

# North Carolina Education Lottery Commission Meeting

## Meeting Minutes

Tuesday, December 4, 2012

*Commissioners in Attendance:*

Robert A. Farris, Chairman  
Carla Archie  
Keith Ballentine  
Courtney Crowder  
Barry Dodson  
David Kirby  
Jody Tyson  
Ray Warren

*Commissioners Absent:*

Marlene Hyatt

*Staff in Attendance:*

Alice Garland  
Lou Ann Russell  
Bill Jourdain  
Deb Doty  
Sam Hammett

*The North Carolina Education Lottery Commission meeting was held December 4, 2012 at 8:30 a.m. at The Renaissance Asheville Hotel, 31 Woodfin Street, Asheville, North Carolina 28801*

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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 informed the commissioners that funds raised by the North Carolina Education Lottery (NCEL) should be used to supplement, not supplant education dollars in North Carolina and that such expenditure is controlled by the Legislature.

Chairman Farris recognized newly appointed commission member, Courtney Crowder. The Chairman then presented the minutes of the September 18, 2012 NCEL Commission meeting for approval. There being no changes to the minutes, Chairman Farris declared the minutes approved.

### Audit Committee Report

Commissioner Archie presented the Audit Committee report:

- Collin Hill, Sr. Manager of Cherry Bekaert and Holland, presented report of audited financial statements as of June 30, 2012. The NCEL received an unqualified opinion.
- The Internal Auditor reported finalization of online and instant ticket validations and fixed assets in the last quarter.
- Security audit is required by statute to be performed bi-annually. The confidential part of the last security report resulted in fourteen (14) recommendations and ten (10) suggestions.
- Field works for three (3) audits are ongoing: Instant ticket inventory, investigations and telecommunications.
- The audit committee charter requires an annual review of both the committee charter as well as the internal audit charter. They were reviewed with only minor changes.
- The committee went into closed session to conduct the annual confidential meeting between the Internal Auditor and the committee. No actions items to report.

Chairwoman Archie made a motion to reaffirm the charters and Commissioner Dodson seconded.

## **Operations/Personnel Committee Report**

Chairman Farris presented the Operations/Personnel Committee report. There was much discussion during the Ops/Personnel Committee meeting regarding NCEL salaries for the IT Department. The committee recommends to the full commission that the Executive Director be authorized to proceed with a salary review, particularly in the IT field to immediately address vacancies that have been difficult to fill and specifically to increase certain positions' salary to come in-line with comparable positions in the same field. The Executive Director would like to address the IT issues first and report back to the Commission at the Spring or Summer meeting with a proposal for a salary study. Chairman Farris made a motion to proceed with the salary study and Commissioner Tyson seconded.

## **Finance Committee Report**

Commissioner Dodson presented the Finance Committee report. Financial reports for October 2012 and the first four (4) months of FY13 were presented. Two (2) action items presented to the full commission:

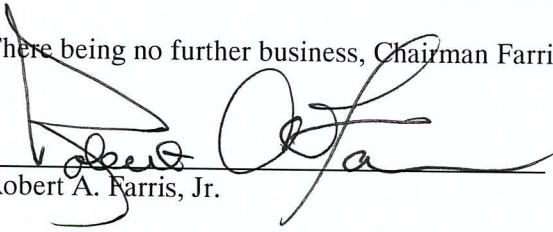
- Lottery Subscription System: The Finance Committee voted to approve the recommendation of MDI as the apparent successful contractor. Commissioner Dodson made a motion that the full commission approves the recommendation. Chairman Farris seconded.
- Draw Auditor ITB: The Finance Committee voted to approve the recommendation of Thomas and Gibbs, CPA, PLLC as the apparent successful contractor. Commissioner Dodson made a motion that the full commission adopts the recommendation. Commissioner Kirby seconded.

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

- The Key Performance Indicators were presented.
- Lou Ann Russell, Deputy Executive Director Marketing, Advertising and Communications presented the FY13 2<sup>nd</sup> quarter advertising/marketing update that included the following information:
  - Overview of sales success with Powerball record \$550 million jackpot
  - Recap of new Pick 3 Green Ball Bonus Draw promotion, which was successful in creating heightened awareness of this game by giving players an additional way to win
  - Cash 5 advertising update and the successful efforts to increase awareness of the game through yearlong branding and promotional effort
  - Review of Lucke-Zone Players Club rewards program which launched on 10/1/12
  - Latest scratch-off tickets update
  - Overview of print campaign effective in connecting with business community
  - Update on new drawing set at WRAL
- Greene County Meeting: Executive Director Garland, Jaime Fuquay, Chairman Farris and Commissioner Tyson toured a school in Greene County that was built largely with lottery funds. They also participated in a joint meeting between the Greene County Board of Education and the Greene County Commissioners. The NCEL looks forward to meeting with other school systems and County Commissioners.
- AV Refresh Contract: the AV system at NCEL headquarters is six (6) years old and needs to be updated. The contract was put out for public procurement. Two (2) bids were received. Information regarding contract award will be provided to NCEL Commissioners at the next meeting. North Carolina General Statute requires background checks be conducted on all bidders, not just the apparent successful contractor. The NCEL will be working with the NCGA to increase the statutory threshold for conducting extensive background checks and bond requirements from \$90,000 to \$300,000.
- Calendar 2013 & 2014 meeting dates survey: polling members in order to put together a calendar of commission meeting dates.
- Contracts over \$90,000: Alice provided an update of contracts over \$90,000.
- Strategic Plan: The strategic planning process is currently being reviewed and changed. Jaime King Fuquay is spearheading this process. An update will be provided at the March 2013 NCEL Commission meeting.

- Executive Director Garland provided an update to Commissioners regarding various internal reorganizations that are going on in different departments at the NCEL. This involves physical movement as well as structural changes, such as reconfiguring cubicles and rebuilding offices. The Product Manager (Randy Spielman) has been promoted to a new position named Director of Product Development. The Commissioners were also made aware that Donald Redic with GTECH is taking a position within GTECH in Indiana.

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

  
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Robert A. Farris, Jr.

3.19.13  
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Date