

**North Carolina Education Lottery  
Commission Meeting**

**Meeting Minutes**

Tuesday, June 19, 2012

*Commissioners in Attendance:* Robert A. Farris, Chairman  
Carla N. Archie  
Larry Spears  
Judge Marlene Hyatt

*Commissioner Participating via Phone:* Barry Dodson  
Pamela M. Whitaker

*Staff in Attendance:* Alice Garland  
Lou Ann Russell  
Bill Jourdain  
Michelle Lassiter  
Joseph Norman  
Robert Pitney

*The North Carolina Education Lottery Commission meeting was held June 19, 2012 at 12:30p.m. at NCEL headquarters, located at 2100 Yonkers Road, Raleigh, NC.*

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**Opening and Approval of Minutes**

Chairman Farris called the meeting to order and reminded the Commission that they operate under the state's code of ethics. He also reminded commissioners that funds raised by the North Carolina Education Lottery (NCEL) are used to supplement, not supplant education dollars in North Carolina. The Chairman then presented the minutes of the March 6, 2012 NCEL Commission meeting for approval. Additionally, minutes from the May 1, 2012 NCEL Commission budget workshop were approved. There being no changes to the minutes, Chairman Farris declared the minutes approved.

**Audit Committee Report**

Commissioner Archie presented the Audit Committee report.

- Final audit of travel and motor fleet with recommendations to improve controls and effectiveness.
- Security audit was performed and resulted in 14 recommendations and 10 suggestions. This is performed biannually.
- Current audits underway are: Human Resources, fixed assets and advertising and planning for instant and online prize validations.
- Continuous audit of projection, general controls, systems development and change controls for the quarter was performed, as well as end of game processing.
- Performance of monthly reconciliations of tickets reconstructions.

- Office of the State Auditor has not issued a final report in response to an anonymous complaint about the NCEL handling of liquidated damages. The State Controller's recommended processing changes have been implemented.
- The NCEL Commission went into closed session to discuss the confidential draft investigative report produced by the North Carolina Office of the State Auditor.

### **Operations/Personnel Committee Report**

Commissioner Whitaker presented the Operations/Personnel Committee report.

NCEL Human Resource policy revisions were discussed and 2 changes were proposed.

- 1) Employee PTO payout option for non-directors would be changed from the current amount of 80 hours to 120 hours.
- 2) There was also a change to the Paid Time Off (PTO) language removing "bereavement leave" as bereavement leave is covered in a new policy.

Commissioner Whitaker made a motion to accept the HR policy revisions and Commissioner Hyatt seconded. The motion carried.

### **Finance Committee Report**

Commissioner Larry Spears presented the Finance Committee report.

For the first ten months of FY 2012 the NCEL raised \$1.33 billion in revenue with tickets sales of \$1.32 billion. 9.9% increase in ticket sales from last year's equivalent. The NCEL operating budget was also highlighted noting that NCEL Commissioners attended a budget workshop in May 2012 to discuss the FY 2012/2013 budget. Commissioner Spears made a motion to approve the new fiscal year's operating budget and Commissioner Hyatt seconded. The motion carried.

RFPs were issued for television stations to televise lottery drawings in the Charlotte and Greenville markets. In the Charlotte market, WAXN/WSOC channel was recommended as the Apparent Successful Contractor subject to further negotiations. The result of those negotiations will be presented to the Commission at a later date. For the Greenville market, WITN is the recommended to be the Apparent Successful Contractor. Commissioner Spears made a motion to accept the committee's recommendation and Commissioner Archie seconded. The motion carried.

Lottery Subscription System and Related Service RFP was issued by the NCEL to acquire a vendor to operate and manage an online subscription service. SGI/MDI was recommended by the Evaluation Committee and approved by the Executive Director to be the Apparent Successful Contractor. However, the committee recommended that SGI/MDI improve its minority participation program, which the NCEL will negotiate and will provide follow-up information to the Commission. Commissioner Spears made a motion to designate SGI/MDI as the apparent successful contractor for the Lottery subscription contract. In addition, the Commission directed the NCEL staff to negotiate with SGI/MDI to improve their minority participation program. Commissioner Hyatt seconded. The motion carried.

**Executive Director** Alice Garland, Executive Director presented the following information:

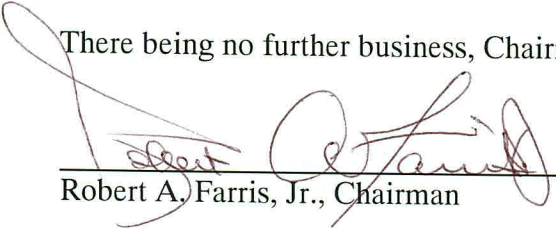
#### Key Performance Indicators

- HR has developed a specific Bereavement leave policy for NCEL employees
- Contracts greater than \$90,000 were shared with Commissioners

- Purchasing of Treasurer Securities in lieu of purchasing an insurance product to pay annuity prizes will take place

Lou Ann Russell, Deputy Executive Director of Marketing, Advertising and Communications presented the 4<sup>th</sup> quarter marketing update. She provided information regarding recently released scratch off tickets, including: Taxes Paid, The Three Stooges, 20X The Money and Carolina Black. She also provided information regarding the NCEL Tourism Program, Green Ball Bonus Draw and Carolina Pick 3 promotions, as well as upcoming Spring and Summer events.

There being no further business, Chairman Farris adjourned the meeting.

  
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Robert A. Farris, Jr., Chairman

9-18-2012  
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Date