

**British Columbia Lottery Corporation
Minutes from the Board Meeting Held on July 23, 2010
Richmond Presentation Room**

In Attendance

John McLernon	Chair
David Gillespie	
Cindy Grauer	
Walter Gray	
Moray Keith	
Neil McDonnell	
Michael Riley	
Art Willms	
Michael Graydon	President and CEO

Also Attending

Kevin Gass	VP, Corporate Affairs
Jim Lightbody	VP, Lottery Gaming
Scott Norman	VP, Information Technology
Darryl Schiewe	VP, Casino Gaming
Debbie Toole	VP, Human Resources
Terry Towns	VP, Corporate Security
Marsha Walden	VP, Customer Strategy and Corporate Marketing
Tom Williamson	VP, Finance and Corporate Services
Dinah Mulvaney	Corporate Secretary

John McLernon acted as Chair and with the consent of the meeting, Dinah Mulvaney acted as Recording Secretary.

1. Call to Order and Welcome

A quorum of directors being present and notice of the meeting having been duly given, the meeting was declared to be constituted for the transaction of business and was called to order at 8:30 a.m.

2. Adoption of Agenda

The first order of business was the adoption of the Agenda.

On motion duly made, seconded and unanimously carried, the Agenda was adopted as presented.

3. Report by the Chair

John McLernon reported that Minister Coleman would be joining the Board meeting and was expected to arrive around 9:00 a.m.

4. Report by the President

Michael Graydon advised that his report would be presented during the in-camera portion of the meeting.

5. Approval of Minutes from Previous Board Meetings

The Minutes of the May 21 and June 28, 2010 Board meetings were presented and a revision was made to the May 21 Minutes.

On motion duly made, seconded and unanimously carried, the Minutes of the meetings held on May 21 and June 28, 2010 were approved subject to the revision discussed being made to the May 21 Minutes

6. Business Arising

a. Service Partners Financial Update

Tom Williamson provided a summary with respect to the financial circumstances of Casino/CGC and Bingo Service Providers and the report was accepted as presented.

Minister Rich Coleman and Toby Myers joined the meeting and the meeting moved into an in-camera session.

Constance Ladell, General Counsel and Alison Manzer joined the meeting at 9:30 a.m. Ms. Manzer made a presentation on compliance with anti-money laundering legislation.

Minister Rich Coleman and Tobie Myers left the meeting at 10:35 a.m. Constance Ladell and Alison Manzer left the meeting at 11:05 a.m.

b. Facilities Development Update

Darryl Schiewe confirmed that the purpose of the report is to outline issues and provide information on progress on casinos, community gaming centres and bingo halls in municipalities throughout the province. The report was accepted as presented.

7. New Business

a. Review Revised Shareholder's Letter of Expectations (SLE)

David Gillespie reported that no significant changes had been made to the draft SLE and confirmed that it had been reviewed by the Governance Committee at their meeting held on June 28, 2010. The letter was approved as presented for signature by John McLernon.

8. Committee Reports

Audit Committee

Michael Riley, Chair of the Audit Committee reported that a meeting had taken place on July 22, 2010 and that a debrief session on compliance with anti-money laundering legislation had taken place with Michael Graydon, Constance Ladell and Allison Manzer

during the in-camera session of the meeting. He reported that a number of matters had been reviewed at the meeting including service partner financial update, key estimates and judgments, current accounting policies and financial reporting practices. Mr. Riley also reported that other matters reviewed included quarterly financial statements, five year projections, *Financial Information Act* Report, a recommendation around the adoption of International Financial Reporting Standards, the quarterly ERM and Internal Audit reports as well as the Corporate Security and Compliance report. He advised that the Committee had also reviewed the Multi-lane Business case including the operating and capital budget request.

Governance and Corporate Social Responsibility Committee

David Gillespie, Chair of the Governance and Corporate Responsibility Committee reported that the Committee had met on June 28, 2010 and some of the matters reviewed and discussed included the Board Intranet site, ways to address some gaps identified in the Board evaluation, Board education and the orientation and development plan. He also reported that a number of revised Governance Manual policies had been reviewed and confirmed that they would be put forward for approval later in the meeting. Mr. Gillespie also provided some details with respect latest Treasury Board directive and the impact to Board compensation.

