

BYLAWS
OF
CONNECTICUT LOTTERY CORPORATION

ARTICLE I AUTHORITY

Section 1 The Act

The Connecticut Lottery Corporation (the "Corporation") was created pursuant to the Connecticut Lottery Corporation Act (the "Act") to: (1) operate and manage the Connecticut Lottery (the "Lottery") in an entrepreneurial and business-like manner free from the General Funds budgetary process and other constraints that affect state agencies; (2) provide continuing and increased revenue to the people of the state through the Lottery by being responsive to market forces and acting generally as a corporation engaged in entrepreneurial pursuits; and (3) ensure that the Lottery continues to be operated with integrity and for the public good. The Act provides that the board of directors of the Corporation (the "Board") may adopt bylaws as is necessary to organize the Corporation.

Section 2 Conflicts

Nothing contained herein is intended to conflict with any provision of the Constitution of the State of Connecticut or the statutes, codes, rules and regulations of the State of Connecticut (collectively the "Connecticut Law") or Federal law. Consequently, notwithstanding anything contained herein to the contrary, to the extent that any provision hereof conflicts with any Connecticut Law or Federal law, such Connecticut Law or Federal law shall control, but only to the extent of such conflict, and the remaining provisions hereof shall remain in full force and effect.

ARTICLE II THE BOARD OF DIRECTORS

Section 1 Powers

The Corporation shall be governed by a Board of thirteen directors. The powers of the Corporation shall be vested in and shall be exercised by the Board.

Section 2 Appointment

The Governor, with the advice and consent of the General Assembly, shall appoint five directors who shall have skill, knowledge and experience in the fields of management, finance or operations in the private sector. Two directors shall be the State Treasurer and the Secretary of the Office of Policy and Management both of whom shall serve ex officio and shall have all of the powers and privileges of a member of the Board of

directors. Each ex-officio director may designate his deputy or any member of his staff to represent him at meetings of the Corporation with full power to act and vote on his behalf. The procedures of C.G.S. § 4-7 shall apply to the confirmation of the Governor's appointments by both houses of the General Assembly. Six directors shall be appointed as follows: One by the president pro tempore of the Senate, one by the majority leader of the Senate, one by the minority leader of the Senate, one by the speaker of the House of Representatives, one by the majority leader of the House of Representatives and one by the minority leader of the House of Representatives.

Each director appointed by the Governor shall serve at the pleasure of the Governor but no longer than the term of office of the Governor or until the director's successor is appointed and qualified, whichever term is longer. Each director appointed by a member of the General Assembly shall serve in accordance with the provisions of C.G.S. § 4-1a.

The Governor shall fill any vacancy for the unexpired term of a director appointed by the Governor. The appropriate legislative appointing authority shall fill any vacancy for the unexpired term of a director appointed by such authority. Any director shall be eligible for reappointment.

Any director may be removed by order of the Superior Court upon application of the Attorney General for misfeasance, malfeasance or willful neglect of duty. Such actions shall be tried to the court without a jury and shall be privileged in assignment for hearing. If the court, after hearing, finds there is clear and convincing evidence of such misfeasance, malfeasance or willful neglect of duty, then it shall order the removal of such director. Any director so removed shall not be reappointed to the Board.

Section 3 Compensation of Directors

Directors shall receive no compensation for the performance of their duties, but shall be reimbursed for necessary expenses incurred in the performance of their duties.

Section 4 Chairperson

The Chairperson of the Board shall be appointed by the Governor from among the directors of the Board. The duties of the Chairperson are to preside over all regular and special meetings of the Corporation and to call special meetings when he or she deems it necessary.

Section 5 Vice Chairperson

The directors shall annually elect one of their number as Vice Chairperson for a term of one year or until a replacement is duly elected. Except as otherwise prohibited by law, the Vice Chairperson shall perform the duties of the Chairperson in the absence or incapacity of the Chairperson, and shall perform such other duties and have such other powers as the Board may from time to time prescribe.

