



## BOARD OF DIRECTORS MEETING

8:00 am (PT) Tuesday 15 May 2018  
Presentation Room – BCLC, 74 West Seymour Street  
Kamloops, BC V2C 1E2

### AGENDA

- 1. ADOPTION OF AGENDA**
- 2. REPORT BY CHAIR** **Verbal**
- 3. REPORT BY PRESIDENT** **Verbal**
- 4. CORPORATE APPROVALS**
  - 4.1. Audited Consolidated Financial Statements..... [A. Hobson – 20 mins] Approval
    - 4.1.1. External Audit Findings Report/Management Letter
  - 4.2. Lottotech Financial Statements (Unaudited) ..... [A. Hobson – 10 mins] Approval
  - 4.3. Pension Plan Audited Financial Statements..... [A. Hobson – 10 mins] Approval
    - 4.3.1. Review Pension Plan Performance
    - 4.3.2. Pension Plan: External Audit Findings Report
  - 4.4. Annual Service Plan Report..... [A. Hobson – 20 mins] Approval
  - 4.5. F18/19 Budget Update & F19/20-F22/23 Projections..... [A. Hobson – 20 mins] Approval
  - 4.6. Annual Resolutions – BCLC & Lottotech ..... [J. Keim – 10 mins] Approval
  - 4.7. Additional KPMG Services..... [A. Hobson – 15 mins] Approval
  - 4.8. Audit Services Charter ..... [G. Aujla – 5 mins] Approval
  - 4.9. Audit Services Annual Audit Plan ..... [G. Aujla – 15 mins] Approval
  - 4.10. Executive/Management Incentive Holdback Plan Payout ..... [J. Callahan – 10 mins] Approval
  - 4.11. Committee Appointments ..... [B. Smith – 5 mins] Approval
- 5. CORPORATE OPERATIONS**
  - 5.1. Lottery Terminals Contract ..... [K. Gass / P. Davis – 20 mins] Discussion
  - 5.2. Expenses of Board Chair & CEO..... [A. Hobson – 5 mins] Discussion
  - 5.3. Accounting Policies & Financial Reporting Practices ..... [A. Hobson – 5 mins] Discussion
  - 5.4. Key Estimates & Judgments..... [A. Hobson – 15 mins] Discussion
  - 5.5. Q4 Dashboards..... [A. Hobson / M. Bohm – 10 mins] Discussion
  - 5.6. Service Provider Financial Update ..... [A. Hobson – 15 mins] Discussion
  - 5.7. Q4 Audit Services Report ..... [G. Aujla – 15 mins] Discussion
  - 5.8. Q4 ERM Report ..... [R. Kroeker – 5 mins] Discussion
  - 5.9. Operational Gaming Compliance Plan Summary ..... [R. Kroeker – 10 mins] Discussion
  - 5.10. Q4 Business Continuity Report ..... [A. Hobson – 5 mins] Discussion
  - 5.11. Q4 Occupational Health & Safety Report..... [A. Hobson – 5 mins] Discussion
  - 5.12. Kamloops Property Update..... [A. Hobson – 10 mins] Discussion
  - 5.13. Employee Engagement Survey Results ..... [J. Callahan / S. Turtle – 10 mins] Discussion
  - 5.14. Implementing Government Direction/German Review Update ... [J. Lightbody – 15 mins] Discussion
  - 5.15. Draft Corporate Social Responsibility Report ..... Information Only
  - 5.16. Management Reports ..... Information Only
    - 5.16.1. Finance & Corporate Services
    - 5.16.2. Casino & Community Gaming
    - 5.16.3. Lottery Gaming
    - 5.16.4. Digital & Enterprise Services
    - 5.16.5. Business Technology
    - 5.16.6. Social Responsibility & Communications
    - 5.16.7. Human Resources
    - 5.16.8. Legal, Compliance, Security

## 6. OTHER BUSINESS

- 6.1. *In camera* Sessions ..... [60 mins] Discussion
- 6.1.1. General Counsel & Senior Legal Counsel
    - 6.1.1.1. Legal Services Report
    - 6.1.1.2. Material Litigation Report
  - 6.1.2. External Auditor – KPMG LLP
  - 6.1.3. Director, Audit Services
  - 6.1.4. CEO
    - 6.1.4.1. Executive Management Performance Evaluation Results
    - 6.1.4.2. Executive Management Compensation (including PSEC Disclosure Statement)
    - 6.1.4.3. CEO Succession Planning
    - 6.1.4.4. CEO SOEBC Declaration Form & Outside Commitments
    - 6.1.4.5. CEO Performance Evaluation
    - 6.1.4.6. CEO Compensation (including CEO Incentive Holdback Plan Payout)
    - 6.1.4.7. CEO Development Plan
  - 6.1.5. Board
    - 6.1.5.1. Whistleblower Reports, if any

