

**North Carolina Education Lottery Commission Meeting
Meeting Minutes**

Wednesday, September 27, 2023

**In-Person at
North Carolina State Lottery Commission Headquarters**

Commissioners in Attendance:

Ripley Rand, Chair
Cari Boyce
Lindsey Griffin
Joshua Malcolm
Jason Roth
Pamela Whitaker
Chris Hayes
Nigel Long

Commissioners Absent:

Randy Jones

Select Staff in Attendance:

Mark Michalko
Billy Traurig
Frances Little
Greg Bowers
Randy Spielman
Daniel Rose
Marbet Cuthbert
Hayden Bauguess
Terri Rose
Cheryl Sutton
Damen Harris
George Walker
Eric Snider

Other Participants:

Benjamin T. Spangler, *Assistant Attorney General,
Department of Justice*
Amanda Winters, *Program Administrator, NC Program
Gambling Program*

The North Carolina State Lottery Commission meeting was held on Wednesday, September 27, 2023, at 10:00 a.m.

Chair Ripley Rand opened the meeting requesting the roll call be taken. Chair Rand acknowledged there was a quorum.

Billy Traurig, Chief Legal Officer, read meeting announcements.

Attendees recited the Pledge of Allegiance.

Approval of Minutes

Chair Rand called for a motion to approve the minutes for the Wednesday, June 21, 2023 and Tuesday, August 15, 2023 Commission Meetings. The motion was made by Commissioner Nigel Long and seconded by Commissioner Pamela Whitaker. The motion passed unanimously.

Announcement from the Chair

Chair Rand made the standard ethics announcements. He concluded by inquiring if anyone had a known conflict of interest with respect to any matter coming before the Commission at the current meeting. Chair Rand went on to advise that he had a conflict of interest regarding the SAS Migration Services and Hosted Managed Services agenda item, would recuse himself and would ask that Commissioner Jason Roth serve as the Acting Chair in consideration of that matter.

Annual Problem Gambling Program Update

Amanda Winters, Program Administrator, NC Program Gambling Program, provided the yearly update to the Commission. The update provided information regarding the Fiscal Year 2023 data, the extended offerings by the Responsible Gambling Hotline, along with highlights for Fiscal Year 2024 and beyond. The official Problem Gambling Helpline Report for 2023 was included in the Commissioners' document packets. Amanda Winters answered questions from the Commission.

Sports Betting

Mark Michalko, Executive Director, announced the hire of Sterl Carpenter as Deputy Executive Director for Gaming Compliance and Sports Betting. Mr. Carpenter introduced himself to the Commission.

Chair Rand referenced the Sports Betting Committee Charter which was included in the Commissioner's document packet. The Sport Betting Committee Charter allows for the establishment of the newly needed Sports Betting Committee to address sports betting issues. If approved, the Sports Betting Committee would consist of Commissioner Cari Boyce, Commissioner Whitaker, and Chair Rand.

Chair Rand called for a motion to approve the Sports Betting Committee Charter. The motion was made by Commissioner Boyce and seconded by Commissioner Chris Hayes. The motion passed unanimously.

With the Sport Betting Committee Charter being approved, the Sports Betting Committee will begin meeting, and will take up sports betting matters as they arise.

Revenue Generating Committee Report

Commissioner reported that the Revenue Generating Committee met on September 19, 2023, and covered three standard departmental informational reports, and one action item regarding the NPI Contract Extension. Commissioner Long called for Randy Spielman, Deputy Executive Director of Product Development and Digital Gaming, to begin with his report.

Product Development and Digital Gaming Update

Mr. Spielman presented the Product Development Update and Digital Gaming Update to the Commission. The report included information for the Q1 Scratch-Off Game Review, FY24 Fast Play Game Plan, the impact of the Big Jackpot Frequency, Pick 3 and Pick 4 Online Performance, along with Digital Scoreboard data for Q1 2024.