Section 6 Committees

The Board shall establish such committees, subcommittees or other entities as it deems necessary to further the purposes of the Corporation including, but not limited to, an Executive Committee and a Finance Committee. Each Board committee shall be comprised of three or more of the directors and shall have the powers and perform such duties, not inconsistent with law, as are described in this section and as may be delegated to it by the Board. The committees shall advise the Board on the committee's area of cognizance, may make recommendations to the Board for the Board's action on a particular matter, and have the authority to act on behalf of the Board only by a prior Board-approved resolution granting the committee that power. Each Board committee has the authority to select legal, accounting, or other professionals or experts, as it deems appropriate, for the purpose of advising the committee in its area of cognizance. The committee will make a recommendation to the Board for the Corporation to retain such advisor, and the Board will vote on that recommendation. With the exception of statutorily required committees, the Board may discontinue a committee at its pleasure.

Executive Committee

The purpose of Executive Committee is to facilitate decision-making between scheduled Board meetings. The Executive Committee shall consist of the Chair of the Board, who shall serve as Chair of the Executive Committee, and the Chair of each of the permanent committees of the Board. The President & CEO shall be an ex officio, non-voting member, whose attendance shall not affect quorum. The Executive Committee's duties include, but are not limited to:

- direct and oversee Board-recommended policies, initiatives, and programs;
- act as an advisor to the President & CEO and serve as the communication link between him or her and the Board regarding the daily management and operation of the Corporation;
- direct and oversee matters relating to Department of Consumer Protection or Legislative oversight;
- establish the President & CEO's annual goals, conduct his or her performance evaluations, and set his or her compensation, to be approved by the Board;
- review of real estate transactions that require approval by the State Properties Review Board;
- assign topics to other Committees, as appropriate, for review or recommendations; and
- have such other authority as the Board of Directors may grant to it from time to time.

Audit Committee

The Audit Committee provides direction and oversight on matters relating to the Corporation's compliance with applicable legal and regulatory requirements through operations. The Audit Committee's duties include, but are not limited to:

- review of the audit and compliance findings of the Auditors of Public Accounts,

- and recommendation to the Board of any necessary corrective actions;
- review of the Corporation's cybersecurity and data privacy plans;
- review of the Corporation's business continuity and disaster recovery plans;
- review, monitor, and make recommendations concerning pending claims or litigation, compliance with regulatory requirements, and other legal matters as it relates to operations or as may be assigned by the Executive Committee; and
- perform such other activities required by law or otherwise as are necessary or appropriate to further the Committee's purposes, or as may be assigned by the Board.

Finance Committee

The Finance Committee provides oversight of and guidance on all financial, accounting, and budgetary matters of the Corporation, including the adequacy and integrity of the Corporation's financial reporting process, internal control systems, and financial statements and reports, and is responsible for reporting on the Corporation's financial condition. The Finance Committee's duties include, but are not limited to:

- review, approval, and recommendation to the Board of the Corporation's operating budget;
- reviewing funding proposals for existing or projected initiatives and emergencies;
- periodic monitoring of the Corporation's adherence to its operating budget and actual results;
- review and recommend financial policies, including recommendations concerning internal accounting and financial reporting controls and procedures and the reasonable and prudent management and allocation of the Corporation's financial resources;
- ensuring the preparation and presentation of accurate and timely financial reports and statements, as well as the maintenance of these records in accordance with Corporation policies and applicable laws and regulations;
- recommend to the Board the retention or termination of an independent auditor;
- review with the independent auditor the results of any independent audit of the Corporation's financial statements and internal financial reporting, accounting and audit controls and procedures; and
- performing such other duties required by law or as are necessary or appropriate to further the Committee's purposes, or as may be assigned by the Board.

Legislative & Games Committee

The Legislative and Games Committee is responsible for reviewing the Corporation's game rules and legislative and public policy initiatives, including its corporate responsibility efforts, particularly in relation to responsible gambling. The Legislative and Games Committee's duties include, but are not limited to:

- approving new game rules and changes to existing game rules;
- reviewing the Corporation's sales performance;
- reviewing and approving the Corporation's legislative agenda;
- advising on state and local governmental affairs issues; and

- performing such other duties as are necessary or appropriate to further the Committee’s purposes, or as may be assigned by the Board.

Personnel Committee

The Personnel Committee advises the Board on matters relating to personnel administration. The Personnel Committee’s duties include, but are not limited to:

- overseeing and, in coordination with Corporation staff, participating in the development and revision of personnel practices and policies, staffing levels, and organizational structure;
- review of succession planning and management development efforts;
- annual review and approval, and recommendation to the Board, of managerial compensation plans and benefit programs, with the exception of the compensation and benefits of the President and CEO, which the Executive Committee handles;
- annual review of bargaining-unit employee compensation and benefits, and
- performing such other duties required by law or as are necessary or appropriate to further the Committee’s purposes, or as may be assigned by the Board.