## 7. NEXT MEETING

- 7.1. Wednesday 25 July 2018 – Committees - Kamloops
- 7.2. Thursday 26 July 2018 – Board – Kamloops

**DIRECTORS RESOLUTION  
OF  
BRITISH COLUMBIA LOTTERY CORPORATION  
(the “Company”)**

RESOLVED THAT the minutes of the May 15, 2018 Board meeting, as attached hereto, are hereby approved.

Date: May 30, 2018

s 22

\_\_\_\_\_  
Stuart Douglas Boland Smith

\_\_\_\_\_  
Andrew Brown

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Robert Holden

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Wendy Lisogar-Cocchia

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Wendy Lisogar-Cocchia



**DRAFT**

**Minutes of the Meeting of the Board of Directors  
held at 8:00 am (PT) 15 May 2018**

Location: Presentation Room – BCLC, 74 West Seymour Street, Kamloops, BC

Board Present:

Bud Smith Chair  
Andrew Brown  
Bob Holden  
Wendy Lisogar-Cocchia

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  
Patrick Davis Chief Information Officer and Vice President, Business Technology  
Brad Desmarais Vice President, Casino and Community Gaming  
Susan Dolinski Vice President, Social Responsibility and Communications  
Kevin Gass Vice President, Lottery Gaming  
Rob Kroeker Chief Compliance Officer and Vice President, Legal, Compliance, Security  
Gurmit Aujla Director, Audit Services (Items 4.8, 4.9, 5.7 and 6.1.3 only)  
Sarah Turtle Manager, HR Strategic Projects (Item 5.13 only)  
Jennifer Keim Corporate Secretary  
Jennifer Smith Associate Corporate Secretary  
Suzanne Rowley Assistant Corporate Secretary

Guests:

Paula Presta, KPMG LLP (Items 4.1, 4.2, 4.3 and 6.1.2 only)  
Lindsay Holmes, KPMG LLP (Items 4.1, 4.2, 4.3 and 6.1.2 only)

Bud Smith took the Chair at 8:00 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 8:01 am.

**1 ADOPTION OF AGENDA**

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

**2 REPORT BY CHAIR**

The Chair discussed his thoughts on his tenure and thanked everyone for their ongoing efforts.

**3 REPORT BY PRESIDENT**

The President provided an update on recent financial results and upcoming initiatives. In addition, the President recognized the Chair's years of service to the corporation.

## 4 APPROVALS

### 4.1 Audited Consolidated Financial Statements Approval

Amanda Hobson presented the audited consolidated financial statements. Notes 22 (a) & (b) will be amended to clarify the benefits that BCLC will receive as a result of implementation of the new Casino Operational Services Agreement.

#### 4.1.1 External Audit Findings Report/Management Letter

Paula Presta and Lindsay Holmes presented regarding KPMG's audit procedures and findings on the financial statements.

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

*WHEREAS the Board has reviewed the Corporation's audited consolidated financial statements for the fiscal year ending March 31, 2018;*

*NOW THEREFORE be it resolved that:*

1. *The Corporation's audited consolidated financial statements for the fiscal year ending March 31, 2018, as presented to the Board, together with such changes as may be approved by the President of the Corporation to Note 22, are hereby approved;*
2. *Any two directors of the Board are hereby authorized on behalf of the Corporation to sign the Corporation's audited consolidated financial statements for the fiscal year ending March 31, 2018; and*
3. *Subject to the foregoing, any officer or director is hereby authorized on behalf of the Corporation to execute and deliver all such other 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.*

### 4.2 B.C. Lottotech Financial Statements (Unaudited) Approval

Amanda Hobson presented the B.C. Lottotech International Inc. unaudited financial statements and invited questions from the Board.