Mr. Spielman also discussed the proposed **NeoPollard Interactive (NPI) Contracted Services and Extension Contract**. He highlighted the current contract period, services, and pricing, along with the extension contract period and the added services/deliverables in addition to the pricing. Mr. Spielman answered questions from the Commission.

On behalf of the Revenue Generating Committee, Commissioner Long moved to approve the NeoPollard Interactive Contracted Services and Extension Contract as presented.

There being no additional questions or discussion, Chair Rand called for a roll call vote to approve the **NeoPollard Interactive (NPI) Contracted Services and Extension Contract**. A roll call vote was taken and the motion passed unanimously.

Brand Management & Communications Update

Terri Rose, Deputy Executive Director of Brand Management & Communications, provided an update to the Commission, including Jackpot Awareness, Scratch-Off Results for TV and Social Media, New Fast Games, the Keno Campaign; Winner Club Social, Pick 3 and Pick 4 Instant Cash Promo, Stories from Moving NC Students Forward; Marketing Sponsorships; new Video Storytelling, Spotlight on Good Causes; and data for Advertising Fiscal Year 2024.

Also, shared with the Commission was a Brand Management Diversity Spending Report. It provided Spend Updates for both Fiscal Year 2023 and 2024. Ms. Rose answered questions from the Commission.

Sales Update

Terri Avery, Deputy Executive Director of Sales, was unavailable so Daniel Rose, Regional Sales Director for the Eastern Region, provided the Sales update which covered details from the recent Sales Conference, data for Fiscal Year 2024 Recruitment, the Activation Rate of New Games, along with the November Keno Promotion.

Mr. Rose answered questions from the Commission.

Operations and Personnel Committee Report – Part 1

Commissioner Whitaker reported the Operations and Personnel Committee met on September 18, 2023. She reminded the Commissioners of the NCEL Employee year-to-date turnover rate of 4.04% and the vacancy rate of 4.4%.

Fiscal Year 2024 Corporate Incentive Program Proposal

Commissioner Whitaker advised, during the recent September 18, 2023 Operations and Personnel Committee Meeting, the Committee reviewed, discussed, and approved the Fiscal Year 2024 Corporate Incentive Program. The data was provided in the received document packet.

On behalf of the Committee, Commissioner Whitaker moved to approve the Fiscal Year 2024 Corporate Incentive Program.

Greg Bowers, Deputy Executive Director of Finance, Administration, and Security, along with Marbet Cuthbert, Director of Human Resources, answered questions from the Commission.

With no further discussion Chair Rand asked for a roll call vote. The vote was 7 Yea, and 1 Nay. The vote was passed.

Policy and Code of Ethics Update

Commissioner Whitaker advised Policy 10.1 (Ethics Procedures and Policy) and Policy 10.2 (Corporate Social Responsibility) were discussed during the Committee Meeting, and staff suggested no changes.

Details for Policy 10.3 (Process for Management of the NCEL in Absence of the Executive Director) were discussed with the Commission. The current version was updated and provided to the Commission in their meeting packet.

On behalf of the Committee, Commissioner Whitaker moved to approve the staff edits for Policy 10.3 (Process for Management of the NCEL in Absence of the Executive Director), and no changes to Policy 10.1 (Ethics Procedures and Policy) and Policy 10.2 (Corporate Social Responsibility).

With no further discussion, Chair Rand called for a vote. The vote passed unanimously.

Commissioner Whitaker asked Mr. Traurig to discuss updates to the existing Commission Code of Ethics. He explained the document was extremely outdated, poorly written and needed corrections for clarity, punctuation, spelling, grammar, as well as to encompass sports betting and pari-mutuel wagering on horse racing. In the essence of time, staff put together the updated document included in the document packet. Given the broader duties of the Commission with respect to sports betting and horse racing, it was the recommendation of the Legal Department that they take a look at the Codes of Ethics of other North Carolina state regulatory agencies, as well as gaming regulatory agencies of other states, and come back with a more robust Code of Ethics.

