

North Carolina Education Lottery Commission Meeting
Minutes
Wednesday, December 18, 2024
WebEx/Teleconference

Commissioners Members in Attendance: Ripley Rand
Cari Boyce
Lindsey Griffin
Pamela Whitaker
Jason Roth
Joshua Malcolm
Chris Hayes
Nigel Long

Commissioners (Not in Attendance): Randy Jones

<i>Select Staff:</i>	Mark Michalko	Chief Executive Officer and Executive Director
	William Traurig	Chief Legal Officer
	Eric Snider	Deputy General Counsel
	Frances Little	Executive Assistant to CEO & Executive Director
	Randy Spielman	Chief Product Officer
	Terri Rose	Chief Brand Officer
	Daniel Rose	Regional Sales Director - East
	Marbet Cuthbert	Director of Human Resources
	Greg Bowers	Chief Financial Officer
	Kimberly Thomas	Director of Internal Audit
	Sterl Carpenter	Chief Regulatory Officer
	Hayden Bauguess	Chief Government Affairs Officer
	Madison Mackenzie	Senior Attorney
	Cheryl Sutton	Director of Supplier Diversity & Outreach

<i>Guests in Attendance:</i>	April Adams	Engagement Director, Cherry Bekaert Advisory
	Mike Randall	RG Expert, GLI

The North Carolina State Lottery Commission meeting was held on Wednesday, December 18, 2024, at 10:03 a.m. via WebEx.

Chair Ripley Rand opened the meeting and welcomed attendees.

William Traurig, Chief Legal Officer, read the remote meeting announcements.

Chair Rand made the standard ethics announcements. Chair Rand asked if anyone had a known conflict of

interest with respect to any matter coming before the Commission at the current meeting; no conflicts were identified.

Roll call of the Commissioners was taken.

Approval of Minutes

Commissioner Pamela Whitaker moved to approve the meeting minutes from the September 25, 2024 Commission meeting. Commissioner Cari Boyce seconded the motion, which passed unanimously.

FY24 Financial Audit Review

April Adams, of Cherry Bekaert Advisory, LLP, provided a report regarding the Executive Summary of the yearly financial audit. The report covered the client service team; results of the audit; internal control communication; qualitative aspects of accounting practices; independence communication; other required communications; and upcoming financial reporting changes.

Revenue Generating Committee

Commissioner Nigel Long provided a report regarding the Revenue Generating Committee meeting on December 11, 2024.

Product Development

Randy Spielman, Chief Product Officer, gave a Product Development Update. The update covered Q2 scratch-off; digital instants game growth and performance; instant win game performance; expanded holiday game lineup; new draw game launch; and the multi-state monopoly branded online play game.

The proposed Loteria Scientific Games Licensing Agreement was presented, whereupon Commissioner Boyce moved that the Commission approve the proposed Agreement as presented, with direction to staff to negotiate and execute an agreement with terms in the best interest of the Lottery. The vote passed unanimously.

The proposed contract addendum with Softchoice was presented, whereupon Commissioner Long moved that the Commission approve the proposed addendum as presented, with direction to staff to negotiate and execute the addendum with terms in the best interest of the Lottery. The vote passed unanimously.

The proposed SciQ Merchandising and Management System Agreement was presented, whereupon Commissioner Long moved that the Commission approve the proposed Agreement as presented, with direction to staff to negotiate and execute an agreement with terms in the best interest of the Lottery. The vote passed unanimously.

Brand Management

Terri Rose, Chief Brand Officer provided an update to the Commission. The update covered the FY25 advertising calendar; holiday scratch-offs; Cash POP launch; \$8 Million Money Maker; social media benchmark; marketing sponsorships; winners and lottery top stories; details of the “Play Smart Gift Smart” school supply drive; and details for the FY25 diversity spend update for advertising. Ms. Rose also announced that the NCEL received World Lottery Association Level 4 Responsible Gaming Recertification.

Ms. Rose then introduced Mike Randall, Responsible Gaming (“RG”) Expert from GLI, who assisted with shaping the program and submission of the successful level 4 recertification. Mr. Randall gave an overview of the World Lottery Association RG Program; highlighted the lottery’s revamp of the Play Smart program and the Lottery’s RG team.