Section 7 Designation by Ex-Officio Directors

The ex-officio directors of the Board may each designate his or her deputy or any member of his or her staff to represent him or her at meetings of the Corporation, or committees thereof, with full powers to act and vote on his or her behalf. Such, designation, if any, shall be made by the filing of a certificate by the ex-officio director with the Corporation in substantially the same form as follows:

“Certificate of Designation”

I, _____, _____, an ex-officio member of the Board of the Connecticut Lottery Corporation, hereby designate _____, (my deputy) (a member of my staff), to represent me at the meetings of the Corporation, or committees thereof, with full powers to act and vote in my behalf.

Signed: _____

Any such designation shall be revocable at any time upon written notice by such ex-officio director to the Secretary of the Corporation.

ARTICLE III OFFICERS

Section 1 Appointment of Officers

The Board shall appoint the President and the Secretary of the Corporation, and such other officers as the Board may approve upon the recommendation of the President. Such officers shall not be directors of the Board, shall serve at the pleasure of the Board

and shall receive such compensation as shall be determined by the Board, subject to the provisions of any written agreement of employment between the Corporation and the officer. The President and Secretary shall not be the same person. Officers shall assist the President as directed by him or her. Each officer shall be under the supervision of the President. The duties and responsibilities of any of the Corporation's officers may not be delegated to a director of the Board. If the active employee or retirement benefits component of compensation for the Corporation's officers are governed by State statutes or regulations administered by an agency of the State government, then the Board shall consult with such state agency, as needed, to ensure that any written agreement of employment or modifications thereto conform with such statutes or regulations.

Section 2 President

The President shall be the chief executive officer of the Corporation. The President shall have the general charge, supervision and control of the operation and management of business and affairs of the Corporation subject to the direction of the Board. The President shall have such other powers and duties as are generally incident to the office of the President of a Connecticut corporation and as may be assigned by the Board. The President shall not be a state employee. The President shall attend all meetings of the Board. The President or his designee may serve as a member of such other boards or committees as may be necessary or desirable to carry out the purposes of the Corporation.

The President shall, in accordance with procedures set by the Board, enter into agreements with vendors with respect to the operation and management of the Lottery, including operation of Lottery terminals, management services, printing of Lottery tickets, management expertise, marketing expertise, advertising, or such other goods or services as the Board deems necessary and appropriate.

The President shall take all such action as to the operation and management of the Corporation as he in his discretion deems advisable in order to enhance the monetary value of the Corporation and the Lottery.

The President shall appoint one or more Vice Presidents, who shall serve at the pleasure of the President. The duties and terms of employment of each Vice President shall be determined by the President, with the exception of compensation of each Vice President, which shall be determined by the Board. Any written agreement of employment for a Vice President shall be approved by the Board.

Section 3 Secretary

The Secretary shall keep a true, faithful and correct record of all proceedings and maintain and be custodian of all books, documents and papers filed with the Corporation and of the book of minutes of the Corporation and of its official seal. The Secretary may cause copies to be made of all minutes and other records and

documents of the Corporation and may give certificates under the official seal of the Corporation to the effect that such copies are true copies, and all persons dealing with the Corporation may rely upon such certificates.

The duties of the Secretary shall include giving notice of any meeting to the directors of the Board. The Secretary shall have such other duties as shall be determined by the President or the Board.

Section 4 Compensation

The compensation of the President, the Secretary and any Vice Presidents appointed by the President, shall be determined by the Board.

Section 5 Term of Office

Subject to the provisions of any written agreement of employment between the Corporation and the officer, (a) each officer of the Corporation shall, unless he or she resigns or is earlier terminated, hold office until his or her successor is chosen and qualified in his or her stead, (b) any officer appointed by the Board may be removed at any time by the affirmative vote of the Board and (c) any officer appointed by the President may be removed at any time by action of the President. If the office of any officer becomes vacant for any reason, then the vacancy shall be promptly filled by the President or the Board, as is appropriate. No vacancy need be filled if the President or the Board, as is appropriate, determines that the office in which such vacancy occurs need not be filled; provided that the Corporation shall maintain the offices of President and Secretary.

