

Audit Committee

Minutes
Of Special Meeting

Held on
September 19, 2012 at 12:00 p.m.

at
Connecticut Lottery Corporation
777 Brook Street
Rocky Hill, Connecticut

Committee Members Present:

Martin Stauffer, Chair of the Audit Committee; Steven Bafundo; Patrick Birney (telephonically until 12:19 p.m., when he was present in person); Michael Thompson

Other Attendees:

Gale Mattison, Vice-Chair of the Board; Anne M. Noble, President & CEO; Chelsea Turner; Diane Patterson; Paul Granato; Michael Hunter; and Lana Glovach

Invited Guests:

Louis Roberts and David Milkosky of Ernst & Young

Call to Order:

Mr. Stauffer called the meeting to order at 12:14 p.m.

I. Approval of Minutes:

On motion made by Mr. Bafundo, seconded by Mr. Thompson, and unanimously approved, it was:

“Resolved, That the minutes of the June 6, 2012 Telephonic Special Meeting of the Audit Committee are approved.”

On motion made by Mr. Thompson, seconded by Mr. Bafundo, and unanimously approved, it was:

“Resolved, That the minutes of the June 7, 2012 Special Meeting of the Audit Committee are approved.”

II. Executive Session:

At 12:15 p.m., Mr. Stauffer proposed a motion to enter into Executive Session to discuss the following:

- Review of Draft FY 12 Ernst & Young Year End Audit Report
- Review of Draft Policies
- Attorney/Client Communications concerning the following:
 - Department of Consumer Protection Audits
 - Online Gaming System Contract
 - Pending Claims and Litigation

On motion made by Mr. Bafundo, seconded by Mr. Thompson, and unanimously approved, the Audit Committee entered into Executive Session. Mr. Mattison, Ms. Noble, Ms. Turner, Ms.

Patterson, Mr. Granato, Mr. Hunter, and Ms. Glovach were invited to attend the entire Executive Session. The Executive Session topics were discussed in the following order:

- Review of Draft FY 12 Ernst & Young Year End Audit Report
- Review of Draft Policies
- Attorney/Client Communications concerning the following:
 - Department of Consumer Protection Audits
 - Pending Claims and Litigation
 - Online Gaming System Contract

Messrs. Roberts and Milkosky were invited to attend only that portion of the Executive Session concerning the review of the draft FY 12 Ernst & Young year end audit report. At 12:45 p.m. and at the Committee's request, the listed CLC staff left the room so that the Committee could speak with the Ernst & Young representatives. The Committee asked the listed CLC staff to re-enter the room at 1:03 p.m., and said staff remained in the room for the remainder of the Executive Session.

Mr. Birney left the meeting at 2:21 p.m., prior to the discussion on the online gaming system contract, and did not return.

At 2:23 p.m., the Audit Committee reconvened in regular session. Mr. Stauffer stated that no actions or votes had taken place during the Executive Session.

III. Old Business:

None.

IV. New Business:

A. Department of Consumer Protection Audits

Mr. Stauffer stated that the Committee reviewed management's partial pack return policy and understands that management will send it to the Department of Consumer Protection. Mr. Stauffer also stated that the Committee reviewed management's response to the advertising allocation audit and understands that management will send this response to the Department of Consumer Protection as well.

B. Retention and Legal Fees re: Sandra Cady's claims

Mr. Stauffer made the following statement:

"Given the importance to the Corporation of a vigorous and consistent defense to the Freedom of Information Commission and Commission on Human Rights and Opportunities complaints brought by Sandra Cady against the Corporation and its President, the Audit Committee supports the President's determination that the retention and continued use, without open or competitive bidding, of the law firm of Jackson Lewis (counsel selected by Chubb, the Corporation's carrier) in the defense of those complaints and any additional complaints Ms. Cady may file is in the Corporation's best interests. Such action is consistent with the Corporation's purchasing policy and enabling legislation and enables expertise and efficiency in the defense and management of these claims."

V. Adjournment:

On motion made by Mr. Thompson, seconded by Mr. Bafundo, and unanimously approved, the meeting was adjourned at 2:36 p.m.

Respectfully submitted,

 /s
Lana M. Glover
General Counsel
Connecticut Lottery Corporation