

North Carolina Education Lottery FY17 Budget Work Session

Meeting Minutes
Tuesday, May 10, 2016

Commissioners in Attendance: Kim Griffin, Jr., Chairman
Keith Ballentine
Alice Underhill
Amy Ellis
Chris Shew
Jody Tyson
Courtney Crowder
Doug Baker (via conference call)

Commissioners not in attendance: David Kirby

Staff in Attendance: Alice Garland
Bill Jourdain
Quan Kirk

The North Carolina Education Lottery Budget Work Session was held on Tuesday, May 10, 2016, at 10:30 a.m. at the North Carolina Education Lottery located at 2100 Yonkers Road, Raleigh, NC.

Chairman Griffin called the meeting to order and Commissioners stood for the pledge of allegiance. The Chairman reminded the Commission that they operate under the State's code of ethics. He also informed 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 North Carolina Legislature.

Chairman Griffin requested a roll call to ensure a quorum. Teri Riddle, Executive Assistant, called the roll. All Commissioners were present for the meeting except Commissioner Kirby. Commissioner Baker participated via conference call.

Bill Jourdain, Deputy Executive Director of Finance, Administration and Security, presented the draft of the proposed FY2016-2017 budget to the Commissioners in a PowerPoint presentation.

Operations and Personnel Report

Committee Chairman Jody Tyson reported that the Operations and Personnel Committee met prior to the budget work session to cover several items. The first item was a potential change to the laws governing the Fair Labor Standards Act (FLSA.) The salary threshold for non-exempt employees will be increased and will impact some NCEL employees. Also, the Committee recommends that another compensation and classification study be completed in FY18 as part of a five (5) year rotation.

Committee Chairman Tyson also reported that the Operations and Personnel Committee voted to recommend to the full Commission that employee bonuses be paid during the current fiscal year and in the June 2016 pay period. The bonus will be based on merit using the employee's latest

annual performance evaluation score in accordance with the recommended scale to determine percentage amounts. The scores would be divided into three (3) bands and bonus amounts would range from 2% to 5%, depending on performance evaluation scoring. All employees hired by the NCEL before December 31, 2015 are eligible to receive a bonus. Committee Chairman Tyson made a motion to accept the proposal and Commissioner Ballentine seconded. The motion passed unanimously.

Committee Chairman Tyson presented information to the Commission about reallocating the way the NCEL Sales team is paid. Currently, the sales staff is compensated 75 percent of market. They earn the remaining 25 percent in commission. The Committee proposal is to lessen the amount of commission they are paid and increase their market salary. This change will not cost the NCEL any additional money. Committee Chairman Tyson made a motion to accept the structural change in the Sales staff pay and commission and Commissioner Shew seconded. The motion passed unanimously.

For information purposes only, Chairman Griffin requested that the Ops/Personnel Committee review the policy on Retailers playing lottery. Committee Chairman Tyson noted the committee will be reviewing the policy and will report to the full commission at a later date.

Open Discussion

Executive Director Alice Garland reported on the status of the North American Association of State and Provincial Lotteries (NASPL) Spring Director's meeting. Originally it was scheduled to be held in North Carolina, but due to the passage of HB2 many states imposed restrictions on traveling to North Carolina. Because NASPL is a member organization and the goal is to serve the members, the decision was made to move the meeting to Ohio, which is NASPL's home state. States with travel restrictions are: Washington, Minnesota, Illinois, Connecticut, Massachusetts, Vermont, New York and DC. Executive Director Garland is hopeful that North Carolina will be given another opportunity to host the meeting in the future.

Chairman Griffin announced that the Commission would go into closed session to discuss a personnel matter. Commissioner Tyson made a motion to enter into closed session and Commissioner Ballentine seconded. The motion passed unanimously.

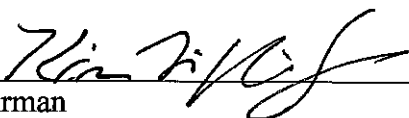
When the Commission returned to open session, Commissioner Tyson made a motion for the following: to amend the employment contract for the Executive Director Alice Garland with the following stipulations and Commissioner Crowder seconded:

- Extend Executive Director Garland's employment contract until March 31, 2018 with no further rights of renewal.
- Increase Executive Director Garland's annual compensation for base salary to \$209,533.45.
- Updated some provisions of Executive Director Garland's employment contract to comply with current state requirements and notification addresses.

The motion passed unanimously.

Being no further business, the meeting was adjourned.

Chairman



Date

6-30-16