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

*WHEREAS the Board has reviewed the unaudited financial statements of B.C. Lottotech International Inc. for the fiscal year ending March 31, 2018;*

*NOW THEREFORE be it resolved that:*

1. *The unaudited financial statements of B.C. Lottotech International Inc. for the fiscal year ending March 31, 2018, as presented to the Board, 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.*

### 4.3 Pension Plan Audited Financial Statements Approval

#### 4.3.1 Review Pension Plan Performance

Amanda Hobson presented the British Columbia Lottery Corporation Pension Plan audited financial statements and invited questions from the Board.

#### 4.3.2 Pension Plan: External Audit Findings Report

Paula Presta and Lindsay Holmes presented KPMG's audit procedures and findings on the British Columbia Lottery Corporation Pension Plan audited financial statements.

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



WHEREAS the Board has reviewed the British Columbia Lottery Corporation Pension Plan audited financial statements for the twelve months ending December 31, 2017;

NOW THEREFORE be it resolved that:

1. The British Columbia Lottery Corporation Pension Plan audited financial statements for the twelve months ending December 31, 2017, as presented to the Board, are hereby approved;
2. Any two directors of the Board are hereby authorized on behalf of the Corporation to sign the British Columbia Lottery Corporation Pension Plan audited financial statements for the twelve months ending December 31, 2017; and
3. Subject to the foregoing, any officer or director is hereby authorized on behalf of the Corporation to execute and deliver all such other 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.

#### 4.4 Annual Service Plan Report

**Approval**

Amanda Hobson provided highlights from the annual service plan report.

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

WHEREAS the Board has reviewed the annual service plan report for the fiscal year ending March 31, 2018;

NOW THEREFORE be it resolved that:

1. The annual service plan report for the fiscal year ending March 31, 2018, substantially in the form presented to the Board, together with such changes as may be approved by the President of the Corporation, is hereby approved.
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.

#### 4.5 F18/19 Budget Update & F19/20-F22/23 Projections

**Approval**

Amanda Hobson presented the proposed preliminary projections. Discussion followed.

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

WHEREAS the Board has reviewed the Corporation's projections for fiscal years 2019/20-2022/23 (the "**Preliminary Projections**");

NOW THEREFORE be it resolved that:

1. The Preliminary 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.

#### 4.6 Annual Resolutions – BCLC & Lottotech

**Approval**

Jennifer Keim presented the annual resolutions for each corporation and invited questions. Discussion followed.

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

RESOLVED that:

1. The following officers of the Corporation are appointed for fiscal year 2018-2019 or until their successors are appointed:

Jim Lightbody, President and Chief Executive Officer  
Monica Bohm, Vice President, Digital and Enterprise Services

Jamie Callahan, Vice President, Human Resources  
Patrick Davis, Chief Information Officer and Vice President, Business Technology  
Brad Desmarais, Vice President, Casino and Community Gaming  
Susan Dolinski, Vice President, Social Responsibility and Communications  
Kevin Gass, Vice President, Lottery Gaming  
Amanda Hobson, Chief Financial Officer and Vice President, Finance and Corporate Services  
Robert Kroeker, Chief Compliance Officer and Vice President, Legal, Compliance, Security

2. All changes to the officers' titles made by the President and Chief Executive Officer during fiscal year 2017-2018 are hereby approved, ratified and confirmed.
3. All acts, proceedings, and appointments made by the Audit Committee, the Governance and Corporate Social Responsibility Committee, the Human Resources and Compensation Committee and the Risk Committee during fiscal year 2017-2018 are hereby approved, ratified and confirmed.

#### 4.7 Additional KPMG Services

Approval

Amanda Hobson presented the proposed preliminary projections. Discussion followed.

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

*WHEREAS* the Audit Committee previously approved the engagement of KPMG LLP to provide advisory accounting services relating to the implementation of IFRS 15 for the period from January 1, 2017 to December 31, 2017, inclusive, for a fee not to exceed s 21 (the "**IFRS 15 Engagement**"); and

*AND WHEREAS* the Board previously approved the engagement of KPMG LLP to provide advisory accounting services for the period from September 1, 2017 to August 31, 2018, inclusive, for a fee not to exceed s 21 (the "**Accounting Advisory Engagement**");

*AND WHEREAS* Management has recommended that the Board approve certain changes to the IFRS 15 Engagement and Accounting Advisory Engagement, as well as additional services to be provided by KPMG LLP;

*NOW THEREFORE* be it resolved that:

1. The IFRS 15 Engagement be extended to March 31, 2019;
2. The maximum fee for the Accounting Advisory Engagement be increased by s 21 resulting in a fee not to exceed s 21
3. The engagement of KPMG LLP to provide tax advisory services for special projects for the period from May 15, 2018 to August 31, 2018, inclusive, for a fee not to exceed s 21 is hereby approved.
4. Any one 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 resolutions.

