



**Special Meeting
of the Board of Directors of the
Connecticut Lottery Corporation
MEETING TRANSCRIPTION / MINUTES**

Held on
Tuesday, March 17, 2020 at 3:00 p.m.
via teleconference
at the
Connecticut Lottery Corporation
777 Brook Street
Rocky Hill, Connecticut 06067

Board Members Present: Patrick Birney, Vice Chair of the Board; Wilfred Blanchette Jr.; Dawna Capps Evans; John Flores; James Heckman; Manny Langella; Patti Maroney; Margaret Morton; and Michael Thompson (all via teleconference).

Staff Members Present: Gregory Smith, President and CEO; Vice President; Matthew Stone; Tara Chozet; Annmarie Daigle; and Thomas Trella.

I. Welcome:

(P. Birney): Good afternoon. This is Patrick Birney and I'd like to call the Special Meeting of the Board of Directors of the Connecticut Lottery Corporation to order. First I'd like to thank everyone for taking time out of their hectic schedules and all that is going on in the world, we truly appreciate you taking the time to participate in this special meeting. First order of business is an update regarding the business continuity plan arising from the COVID-19 public health issues and I'm going to hand the gavel over to Greg Smith on that issue.

(G. Smith): I'm going to do that, but I'm going to let Matt Stone advise us of a couple of teleconference procedures so that any member of the public who is listening can understand who is talking. Matt can you take us through that.

II. Update Regarding Business Continuity Plan Arising from COVID-19 Public Health Issues:

(M. Stone): This is Matt Stone, General Counsel for the Lottery and the reason I'm saying that is that during this portion of the meeting when the public is listening in on the phone, any of the Board members on the phone or any of us here who speak, need to identify ourselves by name each time we have something to say so the public knows who is speaking. That's part of Governor Lamont's Executive Orders. And just so it's clear to all the Board members on the phone, there are no members of the public in the room but we do have members of the public listening on a separate phone line and when it comes time for the Executive Session we will take that public phone line out of the room. That public phone line will be kept open for the duration of the Executive Session and then once the Executive Session is over that phone will be brought

back into the room so that the meeting can continue and the public can hear any further actions or discussions that the Board may have after the Executive Session. That is all I have on procedures. Any questions?

(P. Birney): Ok, hearing none. This is Patrick Birney, hearing no questions, obviously Matt feel free during the course of the public session to remind speakers to identify themselves so that we have a record, and so the public knows who is speaking. I am going to turn the gavel over now to Mr. Smith regarding the business continuity plan based on the COVID-19 health issues.

(G. Smith): This is Greg Smith, President of the Connecticut Lottery. I am going to cover a couple of vantage points regarding business continuity and our preparation. My first point is to give you a sales measure which is one of the ways for us to determine how the current activity is holding up, and how aggressively should we continue our operation as a money maker for the state. Last week our sales were \$26.2M. That was \$1M down from prior normal week or about a 4% drop. Almost all of that drop occurred on Friday and Saturday; so the first five days of the week were quite normal, then Friday and Saturday is when many of the closures and cancellations of different activities started. This week, so far we are down about 8% from the prior week so another measure of drop and that's measured from Sunday and Monday sales compared to last week's Sunday and Monday sales. With schools being closed, and yesterday's announcement that bars and restaurants and movie theaters and things like that being closed, we experienced some drop this week as well. Today is moving along pretty nicely, similar to yesterday. We are not seeing an additional decline, we're at somewhat of a steady state compared to yesterday, some of the games selling different than others, some of that is driven by the drawing days, so Lucky for Life was drawn yesterday and sales were stronger than today, Mega Millions draws today and sales are stronger today than yesterday, so a little bit of a back and forth by game. The bars and restaurants, when I think of the Keno game, they represent 24% of our Keno sales and losing those will -- just by that application of percentage -- will likely result in a \$700,000 decline in weekly sales for Keno so we know we can build in that kind of drop off compared to last week. That's the sales perspective, I just wanted to give you that vantage point. Sales decline is in the range of more than 5% decline, less than 10%.

