



**Minutes of the Meeting of the Board of Directors
held at 8:30 am (PT) 29 October 2015**

Location: Boardroom – BCLC, 2940 Virtual Way, Vancouver, BC

Board Present:

Bud Smith	Chair
Art Willms	Vice Chair
Trudi Brown	
David Gillespie	
Robert Holden	
Moray Keith	
Wendy Lisogar-Cocchia	

Board Not Present:

Christina Anthony

Management Present:

Jim Lightbody	President and Chief Executive Officer
Amanda Hobson	Chief Financial Officer and Vice President, Finance and Corporate Services
Monica Bohm	Vice President, eGaming
Jamie Callahan	Vice President, Human Resources
Brad Desmarais	Vice President, Casino and Community Gaming
Susan Dolinski	Vice President, Social Responsibility and Communications
Lynette DuJohn	Chief Information Officer
Kevin Gass	Vice President, Lottery Gaming
Rob Kroeker	Vice President, Corporate Security and Compliance
Kahlil Philander	Director, Social Responsibility (Item 6.1 only)
Jennifer Keim	Corporate Secretary
Jennifer Smith	Associate Corporate Secretary
Suzanne Rowley	Assistant Corporate Secretary

Observers & Guests:

Dr. Luke Clark, UBC Centre for Gambling Research (Item 6.1 only)
 Bill Elliott, Avison Young (Item 8.6 only)
 Matt Walker, Avison Young (Item 8.6 only)
 Matthew Craig, Avison Young (Item 8.6 only)

Bud Smith took the Chair at 8:30 am with Jennifer Keim acting as recording secretary. As proper notice of the meeting had been given and a quorum was present, the Chair declared the meeting to be regularly constituted and open for the transaction of business at 8:31 am.

1 ADOPTION OF AGENDA

The agenda was amended to add two items:

- Treasury Board Performance Metrics as Item 7.9; and
- Response to Minister's Letter as Item 9.1.1.

On motion duly made, seconded and carried, the agenda was adopted as amended.

2 APPROVAL OF MINUTES

The minutes of the 28 July 2015 meeting were presented.

On motion duly made, seconded and carried, the minutes of the meeting were approved.

3 REPORT BY CHAIR

Bud Smith commented on the current relationship with Government, noting that recent meetings with the government Caucus, MLA David Eby, and other elected representatives were constructive.

4 REPORT BY PRESIDENT

Jim Lightbody reported on the performance of all three lines of BCLC's business for the fiscal year to date. BCLC's current focus is on innovation to drive new business opportunities in accordance with BCLC's strategy. He noted the strong engagement results received from the recent employee engagement survey.

5 COMMITTEE REPORTS

5.1 Audit Committee

Discussion

Robert Holden delivered the Audit Committee report, noting the attendance of Carol Bellringer, Auditor General of British Columbia. He advised that all items on the Audit Committee agenda had been successfully completed and several approval recommendations will be coming forward to the Board today.

5.2 Governance and Corporate Social Responsibility Committee

Discussion

David Gillespie delivered the Governance and Corporate Social Responsibility Committee report. All agenda items on the Governance and Corporate Social Responsibility Committee agenda were completed. David reported on the Board evaluation survey, noting overall positive results and areas of possible improvement.

5.3 Human Resources and Compensation Committee

Discussion

Trudi Brown delivered the Human Resources and Compensation Committee report, noting that certain items from the Committee meeting will be coming forward for Board approval.

5.4 Risk Committee

Discussion

Moray Keith delivered the Risk Committee report and noted concerns from the business continuity updates regarding the potential impact of a labour disruption on a service provider. All items on the Risk Committee agenda were completed.

6 BOARD EDUCATION

6.1 Presentation: Centre for Gambling Research

Discussion

Dr. Luke Clark, Director of the UBC Centre for Gambling Research, presented on operational progress made and research projects initiated during the Centre's first year in operation. Dr. Clark discussed the need to take a wider approach to analyzing gambling behaviors, considering the gambling environment, not just the gambler.

7 APPROVALS

7.1 Q2 Financial Statements

Approval

Amanda Hobson presented the report, highlighting that net win is ahead of budget and ahead of last fiscal year, driven by strong lottery and slots performance which is offsetting a decrease in table game net win. Discussion followed.

On motion duly made, seconded and carried, the following resolution was adopted:

WHEREAS the Board has reviewed the financial statements for the second quarter of fiscal year 2015/2016;

AND WHEREAS the Board has received a recommendation from the Audit Committee to approve such statements;

NOW THEREFORE be it resolved that:

1. The financial statements for the second quarter of fiscal year 2015/2016 are hereby approved; and
2. Any officer or director is hereby authorized on behalf of the Corporation to execute and deliver all such documents and instruments, and to do all such other acts and things as in his or her opinion may be necessary or desirable to give full effect to the foregoing resolution.

7.2 Q2 Revised Forecast & Projections

Approval

Amanda Hobson presented highlights from the report. Discussion followed.