#### 4.8 Audit Services Charter

Approval

Gurmit Aujla presented the Audit Services Charter. Discussion followed.

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

*WHEREAS* the Board has reviewed the Audit Services Charter for the fiscal year ending March 31, 2019 (the "**Audit Services Charter**");

AND WHEREAS the Board has discussed the Audit Services Charter with the Director, Audit Services;

NOW THEREFORE be it resolved that the Audit Services Charter is approved.

**4.9 Audit Services Annual Audit Plan Approval**

Gurmit Aujla presented the Audit Services Annual Audit Plan. Discussion followed.

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

WHEREAS the Board has reviewed the Audit Services Annual Audit Plan for the fiscal year ending March 31, 2019 (the "**Audit Plan**");

AND WHEREAS the Board has discussed the Audit Plan with the Director, Audit Services;

NOW THEREFORE be it resolved that the Audit Plan is approved.

**4.10 Executive/Management Incentive Holdback Plan Payout Approval**

Jamie Callahan confirmed BCLC's achievement of corporate goal thresholds required for the holdback program and invited questions from the Board on the program. Discussion followed.

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

WHEREAS the net income before taxes threshold for the incentive holdback plan has been met;

AND WHEREAS the Board has received a recommendation from Management to approve the Executive/Management incentive holdback plan payment for the fiscal year ended March 31, 2018, estimated at \$1.6 million (the "**Holdback Payout**");

NOW THEREFORE be it resolved that:

1. The Holdback Payout 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.

**4.11 Committee Appointments Approval**

The Chair presented the proposed committee appointments and noted he had acceded to Wendy Lisogar-Cocchia's request that she not serve as Chair of any committees at this time.

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

WHEREAS the Board Chair has recommended the following Committee memberships:

**Audit Committee**

Robert Holden, Chair  
Andrew Brown  
Wendy Lisogar-Cocchia

**Governance and Corporate Social Responsibility Committee**

Andrew Brown, Chair  
Robert Holden  
Wendy Lisogar-Cocchia

**Human Resources and Compensation Committee**

Andrew Brown, Chair  
Robert Holden  
Wendy Lisogar-Cocchia

**Risk Committee**

*Robert Holden, Chair  
Andrew Brown  
Wendy Lisogar-Cocchia*

*NOW THEREFORE be it resolved that the foregoing individuals are appointed or reappointed, as the case may be, as members and, if indicated above, Chairs of the above-noted Committees until their successors are appointed.*

## **5 CORPORATE OPERATIONS**

- |            |  |                   |
|------------|--|-------------------|
| <b>5.1</b> | <b>Lottery Terminals Contract</b>  | <b>Discussion</b> |
|            | Kevin Gass and Pat Davis provided an update on the lottery terminal project. Discussion followed.  |                   |
| <b>5.2</b> | <b>Expenses of Board Chair &amp; CEO</b>   | <b>Discussion</b> |
|            | Amanda Hobson presented the report and invited questions.  |                   |
| <b>5.3</b> | <b>Accounting Policies &amp; Financial Reporting Practices</b>   | <b>Discussion</b> |
|            | Amanda Hobson presented the report and invited questions. Discussion followed.   |                   |
| <b>5.4</b> | <b>Key Estimates &amp; Judgments</b>   | <b>Discussion</b> |
|            | Amanda Hobson presented the report and discussion followed.  |                   |
| <b>5.5</b> | <b>Q4 Dashboard</b>  | <b>Discussion</b> |
|            | Amanda Hobson and Monica Bohm presented the report. Discussion followed.   |                   |
| <b>5.6</b> | <b>Service Provider Financial Update</b>   | <b>Discussion</b> |
|            | Amanda Hobson presented the report and discussion followed.  |                   |
| <b>5.7</b> | <b>Q4 Audit Services Report</b>  | <b>Discussion</b> |
|            | Gurmit Aujla presented the report and highlighted planned audits for the upcoming year.  |                   |
| <b>5.8</b> | <b>Q4 ERM Report</b>   | <b>Discussion</b> |
|            | Rob Kroeker presented the Q4 enterprise risk management report. Discussion followed.   |                   |
| <b>5.9</b> | <b>Operational Gaming Compliance Plan Summary</b>  | <b>Discussion</b> |
|            | Rob Kroeker presented the plan for the review of service provider compliance with operational gaming policies and procedures. Discussion followed. |                   |