(P. Birney): Before you move on Greg, any questions on the statistics that Greg just shared with us?

Ok this is Patrick, I have a question to reiterate the Keno number, do you anticipate that that is going to be the most partially affected as a closure of the retail pouring establishments?

(G. Smith): We measure the Keno game by trade style and for these numbers we look just for Keno game sales not other game sales. With all the bars and restaurants, fraternal in those categories that are closed to the public for in-facility dining, our sales of late have been around \$2.8 million per week, the bars and restaurants are just about one quarter of that, at approximately \$700,000. Many social establishments have a very strong, if not sole dominance of Keno as their lottery sales and so I think ball parking this as a \$700,000 loss compared to last week is expected.

(M. Morton): You said drinking and eating establishments, what about the effect on the walk-ins in various stores?

(G. Smith): We sell the Keno game in every one of our retail locations, all 2,900 sell it. Three quarters of our Keno sales happen in places that are convenience stores, grocery stores, liquor stores, markets, etc. We are seeing sales declines overall, roughly between 5 and 10 percent and just this week, meaning starting

today, is when this \$700,000 of estimated lost Keno revenue would start occurring. But sales of other games are holding pretty well.

(M. Morton): OK. I misunderstood, thank you.

(G. Smith): I am going to continue on with what our preparedness looks like. I'm not going to go into incredible depth but we do have a disaster recovery alternate facility in the town of Newington. We monitor that site every month, more than once. We have the ability to get about half of our office staff and warehouse staff over there working. We tested this and had all of our departments there last April for disaster recovery preparedness and we are ready to do that again if we need to leave this building. We are not planning to leave this building, but we are preparing if we need to. We will be identifying essential staff for the first couple of days and then we'll work on an ongoing list, assuming any absences from Brook Street would be no less than two weeks.

(P. Birney): Any questions from members of the Board from that component of Mr. Smith's report? This is Patrick, I have one question, could you provide the Board with a scenario where you would need to go the alternate site?

(G. Smith): If we are aware that an employee comes to work and has the virus, we believe that the right answer is to stop operations here and clean this building. That could be an example of why we need to go there.

(P. Birney): Ok and could you just follow up for the newer members of the Board, provide a little background information about this site, it is not something that was invented yesterday, just some background information about the site and why we have it.

(G. Smith): Ok so the site we have is on Alumni Road in Newington, Connecticut. It used to be the main headquarters office of the CLC up until the late 1990s. It has a warehouse area and an office area. It was the office at the time of the shooting at the lottery in 1998. We have maintained much of the office space and continue to hold a lease on that location for the purposes of disaster recovery and business continuity. It has computer equipment in it, desk stations set up, offices, shipping stations in the warehouse area, and some overflow supplies so tomorrow, if we had to go there, we would have some staff operating immediately and many of our operations in position. We would start to flex that out as we move along each day.

(P. Birney): Ok, go on Greg.

(G. Smith): Ok, thinking of the drawings, we currently perform our drawings at the Fox61 studio in Hartford. Fox61 is a tenant in that building and we need to be prepared to potentially perform drawings in another location if for any reason that building becomes closed. We are working with the Department of Consumer Protection (DCP) and looking at what other lotteries are doing to see if we are prepared for continuing our drawings if we are being removed from that building either for the purpose of cleaning or limited access to the building. We are in active discussions with DCP about how to keep that moving along. One step that we are also working on now with the folks at DCP is we expect to extend our prize claim time period for all games so that if the public is not able to go to a retail location, one of our hi-tier claim centers, or here, their ticket or their prize will not expire on them until they are able to come here safely. We are developing plans for that, we've actually put out a message yesterday on social media asking the public to refrain from coming here and that we have always had a mail-in opportunity. We will put a notice on our

website -- another message of communication -- to announce that we're encouraging the public not to come here, to use the mail-in opportunity and that any larger claims that need to be done in-person, we will talk to the person and make arrangements. We also don't want someone who has a \$1 win who doesn't feel comfortable going out to their local store to feel like they are going to miss claiming their prize. We are editing the rules to bring that forward and will talk with DCP about doing that; we're not in a position to do that today, or else I'd bring that forward at this group for a decision. We will see what is necessary and if that includes a vote of the Board before we can implement that step.