On motion duly made, seconded and carried, the following resolution was adopted:

WHEREAS the Board has reviewed the Corporation's forecast for the second quarter of fiscal year 2015/2016 and 2016/17-2019/20 projections (the "Q2 Revised Forecast and Projections");

AND WHEREAS the Board has received a recommendation from the Audit Committee to approve the foregoing;

NOW THEREFORE be it resolved that:

1. The Q2 Revised Forecast and Projections are hereby approved; and
2. Any officer or director is hereby authorized on behalf of the Corporation to execute and deliver all such documents and instruments, and to do all such other acts and things as in his or her opinion may be necessary or desirable to give full effect to the foregoing resolution.

7.3 Compensation Philosophy & Plan

Approval

Jamie Callahan reviewed the proposed Compensation Plan and confirmed that it meets all Public Sector Employers' Council ("PSEC") requirements communicated to BCLC. Discussion followed.

On motion duly made, seconded and carried, the following resolution was adopted:

WHEREAS the Board has reviewed the Compensation Plan;

AND WHEREAS the Board has received a recommendation from the Human Resources and Compensation Committee to approve the foregoing;

NOW THEREFORE be it resolved that:

1. The Compensation Plan is hereby approved; and
2. Any officer or director is hereby authorized on behalf of the Corporation to execute and deliver all such documents and instruments, and to do all such other acts and things as in his or her opinion may be necessary or desirable to give full effect to the foregoing resolution.

7.4 Compensation Review & Salary Planning (2016/17 merit)

Approval

Jamie Callahan provided an overview of the report and highlighted the cost effect of the proposed merit increases, which are informed by BCLC's external salary benchmarking. Discussion followed.

On motion duly made, seconded and carried, the following resolution was adopted:

WHEREAS the Board has reviewed Management's proposal for a merit increase to salaries for fiscal year 2016/17 contained within the Compensation Review & Salary Planning (2016/17 merit) (the "Increase");

AND WHEREAS the Board has received a recommendation from the Human Resources and Compensation Committee to approve the foregoing;

NOW THEREFORE be it resolved that:

- 1. The Increase is hereby approved; and*
- 2. Any officer or director is hereby authorized on behalf of the Corporation to execute and deliver all such documents and instruments, and to do all such other acts and things as in his or her opinion may be necessary or desirable to give full effect to the foregoing resolution.*

7.5 BCLC Pension Plan (Restated)

Approval

Jamie Callahan presented the report. Discussion followed and The Board requested that Management make certain grammatical revisions to ensure that the Pension Plan is gender neutral throughout.

Subject to the foregoing revisions, on motion duly made, seconded and carried, the following resolution was adopted:

WHEREAS the Corporation sponsors a pension plan known as The British Columbia Lottery Corporation Pension Plan (the "Plan");

AND WHEREAS Section 13 of the Plan authorizes the Corporation to amend, modify or terminate the Plan, provided that such action is carried out in accordance with the applicable legislation;

AND WHEREAS the Corporation desires to amend and restate the Plan effective September 30, 2015, in order to secure compliance with the requirements of the new Pension Benefits Standards Act and associated Regulation, and for clarity in Plan administration;

AND WHEREAS the Board has reviewed the proposed amended and restated Plan;

AND WHEREAS the Board has received a recommendation from the Human Resources and Compensation Committee to approve the proposed amended and restated Plan;

NOW THEREFORE be it resolved that:

- 1. Subject to all required approvals by the British Columbia Financial Institutions Commission and the Canada Revenue Agency, the amended and restated Plan is hereby ratified, confirmed and approved effective September 30, 2015; and*
- 2. Any officer or director is hereby authorized on behalf of the Corporation to execute and deliver all such documents and instruments, and to do all such other acts and things as in his or her opinion may be necessary or desirable to give full effect to the foregoing resolution.*

7.6 Amended Whistleblower Procedures

Discussion

Jamie Callahan reported on proposed changes to the Whistleblower Procedures which may lead to the need to amend the Whistleblower Policy.

Currently under consideration are the implications of the ability to make anonymous complaints, which may affect both the privacy of the complainant and the rights of the subject of the complaint. The Board requested that Management review Crown and industry best practices and develop a recommendation regarding a position on anonymity.

No resolution was requested at this meeting.

7.7 Board Manual Amendments

Approval

David Gillespie advised that the Governance and Corporate Social Responsibility Committee recommends that the Board approve the proposed Board Manual amendments. Discussion followed.

On motion duly made, seconded and carried, the following resolution was adopted:

WHEREAS the Board has reviewed certain proposed amendments to the following tabs of the Board Manual:

- *Terms of Reference: Board of Directors;*
- *Board of Directors Guidelines;*
- *Terms of Reference: Governance and Corporate Social Responsibility Committee;*
- *Terms of Reference: Human Resources and Compensation Committee;*
- *Terms of Reference: President & Chief Executive Officer;*
- *Board Evaluation Process; and*
- *Management Succession and Development Planning Process;*

AND WHEREAS the Board has received a recommendation from Governance Committee to approve the foregoing;

AND WHEREAS the Human Resources and Compensation Committee has confirmed that it agrees with the Governance Committee's recommendation to the Board that the Board approve the proposed amendments to the Terms of Reference: Human Resources and Compensation Committee; Terms of Reference: President and Chief Executive Officer; and Management Succession and Development Planning Process;

NOW THEREFORE be it resolved that the proposed amendments to the tabs of the Board Manual listed above, as presented to the Board, are hereby approved.

