Executive Session.

(M. Morton): This is Peg Morton, I move that we go into Executive Session.

(W. Blanchette): Will Blanchette, second.

(R. Simmelkjaer): All those in favor?

(All): Aye.

(R. Simmelkjaer): Any opposed? Great, we'll go into Executive Session at 10:16 a.m.

VI. Executive Session:

- a. Gaming System Procurement Update
- b. Real Estate Update
- c. Discussion of Pending Claims and Litigation: Civil Suits and CHRO Matter.

VII. Discussion and Actions, if any, on Items Discussed during Executive Session:

(R. Simmelkjaer): This is Rob Simmelkjaer, Board Chair of the Connecticut Lottery Corporation. We just left an Executive Session at 10:40 a.m., there were votes or actions taken.

VIII. Adjournment:

(R. Simmelkjaer): With that we have completed our agenda, so I will ask for a motion to adjourn.

(M. Morton): So moved, Peg Morton.

(W. Blanchette): Blanchette, second.

(R. Simmelkjaer): All those in favor?

(All): Aye.

(R. Simmelkjaer): Any opposed? Ok, this meeting of the Executive Committee is adjourned at 10:40 a.m. Thank you all very much. Our next full Board meeting is on June 10th and we'll of course notice any additional meetings coming up of any of the committees including the Sports Betting and Development Committee, publicly so just keep an eye on our website and thanks again to everyone.

Respectfully submitted,

Matthew Stone
Corporate Secretary
Connecticut Lottery Corporation