(P. Birney): Ok this is Patrick Birney, any questions on the two points that Greg just made?

(W. Blanchette): Patrick this is Will Blanchette. I have kind of a two-tiered question. Are we controlling access to the building in any way, if someone comes in and passes a ticket through, how do we know that person has not been infected and what are doing to protect the employees in the building? And the second part is what about the staff that is out and about, are we doing anything to protect them or test them on a regular basis?

(G. Smith): This is Greg. I'll address each one of those questions. First off, no one is coming into the building other than employees at this point in time. If we had a critical mechanical, operational, HVAC or plumbing issue, for example, where we had to have an outside maintenance worker come in, we will assess them, bring them in, have them go through hand washing and ensure things of that nature get attended to and then look at having them proceed. Right now we're not having the public come into the building for meetings or anything. Our staff members have all been given guidance at a company meeting on Friday as well as ongoing messaging about making healthy decisions. If you're not comfortable coming to work you can stay home. The administration put out some guidance that we fine-tuned for our staff so they will know how to report their time and decisions they can make. For our sales staff, if you don't feel comfortable going into the stores, you can say, I'm not going to be performing my job and either use sick time or request the two weeks of pay under the guidance from the administration and that started yesterday.

(W. Blanchette): Ok, thank you.

(P. Birney): Any other questions?

(G. Smith): This is Greg. I just wanted to make one last point. We are staying in contact with the state government, we maintain contact with OPM so that we continue to report our sales, our general fund transfers, and any changes in our operation which would affect sales and profits.

(P. Birney): OK, anything else on agenda item two, Greg?

(G. Smith): That's all I have.

III. Executive Session:

(P. Birney): OK, any other questions from members of the Board on agenda item two? Hearing none, the next agenda item is Executive Session, Discussion of Pending Claims and Litigation: Potential Settlement on Pending Claim and update on Litigation. I will entertain a motion and a second and then we'll take a vote on moving to Executive Session. Can I get a motion?

(M. Morton): This is Peg Morton, I'll move the motion.

(D. Capps Evans): Second, this is Dawna Capps Evans.

(P. Birney): Ok we have a motion and a second, all those in favor of moving to Executive Session, please signify by saying 'Aye'.

(All): Aye.

(P. Birney): Any opposed? Any abstentions? Hearing none, let the record reflect that the motion passed unanimously and we are now moving to Executive Session at 3:32 p.m. Greg, could you please let us know who will be in the room for Executive Session?

(G.Smith): Myself and Matt Stone.

IV. Discussion and Action, if any, on Items Discussed during Executive Session:

(G. Smith): Ok we have the phone line that the public has called into back in the room. Mr. Birney, I give it back to you to come out of Executive Session.

(P. Birney): Let the record reflect that the Board came out of Executive Session at 4:30 p.m. and also let the record reflect that that no votes or actions were taken during Executive Session.

V. Adjournment:

(P. Birney): At this point I'd like to entertain a motion to adjourn this special board meeting.

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

(J. Heckman): Jim Heckman, second.

(P. Birney): All those in favor of adjourning the meeting signify by saying 'Aye'.

(All): Aye.

(P. Birney): Any opposed? Abstentions? The Board meeting is adjourned at 4:31 p.m. Thanks everyone again. Good health for everyone, we really appreciate your participation in this lengthy meeting today and we look forward to seeing everyone as soon as possible. Thank you.

Respectfully Submitted,

Matthew Stone
Corporation Secretary
CT Lottery Corporation