7.8 Revised 2016 Board & Committee Schedule Approval

Jennifer Keim presented the revised schedule for 2016 which reflects the expansion of the meetings to two full days and some date changes to accommodate schedule commitments.

On motion duly made, seconded and carried, the Revised 2016 Board & Committee Schedule was approved.

7.9 Treasury Board Performance Metrics

Amanda Hobson presented the proposed new "Level 1" performance metrics which would enable BCLC to move away from a fixed cost containment ratio to a scale that would give the required flexibility to operate and develop the business. Discussion followed.

On motion duly made, seconded and carried, the following resolution was adopted:

*WHEREAS the Board has received Management's recommended Treasury Board Performance Measures ("**Measures**");*

AND WHEREAS the Board has reviewed the Measures with Management;

NOW THEREFORE be it resolved that:

1. *The Measures are hereby approved; and*
2. *Any officer or director is hereby authorized on behalf of the Corporation to execute and deliver all such documents and instruments, and to do all such other acts and things as in his or her opinion may be necessary or desirable to give full effect to the foregoing resolution.*

8 CORPORATE OPERATIONS

8.1 Draft Mandate Letter Discussion

Bud Smith reported that the Mandate Letter is in draft and an update will be provided at a later date.

8.2 Q2 Dashboard Discussion

Amanda Hobson reviewed highlights from the report and invited questions. Matters discussed included the gaming management system project finalization and the need to celebrate completion under budget and on time.

8.3 Q2 ERM Report Discussion

Rob Kroeker commented on the two high risks identified in the Q2 ERM report, and noted that three risks ranked as high in the previous quarter had been reduced to moderate. The high risks are being actively managed. Discussion followed.

8.4 Employee Engagement Survey Discussion

Wayne Porterfield provided highlights from the employee engagement survey results, noting an upward trend in overall engagement. Discussion followed regarding BCLC's Advisory Committee of Employees ("ACE") Committee and its ability to help support improvement engagement and communication with employees. Discussion followed.

8.5 Crown Review Update Discussion

Jim Lightbody reported on status of all Crown Review recommendations. BCLC has addressed six recommendations and the rest are in progress. For the recommendations solely within BCLC's control, the corporation is on track to complete for March 2017. Discussion followed.

8.6 Kamloops Land Discussion

Avison Young presented the benefits and risks, including estimated costs, of five options relating to the future of the Kamloops office:

- status quo,
- reconstruction of existing building,
- new build-to-suit on currently owned lands,
- new build-to-suit on currently owned lands and adjacent properties, and
- sale and relocation within Kamloops.

Discussion followed regarding the negotiation of the current offers to purchase, including indemnification matters. The benefits of lease versus purchase options were also reviewed.

8.7 Management Reports Discussion

8.7.1 Finance & Corporate Services

The report was taken as read without further discussion.

8.7.2 Casino & Community Gaming

Brad Desmarais noted that service providers are exploring projects outside of British Columbia due to the uncertainty created by the ongoing review of the service provider commission structure. This could impact the amount of capital investment made by service providers in British Columbia facilities in the near future.

8.7.3 Lottery Gaming

Kevin Gass highlighted that the initial pilot of LottoExpress 2.0 will commence in mid-November.

8.7.4 eGaming

Monica Bohm highlighted BCLC's recent management of the Wizards of Odds configuration issue and conveyed the challenges surrounding BCLC's plans to support Canucks for Kids Foundation 50/50 draws on PlayNow.

Moray Keith declared for the record that his spouse sits on the board of the Foundation.

8.7.5 Business Technology

The report taken as read without further discussion.

8.7.6 Social Responsibility & Communications

Susan Dolinski commented on the progress of BCLC's reputation management strategy. She also invited the Directors to the upcoming New Horizons in Responsible Gambling Conference.

8.7.7 Human Resources

The report was taken as read without further discussion.

8.7.8 Corporate Security & Compliance

The report was taken as read without further discussion.

8.8 Strategic Plan**Discussion**

Jim Lightbody advised that due to the timing of the Board Strategy Sessions, the Strategic Plan would be presented in December or January.

9 OTHER BUSINESS**9.1 Response to Minister's Letter**

Bud Smith reviewed issues arising from a recent directive received from the Minister. Discussion followed as to the most appropriate board response, given management estimates the effect of the direction for BCLC, if fully implemented, would be hundreds of millions of dollars. The Board directed that the Chair seek a meeting with the Minister to review implications of the directive.

9.2 In camera Session**Discussion**

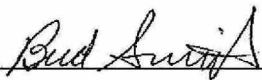
The Board went *in camera* at 1:56 pm, concluding at 2:19 pm.

10 TERMINATION OF MEETING

There being no further business, the meeting was terminated at 2:20 pm.

NEXT MEETING

10 December 2015 – Vancouver



 Chair