

Audit Committee

Minutes of Telephonic Special Meeting

Held on
October 20, 2015 at 1:00 p.m.

at
Connecticut Lottery Corporation
777 Brook Street
Rocky Hill, Connecticut

Committee Members: Robert Morgan, Chair of the Audit Committee; Steven Bafundo; Patrick Birney; Robert Dakers; and Michael Thompson.

CLC Staff Members: Anne Noble, President & CEO; Lana Glovach; Paul Granato; Michael Hunter; Chelsea Turner; Annmarie Daigle; and Cynthia Hadden.

Call to Order: Mr. Morgan called the meeting to order at 1:03 p.m.

I. Approval of Minutes

On motion made by Mr. Thompson, seconded by Mr. Birney, the minutes of the September 15, 2015 Special Meeting of the Audit Committee were approved.

II. Update on Status of Keno

Ms. Noble first thanked the Committee for their attendance via telephone. She then gave an update on the status of Keno including ongoing planning and recruitment efforts. She also discussed the contract with Scientific Games and the option to exercise an extension of that contract.

III. Update on Status of Multijurisdictional Games

Ms. Noble briefed the Committee of recent developments in the Tipton matter. She explained that on October 9, new allegations of alleged fraud were made in the states of Colorado and Wisconsin. These allegations involve games in which the CT Lottery is not involved. Further, the games in which fraud is alleged required a manual pick; the game in Connecticut that used a random number generator was a quick pick style only. DCP reasonably believes, as does the CT Lottery, that Connecticut was not a target of Mr. Tipton's fraud. We will continue to monitor the situation.

IV. Executive Session

At 1:12 p.m., Mr. Morgan reviewed the agenda and stated the items to be discussed in Executive Session:

- Attorney/Client Communications Re:
 - Contract with Scientific Games
 - MUSL Governance

On motion made by Mr. Bafundo, seconded by Mr. Thompson, and unanimously approved, the Audit Committee entered into Executive Session. Ms. Noble, Ms. Glovach, Mr. Granato, Mr. Hunter, and Ms. Turner were invited to attend the Executive Session.

At 1:22 p.m., the Committee reconvened in regular session. Mr. Morgan stated that no actions or votes had taken place during Executive Session.

V. Old Business

No Old Business was discussed.

VI. New Business

Review and Possible Action Re: Contract with Scientific Games.

The following resolution was read by Ms. Glovach for the Audit Committee's consideration, regarding the Gaming System Contract Extension:

Recognizing that approval of Keno game rules rests with the Corporation's Board of Directors and the Department of Consumer Protection, it is hereby

Resolved, that the Audit Committee recommends to the Board of Directors that the Board authorize the CLC to exercise an option to extend the gaming system contract for seven (7) years from the date of commencement of Keno sales and authorize the President, on the Corporation's behalf and for its benefit, to exercise an option to extend that contract, with the CLC to pay the \$5.4 million fee in equal monthly payments of \$225,000 for a two year period beginning with the Corporation's acceptance of the initial delivery of Keno terminals at the Scientific Games warehouse located in Connecticut.

A motion was made by Mr. Morgan, seconded by Mr. Birney, and unanimously approved.

VII. Adjournment

On motion made by Mr. Bafundo, seconded by Mr. Birney, and unanimously approved, the meeting was adjourned at 1:29 p.m.

Respectfully submitted,

Chelsea E. Turner
Secretary
Connecticut Lottery Corporation