ARTICLE IV RESIGNATIONS, VACANCIES AND REMOVALS OF OFFICERS

Officers of the Corporation, except for the President, may resign at any time by giving notice to the President. The President may resign at any time by giving notice to the Board. Subject to the provisions of any written agreement of employment between the Corporation and the officer, any such resignation shall take effect at the time specified in the notice of resignation or, if the time be not specified, then upon receipt of such notice; and, unless otherwise specified therein, the acceptance of any resignation shall not be necessary to make it effective.

ARTICLE V MEETINGS

Section 1 Quorum

A majority of the directors of the Board then seated shall constitute a quorum. The affirmative vote of a majority of the directors present at a meeting of the Corporation at which a quorum is present shall be necessary and sufficient for any action taken by the Board. No vacancy in the membership of the Board shall impair the right of a quorum to exercise all the rights and perform all the duties of the Board.

Section 2 Action by the Board

Any action taken by the Board may be authorized by resolution at any regular or special meeting and shall take effect immediately unless otherwise provided in the resolution.

Section 3 Regular Meetings

Regular meetings of the Corporation shall be held a minimum of six (6) times each year at the times and on the dates determined by the Board. Any of such regular meetings may be designated by the Board or Chairperson as the annual meeting of the Corporation. The agenda of the regular meetings of the Corporation shall be available to the public and filed not less than twenty-four hours before the meetings to which they refer at the Corporation's regular office or place of business. Upon the affirmative votes of two-thirds of the directors of the Board present and voting, additional items may be placed on the agenda of a regular meeting and may be considered and acted upon at such meeting.

Section 4 Special Meetings

Special meetings of the Corporation may be called by the Chairperson. In the case of the absence or inability of the Chairperson, the Vice Chairperson shall have the authority to call special meetings. The Chairperson, or in the case of the Chairperson's absence or inability to act, the Vice Chairperson, shall call a special meeting of the Corporation upon the request of the President. Notice of each special meeting of the Corporation so called shall be given not less than twenty-four hours prior to the time of such meeting by filing a notice of the time and place thereof in the office of the Secretary of the State. In case of emergency, any special meeting may be held without complying with the foregoing requirement for the filing of notice, but a copy of the minutes of every such emergency special meeting adequately setting forth the nature of the emergency and the proceedings occurring at such meeting shall be filed with the Secretary of the State not later than seventy-two hours following the holding of such meeting. The notice for a special meeting, specifying the time and place of the meeting and the agenda for such meeting, shall be delivered in person or mailed to the business or home address of each director of the Board in the manner provided by C.G.S. §1-225. At such emergency meetings only matters specified in the notice may be considered and acted upon by the directors of the Board present.

A director of the Board may file a written waiver of delivery of notice of special meeting at or prior to the time of such meeting by filing such written waiver with the President or by means of a facsimile or e-mail waiver addressed to the President. The requirement of delivery of written notice may also be dispensed with as to any Director who is actually present at the meeting at the time it convenes.

Section 5 Telephone Conference Meetings

All of the directors, or any one or more of the directors, or the President, may participate in meetings of the Board or any committee thereof by means of a conference telephone or similar communication equipment.

Section 6 Adjournment

Any meeting of the Corporation may be adjourned in the manner provided by C.G.S. §1-228. Less than a quorum may so adjourn from time to time. The notice requirements set forth in Sections 3 and 4 above and in C.G.S. §1-225 shall apply and such notice of the adjournment shall specify the time and place to which the meeting is to be adjourned.

Section 7 Passage of a Resolution

Unless otherwise required by law or other bylaws, any action taken by the Corporation may be authorized by resolution approved by a majority of the directors of the Board present at any meeting, which resolution shall take effect immediately.

Section 8 Manner of Voting

The voting on all questions at meetings of the Corporation shall be by voice vote and the yeas and nays shall be entered upon the minutes of such meeting, except that the election of officers may be by unanimous vote without the necessity of recording the individual votes upon the minutes. In the event that any director of the Board shall abstain from voting on any question, such abstention and the reason therefore shall be entered upon the minutes of such meeting.

ARTICLE VI BUDGET, FISCAL YEAR, BANK DEPOSITS, CHECKS, ETC.