Sales

Daniel Rose, Regional Sales Director provided a Sales update to the Commission. The update covered the holiday game dispensers; Cash POP; and the SciQ Pilot.

Operations and Personnel

Commissioner Whitaker provided a report of the Operations and Personnel Committee’s December 12, 2024 meeting.

Human Resources

Marbet Cuthbert, Director of Human Resources provided an update regarding the agency’s current total employee headcount (301), employee demographics, current year-to-date vacancy rate, and total turnover rate. Ms. Cuthbert also reported on current Employee Research Groups (ERGs) and the NCEL being awarded the 2024 Best in Class Employer by Gallagher and Associates.

At this juncture, Commissioner Long exited the meeting, and a quorum remained present.

Corporate Incentive Program

Greg Bowers, Chief Financial Officer, detailed the proposed North Carolina Education Lottery FY2025 Corporate Incentive Plan to the Commission. Commissioner Whitaker moved for the Commission to approve the proposed FY2025 Corporate Incentive Plan. The vote passed unanimously.

Policy Updates

Mr. Traurig presented proposed changes to policies 6.02 (Contractor Dispute Resolution Policy) and 6.03 (Policy Adoption Process) and the adoption of a new policy 6.07 (Preservation of Records in Anticipation of Legal Action). Commissioner Whitaker moved for the Commission to approve the proposed staff changes and new policy. The vote passed unanimously.

Finance and Audit

Finance

Greg Bowers, Chief Financial Officer, provided a report regarding the FY2025 Preliminary Sales Results for November 2024 and Fiscal year-to-date through November. The report provided information for the unaudited FY24 sales by category compared to FY23 and FY24 budget; unaudited FY25 sales by category compared to FY24 5 months through November 2024; the percentage breakdown of sales revenue by category FY25 through November; the schedule of net earnings for the education lottery fund versus last fiscal year; and a final summary.

Internal Audit

Kimberly Thomas, Director of Internal Audit, provided a report regarding accounts payable and expense reporting; continuous monitoring (MIS & Security); external security audit/redacted audit; and the annual objectivity statements.

Sports Betting

Commissioner Cari Boyce provided a report of the Sports Betting Committee's September 18, 2024 and November 12, 2024 meetings.

Sports Wagering Update

Sterl Carpenter, Chief Regulatory Officer, presented a Sports Wagering update. The update covered the North Carolina Sports Betting Revenue Report FY2025 (including numbers for November 2024).

Pari-Mutual Wagering Update

Hayden Bauguess, Chief Government Affairs Officer, provided an update on the ongoing efforts to implement Pari-Mutual Wagering.

Rulemaking Package 4

Madison Mackenzie, Senior Attorney, provided a report of proposed changes to Rulemaking Package #4. Commissioner Boyce moved that the Commission adopt the proposed Rulemaking Package #4, in accordance with the recommendations made by staff as outlined in the Rulemaking Memo. The vote passed unanimously.

Revise Committee Name

Commissioner Boyce moved that the Commission approve the change of the Sports Betting Committee's name to the "Regulated Gaming Committee." The vote passed unanimously.

Executive Director

Legal

Mr. Traurig introduced newly hired Associate Attorneys Zach Wilson and Ayana Parker.

Diverse Business Spending

Dr. Cheryl Sutton, Director of Supplier Diversity & Outreach, provided an update regarding supplier diversity and outreach. The update covered the FY25 Diverse Spend through November 30, 2024; breakdown of diverse spend by segment; updates and activities; and success stories.

Legislative Report

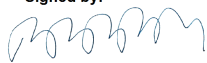
Mr. Bauguess presented a legislative update.

Other Business

Mr. Carpenter reported that Sports Betting would be losing Becky Powers, Director of Licensing, to the NC Medical Board. Chair Rand wished her the best of luck in her new position.

Adjournment

Commissioner Boyce moved to adjourn the meeting. Commissioner Roth seconded the motion, which passed unanimously. The meeting adjourned at 12:18 p.m.

Signed by:

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Chair Ripley Rand

3/26/2025

Date