

MASSACHUSETTS STATE LOTTERY COMMISSION
Compensation Committee Charter

Adopted June 26, 2012

A. Purpose

The purpose of the Compensation Committee of the Massachusetts State Lottery Commission (the “Commission” or the “Lottery”) is to oversee the discharge of the responsibilities of the Commission relating to compensation of the Lottery’s executive management.

B. Structure and Membership

1. Composition: The Compensation Committee shall consist of the five (5) members of the Commission, including the State Treasurer. Those members that serve *ex officio* may designate an employee of his or her office to perform the duties of the Compensation Committee. The Chair, subject to the approval of the Commission, may appoint additional members to the Compensation Committee.
2. Qualification and Conflicts: As part of its approval process, the Commission shall make a determination whether any member appointed by the Chair pursuant to Section B.1 herein is duly qualified to serve on the Committee, and will exercise independent judgment in such service. Members of the Compensation Committee must fully disclose any conflicts of interest or appearances thereof to the Committee, including all relevant filings made pursuant to M.G.L. c. 268A.
3. Term and Chair: Members of the Compensation Committee appointed by the Chair pursuant to Section B.1 herein may be removed or replaced by the Chair, subject to the approval of the Commission. The State Treasurer, or his or her designee, shall serve as the Compensation Committee’s Chair.

C. Procedures and Administration

1. Meetings: The Compensation Committee shall meet as often as it deems necessary in order to perform its responsibilities.
2. Notice: Public notice of meetings of the Compensation Committee shall be given by the Chair, in accordance with M.G.L. c. 30A, §20. The notice shall include the date, time, and place of the meeting and a listing of topics that the Chair reasonably anticipates will be discussed at the meeting.
3. Conduct: Meetings of the Compensation Committee shall be conducted in accordance with M.G.L. c. 30A, §§18-25 (the “Open Meeting Law”), as may be amended from time to time. Meetings shall be open to the public, except as otherwise provided by the Open Meeting Law.

4. Quorum and Votes: A simple majority of the members, including the Chair, of the Compensation Committee constitutes a quorum, and all actions shall require the concurrence of the Chair and the vote of such simple majority.
5. Record: The Compensation Committee shall ensure that a true and accurate record of its proceedings is kept and maintained.

D. Authority and Responsibilities

1. Executive Director's Compensation: The Compensation Committee shall evaluate annually the performance of the Executive Director and such evaluation shall be based upon an assessment of the Executive Director's achievement of such goals and objectives as the Committee deems appropriate. The Compensation Committee shall make recommendations to the Commission on the compensation of the Executive Director, which recommendations shall be based in part on an analysis of relevant peer group data.
2. Management Personnel: The Lottery's Executive Director shall conduct the annual performance evaluations of and set the compensation for the Lottery's management personnel, *i.e.*, those employees not subject to collective bargaining. The Compensation Committee shall review the compensation levels and the process for conducting such evaluations and setting such compensation, and report its findings to the Commission.
3. Consulting Arrangements: To accomplish the responsibilities set forth above and assist in the evaluation of executive management compensation, the Compensation Committee may, with advance approval of the Commission:
 - (i) Retain and terminate compensation consultants.
 - (ii) Commission compensation surveys or studies.

E. Reports to Commission

The Compensation Committee shall report regularly to the Commission.

F. Amendments

The Compensation Committee shall, from time to time as it deems appropriate, review and reassess the adequacy of this Charter and recommend any proposed changes to the Commission for approval.