Human Resources and Compensation Committee

Neil McDonnell, Chair of the Human Resources and Compensation Committee reported a meeting was being planned to review BCLC's total compensation package.

9. Decisions

a. Approval of the *Financial Information Act* Report

Mr. Williamson confirmed that each year BCLC must prepare a report for submission to the Province to comply with the requirements of the *Financial Information Act*. Michael Riley confirmed that the *Financial Information Act* report had been reviewed by the Audit Committee at the meeting held on July 22, 2010.

Following consideration and discussion in this session and on motion duly made and seconded, the Board then considered, discussed and unanimously approved the following resolution.

WHEREAS the Board has reviewed the *Financial Information Act* Fiscal 2009/10 Annual Report and received a recommendation from the Audit Committee.

NOW THEREFORE be it resolved that:

- 1. The *Financial Information Act* Fiscal 2009/10 Annual Report is hereby approved as presented; and**
- 2. The Board Chair, President and Vice President, Finance and Corporate Services or any other party within the organization required by the Provincial Government are hereby authorized to sign the *Financial Information Act* Fiscal 2009/10 Annual Report on behalf of the Corporation and the Annual Report signed by such authorized**

persons shall be deemed to be the *Financial Information Act* Fiscal 2009/10 Annual Report approved by this resolution; and

3. Any officer or director is hereby authorized to take any action required to carry out the foregoing resolution including executing all documents, making all filings and taking all action necessary to give effect to the foregoing resolution.

b. Approval of Quarterly Financial Statements

Tom Williamson provided a summary of the Quarterly Financial Statements for the first quarter ending June 26, 2010 and reported that after three months of operation, total revenue of \$649.6 million was \$7.5 million greater than budget and \$39.6 million above last year. He further reported that net income of \$280.7 million was \$4.6 million above plan and \$20.5 million greater than last year.

Following consideration and discussion in this session and on motion duly made and seconded, the Board then considered, discussed and unanimously approved the following resolution.

WHEREAS the Board has reviewed the financial statements for the first quarter ending June 26, 2010 and the First Quarter Report and received a recommendation from the Audit Committee.

NOW THEREFORE be it resolved that:

1. The Corporation's First Quarterly Report including the financial statements for the quarter ended June 26, 2010 are hereby approved;
2. The appropriate signing authorities within the Corporation as required by the Provincial Government are hereby authorized to sign the First Quarter Report on behalf of the Corporation as necessary; and
3. Any officer or director is hereby authorized to take any action required to carry out the foregoing resolution including executing all documents, making all filings and taking all action necessary to give effect to the foregoing resolution.

b. Approval of Five Year Projections

Tom Williamson reported that BCLC's five year revenue and net income projections have been revised from the current Service Plan and Treasury Board projections based on management's best assessment of current marketplace conditions, revenue impacts resulting from planned game developments and operating cost impacts required to execute the Corporation's business plan.

Following consideration and discussion in this session and on motion duly made and seconded, the Board then considered, discussed and unanimously approved the following resolution.

WHEREAS the Board has reviewed the Government Forecast Report (Five Year Projections) for the five year period ending March 31, 2015 and received a recommendation from the Audit Committee.

NOW THEREFORE be it resolved that:

- 1. The Corporation's Government Forecast Report for the five year period ending March 31, 2015 is hereby approved;**
- 2. The appropriate signing authorities within the Corporation as required by the Provincial Government are hereby authorized to sign the Government Forecast Report on behalf of the Corporation as necessary; and**
- 3. Any officer or director is hereby authorized to take any action required to carry out the foregoing resolution including executing all documents, making all filings and taking all action necessary to give effect to the foregoing resolution.**

c. Approval of Request for Supplemental Budget for Multi-Lane

Jim Lightbody and Tom Williamson provided an overview of the business case for Multi-Lane. Mr. Lightbody reported that for the 2010/11 fiscal year it is planned to pilot multi-lane at 16 sites and based on a successful pilot, full implementation would commence in the fourth quarter of the current fiscal year.