- 5.10 Q4 Business Continuity Report** **Discussion**  
Amanda Hobson presented the report and invited questions. Discussion followed.
- 5.11 Q4 Occupational Health & Safety Report** **Discussion**  
Amanda Hobson presented the report. No questions arose.
- 5.12 Kamloops Property Update** **Discussion**  
Amanda Hobson updated the Board on the status of the Kamloops property project. Discussion followed.
- 5.13 Employee Engagement Survey Results** **Discussion**  
Sarah Turtle presented the results from the recent employee engagement survey and emphasized the high response rate. Discussion followed.
- 5.14 Implementing Government Direction/German Review Update** **Discussion**  
Jim Lightbody provided the Board with an update on current initiatives and upcoming reports to government. Discussion followed.
- 5.15 Draft Corporate Social Responsibility Report** **Discussion**  
Susan Dolinski presented the draft report and invited questions.
- 5.16 Management Reports** **Discussion**
- 5.16.1 Finance & Corporate Services**  
Amanda Hobson presented the report and updated the Board on the division's staffing.
- 5.16.2 Casino & Community Gaming**  
Brad Desmarais presented the report. Discussion followed.
- 5.16.3 Lottery Gaming**  
Kevin Gass presented the report and invited questions.
- 5.16.4 Digital & Enterprise Services**  
Monica Bohm presented the report.
- 5.16.5 Business Technology**  
Pat Davis presented the report. Discussion followed.
- 5.16.6 Social Responsibility & Communications**  
Susan Dolinski presented the report. Discussion followed.
- 5.16.7 Human Resources**  
Jamie Callahan presented the report and highlighted the steps currently underway to disseminate the results of the recent employee engagement survey.

### 5.16.8 Legal, Compliance, Security

Rob Kroeker presented the report. Discussion followed.

## 6 OTHER BUSINESS

### 6.1 *In camera* Sessions

### Discussion

The Board went *in camera* as follows:

- 6.1.1 from 3:00 pm to 3:30 pm;
- 6.1.2 from 8:37 am to 8:59 am;
- 6.1.3 from 10:40 am to 11:00 am;
- 6.1.4 from 3:30 pm to 4:30 pm;
- 6.1.5 from 4:30 pm to 4:50 pm.

### 6.1.1 CEO, Vice President, Legal, Security, Compliance, General Counsel & Senior Legal Counsel

- 6.1.1.1. Legal Services Report
- 6.1.1.2. Material Litigation Report

### 6.1.2 External Auditor – KPMG LLP

### 6.1.3 Director, Audit Services

### 6.1.4 CEO

- 6.1.4.1 Executive Management Performance Evaluation Results
- 6.1.4.2 Executive Management Compensation (including PSEC Disclosure Statement)
- 6.1.4.3 CEO Succession Planning
- 6.1.4.4 CEO SOEBC Declaration Form & Outside Commitments
- 6.1.4.5 CEO Performance Evaluation
- 6.1.4.6 CEO Compensation (including CEO Incentive Holdback Plan Payout)

During the *in camera* session and on motion duly made and carried, the following resolution was adopted:

*WHEREAS the Board has reviewed the corporate goal achievement for the fiscal year ended March 31, 2018;*

*AND WHEREAS the Board has reviewed the performance of the President and Chief Executive Officer (“CEO”) against approved annual goals and objectives for the fiscal year ended March 31, 2018;*

*NOW THEREFORE be it resolved that:*

1. *The CEO’s incentive holdback plan payout for the fiscal year ended March 31, 2018 is hereby approved; and*
2. *Any officer or director is hereby authorized on behalf of the Corporation to execute and deliver all such other 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.*

### 6.1.4.7 CEO Development Plan

**6.1.5 Board Executive**

6.1.5.1 Whistleblower Reports, if any

**7 TERMINATION OF MEETING**

There being no further business, the meeting was terminated at 4:50 pm.

**NEXT MEETING**

26 July 2018 – Kamloops

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Chair