Section 1 Budget

At least sixty (60) days prior to the close of the fiscal year the President shall submit an annual budget for the ensuing fiscal year to the Board, Finance Committee or other designated Committee or Subcommittee, for approval. The Board shall establish an annual budget of revenues and expenditures, along with reasonable reserves for working capital, capital expenditures, debt retirement, and other anticipated expenditures, in a manner and at levels considered by the Board as appropriate and prudent. The President may request amendments to the approved budget at any regular or special meeting, and the Board may approve such changes to the annual budget as it deems appropriate.

Section 2 Fiscal Year

The fiscal year of the Corporation shall commence on July 1 of each year and conclude June 30 of the following calendar year.

Section 3 Reports; Accounts; Auditors

The Corporation shall on a fiscal quarterly basis report on its operations for the preceding fiscal quarter to the Governor and the joint standing committees of the General Assembly having cognizance of matters relating to finance, revenue and bonding, and public safety and security. The report shall include a summary of the activities of the Corporation, a statement of operations and, if necessary, recommendations for legislation to promote the purposes of the Corporation. The accounts of the Corporation shall be subject to audit by the state auditors of public accounts. The Corporation shall have independent certified public accountants audit its books and accounts at least once each fiscal year. The books, records and financial statements of the Corporation shall be prepared in accordance with generally accepted accounting principles. Appointment of independent certified public accountants to perform fiscal audits of the Corporation shall be made by the Board. In accordance with C.G.S. §1-122 a compliance audit of the Corporation's activities during the preceding fiscal year shall be conducted by the Auditors of Public Accounts or by a person, firm or corporation hired by the Auditors of Public Accounts.

Section 4 Bank Deposits

The funds of the Corporation shall be deposited in the name of the Corporation or of any division thereof in such banks or trust companies in the United States or elsewhere as may be designated from time to time by the Board upon recommendation of the President, or by the President upon authorization by the Board.

Section 5 Checks, Notes, etc.

All checks, notes, drafts, bills of exchange and other negotiable instruments of the Corporation shall be signed by or bear the facsimile signature of the President, or any Vice President, or other officer or employee in accordance with policies and procedures adopted by the Board of Directors.

ARTICLE VII SEAL

The seal of the Corporation shall consist of two concentric circles and shall have inscribed thereon the following words: "Connecticut Lottery Corporation" and such additional matter as may be approved from time to time by the Chairperson or President. The seal shall be maintained in the custody of the Secretary.

ARTICLE VIII INDEMNIFICATION

The Corporation shall indemnify, protect and save harmless the directors of the Board, its officers and employees to the fullest extent permitted or required by applicable law. To that end, in accordance with C.G.S. § 1-125, the directors of the Board and officers and employees of the Corporation shall not be personally liable or accountable on instruments issued by the Corporation or by reason of the issuance of such instruments

for injury resulting from conduct that is not wanton, willful, reckless or malicious and results from the performance of his or her duties and within the scope of his or her appointment as such director, officer or employee. In accordance with C.G.S. §1-125, the Corporation shall protect, save harmless and indemnify the directors of the Board, its officers and employees from financial loss and expense, including legal fees and costs, if any, arising out of any claim, demand, suit or judgment alleging negligence, deprivation of civil rights or any other act or omission resulting in damage or injury, provided that the director(s) of the Board, officer(s) or employee(s) is found at the conclusion of the action to have been acting within the discharge of his or her duties, and such act or omission is found not to be wanton, reckless, willful or malicious. Further, there shall be no indemnification for (a) acts which constitute a breach of the Corporation's Code of Ethics or duty of loyalty to the Corporation, (b) to acts or omissions not in good faith or which involve intentional misconduct or knowing violations of the law, (c) for transactions from which that person derives an improper personal benefit, or (d) to the extent that that person is indemnified by a private or public insurance carrier or a government fund designed to protect government employees.

In accordance with the foregoing, the Corporation may enter into indemnification agreements with directors of the Board, officers and employees and may purchase liability insurance to cover any and all related contingencies.

ARTICLE IX PROMULGATION OF RULES AND REGULATIONS

The Board shall adopt such administrative and operating procedures which it deems appropriate, including but not limited to, specific policies, rules and procedures on purchasing and contracting.

ARTICLE X AMENDMENT

The Board shall have the power, from time to time, to ratify, adopt, amend and repeal bylaws for the conduct of its affairs upon the affirmative vote of two-thirds of the directors of the Board then in office.

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