

**North Carolina Education Lottery
Commission Meeting**

Meeting Minutes

Wednesday, September 15, 2010

Commissioners in Attendance: Robert A. Farris, Jr., Chairman
Carla N. Archie
William F. Dowdy
Bridget-Anne Hampden
Judge J. Marlene Hyatt
Lawrence M. Spears

Commissioner not in Attendance: Norwood G. Clark, Jr.
Pamela M. Whitaker

Staff in Attendance: Alice Garland
Tom Shaheen

The North Carolina Education Lottery meeting was held Wednesday, September 15, 2010, at 1 p.m. at the Crowne Plaza Resort and Hotel, One Resort Drive, Asheville, NC 28806.

Opening and Approval of Minutes

Chairman Farris called the meeting to order and reminded everyone of the North Carolina Education Lottery (NCEL) Commission's firm commitment to serve the people of North Carolina by providing funds for education which should truly be additive and supplemental.

Chairman Farris announced the resignation of Commissioner Max Cogburn as of September 7, 2010. The NCEL appreciates his service on the Commission.

The minutes of the June 16, 2010 NCEL Commission meeting were presented for approval. Commissioner Dowdy moved to approve the minutes. Commissioner Hyatt seconded. The minutes were approved.

Audit Committee Report

Commissioner Dowdy presented the Audit Committee report:

- Four audits were finalized last quarter: Instant Ticket Validation; Online Ticket Validation; Accounts Payable; and Advertising. Current process and controls were adequate, but some suggestions were made for improvement.
- NCEL contracted with Delehanty Consulting LLC to provide the statutorily required Performance Audit. The final report is planned for the December 2010 meeting.
- Cherry, Bekaert & Holland, LLC is on-site to conduct the annual Financial Audit contracted by the Office of the State Auditor. A final report is anticipated on October 15, 2010.
- The annual review of the Audit Committee Charter will be performed next quarter.
- The GTECH SAS 70 Report was completed and there were no significant exceptions.

Operations/Personnel Committee Report

- Commissioner Archie presented proposed revisions to the North Carolina Education Lottery (NCEL) Drug Free Workplace Policy, including renaming the policy to the Alcohol and Drug Free Workplace Policy. The purpose of the proposed revisions is to update the Policy to coincide with the recently updated Office of State Personnel policy on this subject matter. Commissioner Archie moved to approve the revisions. Commissioner Dowdy seconded. After discussion, the motion passed.
- Commissioner Archie advised the Commissioners that the Operations/Personnel Committee agreed to the following tentative schedule for the Executive Director hiring process: the Executive Director's position may be posted in mid-October. The applications deadline may be in mid-November, and the Committee plans to give a status report at the December 15, 2010 NCEL Commission meeting.

Finance Committee Report

- Commissioner Hampden presented the July 2010 Financials. Total sales for the first month of FY 2011 totaled \$110.1 million. Net revenue earned for the NC Education Lottery Fund in the first month of FY 2011 was \$32,853,518.
- Commissioner Hampden introduced a resolution to increase the Executive Director's signing authority from \$300,000 to \$400,000, which shall be limited to sports sponsorships only. After discussion, Commissioner Hampden moved to approve the resolution and accept the July 2011 financials. Commissioner Spears seconded. The motion was approved.

Executive Director Report

- Alice Garland, Acting Executive Director, provided an overview of the Key Performance Indicators.

Chairman Farris thanked departing Executive Director Tom Shaheen for his leadership and integrity in starting up the lottery in record time. Mr. Shaheen expressed his gratitude to the Commissioners and staff for their support and hard work.

There being no further business, Commissioner Hyatt moved to adjourn. Commissioner Spears seconded. The motion passed.