Following consideration and discussion in this session and on motion duly made and seconded, the Board then considered, discussed and unanimously approved the following resolution.

WHEREAS Senior Management and the Audit Committee have recommended to the Board the approval of the Multi-Lane supplemental budget of operating costs of \$2.1 million and capital costs of \$1.7 million for the Fiscal Budget Year 2010/11.

NOW THEREFORE BE IT RESOLVED THAT:

- 1. The Board approve the request for the Multi-Lane supplemental budget of operating costs of \$2.1 million and capital costs of \$1.7 million.**
- 2. Each of the President and/or the Vice President of Finance and Corporate Services or Vice President of Lottery Gaming are hereby authorized to take any action required to carry out the foregoing resolution including executing all documents or taking any other action required to give effect to the foregoing resolution.**

d. Approval of Amendments to the VSE Rules and Regulations

Terry Towns reported that the existing rules and regulations respecting voluntary self-exclusion and prize entitlement (VSE Rules and Regulations) have been amended to be consistent with the June 2010 changes to the *Gaming Control Act* (BC) and to enhance the existing VSE Rules and Regulations to disentitle prizes

claimed through gambling on PlayNow.com by individuals who have voluntary self-excluded or are provincially barred from BCLC gaming facilities.

Following consideration and discussion in this session and on motion duly made and seconded, the Board then considered, discussed and unanimously approved the following resolution.

WHEREAS Senior Management is seeking Board authorization to amend the VSE Rules and Regulations in accordance with the authority granted under the *Gaming Control Act* (BC).

NOW THEREFORE BE IT RESOLVED that

- 1. The proposed amendments to VSE Rules and Regulations as presented to the Board are hereby approved; and**
- 2. Any authorized officer is hereby authorized to take any other action required to carry out the forgoing resolution including executing all documents, making all filings and taking all action necessary to give effect to the forgoing resolution.**

e. Approval of Revised Governance Manual Policies

David Gillespie reported that a number of Board Governance Manual policies had been revised and were being presented for review and approval by the Board.

Following consideration and discussion in this session and on motion duly made and seconded, the Board then considered, discussed and unanimously approved the following resolution.

WHEREAS the Governance and Corporate Social Responsibility Committee has recommended to the Board the approval of the revised Introduction to BCLC, Corporate Mandate, Mission and Values, Board Calendar, Board of Director Guidelines, Audit Committee Terms of Reference, Director Compensation and Expense Guidelines and Director and Senior Executive Management Contact Information.

NOW THEREFORE be it resolved that:

- 1. The Board approve the revised Introduction to BCLC, Corporate Mandate, Mission, Objectives and Values, Board Calendar, Board of Director Guidelines, Audit Committee Terms of Reference, Human Resources and Compensation Committee Terms of Reference, Director Compensation and Expense Guidelines, Corporate Organizational Chart and Director and Senior Executive Management Contact Information be approved as presented; and**
- 2. The Corporate Secretary or any officer or director is hereby authorized to take any action necessary to carry out the foregoing resolution including executing all documents, making all filings or taking any other action required to give effect to the foregoing resolution.**

10. Presentation

- a. Compliance with Anti-Money Laundering Legislation
This presentation was moved to an in-camera session.

Margaret Watson and Mike Gerhman joined the meeting at 12:30 p.m.

- b. New Office Brand/Vision
Michael Graydon provided a brief update on the progress of the new Lower Mainland office. Margaret Watson and Mike Gehrman presented a PowerPoint presentation on brand/vision for the new office.

Margaret Watson and Mike Gehrman left the meeting at 12:45 p.m.

11. Management Reports

The Management reports were accepted as presented.

12. In-Camera Session

Staff left the meeting at 12:50 p.m. and the Board continued with an in-camera session

There being no further business the meeting terminated at 1:20 p.m.



John McLernon, Chairman