

**North Carolina Education Lottery  
Commission Meeting**

Meeting Minutes  
August 14, 2008

*Commissioners in Attendance:* John R. McArthur, Chairman  
Secretary Bryan E. Beatty  
Max O. Cogburn  
Robert A. Farris Jr.  
Bridget-Anne Hampden  
Edwin M. Speas Jr.  
Pamela M. Whitaker  
Dr. James H. Woodward

*Staff in Attendance:* Tom Shaheen

*The Commission meeting was held on Thursday, August 14, 2008, at 3:00 p.m. in the Dr. Charles Sanders Conference Room of the North Carolina Education Lottery located at 2100 Yonkers Road, Raleigh, NC.*

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**I. Opening**

- Chairman McArthur called the meeting to order and recognized Dr. James H. Woodward and Mr. Robert W. Appleton for their terms of service on the North Carolina Education Lottery (NCEL) Commission. Dr. Woodward and Mr. Appleton were presented framed certificates of appreciation.
  
- Chairman McArthur reported President Pro Tem Basnight appointed Mr. Norwood G. Clark, CPA, to replace Mr. Appleton; and Speaker Hackney appointed Dr. Edward B. Fort to replace Dr. Woodward.
  
- Tom Shaheen, Executive Director, introduced Fenita Shepard, the new NCEL Deputy Executive Director, Legal and Security.

**II. Approval of Minutes**

- Chairman McArthur presented the minutes of the May 21, 2008 NCEL Commission meeting for approval. There being no changes, Commissioner Speas moved to approve the minutes. Commissioner Farris seconded the motion. The motion passed.

**III. Finance Committee Report**

- Commissioner Hampden reviewed the June 2008 Financials.
  
- Commissioner Hampden presented a one-year Renewal of Professional Advertising and Related Services Agreement with Wray Ward Creative Marketing Communications. The original Wray Ward three-year contract will expire on February 21, 2009. After further discussion, Commissioner Hampden moved to approve the one-year renewal term. Commissioner Farris seconded the motion. The motion passed.

**IV. Audit Committee Report**

- Commissioner Farris reported Nikki Howard, Internal Auditor, provided a quarterly report.
- Internal Audit finalized both the Security Audit and Telecommunications Audits last quarter.
- The NCEL received the SAS 70 Audit Report on GTECH operations performed by the Reznick Group.
- Commissioner Farris reported the term of NCEL's security audit contract with Delahanty Consulting was for two years with the option of three one-year renewals. At the request of the Audit Committee at their last meeting, Internal Audit met with Finance, Security, MIS and Gaming staff regarding the extension of the contract to provide the annual security audit required by the Lottery Act. Staff unanimously recommended the NCEL exercise two one-year extensions and contract with Delahanty Consulting to provide the security audits and SAS 70 audit. After further discussion, Commissioner Farris moved to approve two one-year extensions of the Delahanty Consulting contract. Commissioner Hampden seconded the motion. The motion passed.

**V. Personnel Committee Report**

- Chairman McArthur reported the Personnel Committee met via conference call in closed session to review the draft performance evaluation for Tom Shaheen, Executive Director. Revisions will be circulated to the Commission for discussion at the next meeting.

**VI. Executive Director's Report**

- Mr. Shaheen provided an overview of the Key Performance Indicators (KPIs) through June 30, 2008.
- Mr. Shaheen informed the Commission that the Legislative Oversight Committee will meet on August 22. An annual sales workshop for the sales staff will be held in Asheville September 3-5. The NCEL will hold the third annual Minority Business Conference in Raleigh on September 11. A retailer workshop will be held in Greensboro on September 16.
- Mr. Shaheen informed the Commission that the State of Florida has joined the Powerball game. Beginning in January, changes will be made to the Powerball matrix to accommodate the additional population added to the game. After further discussion of the changes that will take place in Powerball, Commissioner Cogburn moved to approve that the NCEL remain a member of Powerball accepting the Powerball game changes. Commissioner Beatty seconded the motion. The motion passed.
- Mr. Shaheen presented the draft Strategic Plan for the Commissioners to review in preparation for a planned workshop in October.

There being no further business, Commissioner Hampden moved to adjourn. Commissioner Farris seconded the motion. The motion passed and the meeting adjourned.

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John R. McArthur, Chairman

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Date