

Audit Committee

Minutes Of Special Meeting

Held on
November 13, 2012 at 3:00 p.m.

at
Connecticut Lottery Corporation
777 Brook Street
Rocky Hill, Connecticut

Committee Members Present:

Martin Stauffer, Chair of the Audit Committee; Robert Dakers; and Patrick Birney (telephonically)

Other Attendees:

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

Call to Order:

Mr. Stauffer called the meeting to order at 3:05 p.m.

I. Approval of Minutes:

On motion made by Mr. Birney, seconded by Mr. Dakers, and unanimously approved, it was:

“Resolved, That the minutes of the September 19, 2012 Special Meeting of the Audit Committee are approved.”

II. Status Update re: Online Gaming System Contract

Ms. Noble reported that she is pleased with the progress in the discussions with Scientific Games, the highlights of which will be discussed in executive session.

III. Status Update re: Proposed Department of Consumer Protection Regulations

Ms. Turner reported that the DCP has submitted draft regulations to OPM and the Governor's Office for consideration. While progress has been made in reaching agreement with the DCP on the content of the regulations, some outstanding differences remain. A general discussion of the regulations' history and status continued, with inquiries from Mr. Birney about the Audit Committee's role. Ms. Noble gave a brief discussion of the history of the proposed regulations, commencing in 2008. Mr. Birney requested a copy of the proposed regulations, and management also indicated that a summary document would be prepared and distributed in the future.

IV. Executive Session:

At 3:16 p.m., Mr. Stauffer proposed a motion to enter into Executive Session to discuss the following:

- Update on Security Assessment
- Attorney/Client Communications concerning the following:
 - Walker Digital, LLC et al. v. MUSL

- Department of Consumer Protection Audits
- Online Gaming System Contract

On motion made by Mr. Birney, seconded by Mr. Dakers, 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. Attorney Duval was invited to attend the discussion of the first two items.

Mr. Birney left the meeting at 4:26 p.m., prior to the discussion on the online gaming system contract, and did not return.

At 5:00 p.m., the Audit Committee reconvened in regular session. Mr. Stauffer stated that no actions or votes had taken place during the Executive Session.

V. Old Business:

Mr. Granato reported that the Lottery received Scientific Games' SSAE 16 (formerly SAS 70) report prepared by Berry Dunn, which noted no relevant material deviations.

VI. New Business:

A. Distribution of Enabling Legislation and By-Laws

Ms. Glovach distributed the Lottery's statutes and bylaws to the Committee members in anticipation of a review and discussion of possible changes in the new year.

B. Review and Possible Action re: Online Gaming System Contract

Ms. Noble confirmed that, at the next Audit Committee meeting, management will present the material terms of the proposed contract amendment for the Committee's review and recommendation to the Board of Directors.

C. Review and Possible Action re: Walker Digital, LLC et al. v. MUSL

Mr. Stauffer stated that the Audit Committee has been updated on this matter and anticipates that the President and General Counsel will provide another status report at the next Audit Committee and/or Board of Directors meeting.

VII. Adjournment:

The meeting was adjourned at 5:05 p.m.

Respectfully submitted,

/s/
Lana M. Glovach
General Counsel
Connecticut Lottery Corporation