On behalf of the Operations and Personnel Committee, Commissioner Whitaker moved to approve the staff suggested edits to the Commission Code of Ethics, and to further direct the staff to consult other agencies in order to provide the Committee with a proposal for a more robust Code of Ethics to be presented to the Commission.

Mr. Traurig answered questions from the Commission.

With no further discussion, Chair Rand called for a vote. The vote passed unanimously.

Sports Betting Report

Mr. Carpenter provided the Commission with an update on the Sports Betting implementation efforts which included the Enterprise Regulatory System RFP, Business Needs, and Time Deadlines.

He went on to provide an overview and details for the **Gaming Laboratories International (GLI) Contract Amendment (“GLI Contract”)** for approval.

Commissioner Whitaker advised the details of the GLI Contract had been discussed with the Committee, and they recommend the GLI Contract be moved for approval by the Commission.

With no further discussion, Chair Rand called for a vote. The vote passed unanimously.

Chair Rand stepped away from the meeting, as he recused himself from the next agenda item, naming Commissioner Roth as acting Chair for this matter.

Management Information Systems Report

George Walker, Deputy Executive Director, MIS/Gaming Systems, discussed the SAS Hosted Managed Services and Migration Services Agreement with the Commission. He provided specifics regarding the project which would be split into two different phases. He clarified what is SAS Software and how it is, and will continue to be utilized. The SAS Hosted Managed Services portion of the project was also detailed along with costs for the project.

On behalf of the Operations and Personnel Committee, Commissioner Whitaker moved to approve the **SAS Hosted Managed Services and Migration Services Agreement** as presented.

Mr. Walker answered questions from the Commission.

Commissioner Roth called for a vote. The vote passed unanimously.

Chair Rand rejoined the meeting.

Finance and Audit Committee Report

Commissioner Roth stated there had not been a Finance and Audit Committee meeting the prior week. “Information only” documents for the current agenda items had been provided in the document packet. Commissioner Roth asked for Mr. Bowers to begin with the finance update.

Finance Update

Mr. Bowers presented the Financial update to the Commission, which included information for the FY2023 Financial Results, FY2023 Twelve Month Comparatives, FY2023 Distribution of Revenue, the Breakdown of Ticket Sales, FY2023 Distribution of Revenue, Education Funding Budget for the Fiscal Year, FY Distribution of Operating Revenue, Financial Highlights, and cumulative NCEL Sales Transfers to Education in the amount of over 10.26 billion dollars.

Mr. Bowers answered questions from the Commission.

Internal Audit Update

Mr. Michalko introduced Kimberly Thomas to the Committee as the new Director of Internal Audit. She’d been doing a stellar job as the Acting Director for seven months, and graciously agreed to take on the new role as a permanent position.

Ms. Thomas provided an update to the Commission which covered highlights for the Advertising Audit, Records Retention Audit, along with the Security Audit.

Executive Director Report

Diverse Business Spending

Dr. Cheryl Sutton, Director of Supplier Diversity and Outreach, provided an update to the Commission, which included a breakdown of the minority direct spend, activities surrounding new diverse vendors, highlights of various external activities and information on vendor participation.

Dr. Sutton shared that she had been asked to join the Board of the National Association of Women Business Owners of Greater Raleigh. As a corporate board member, she is allowed to offer her input, advise, and experience. She is not allowed to vote but sees this as a great gateway of visibility into the community. Dr. Cheryl Sutton answered questions from the Committee.

Legislative Update

Hayden Bauguess, Director of Governmental Affairs, presented an update to the Commission which covered actions occurring in the North Carolina General Assembly. Mr. Bauguess answered questions from the Commission.

Closed Session

Chair Rand called for a motion to move to closed session. The motion was made by Commissioner Roth and seconded by Commissioner Boyce. Chair Rand called for a vote. The vote passed unanimously.

The Commission adjourned to closed session at 12:04 p.m.

The Commission returned back to open session at 12:51 p.m.

Chair Rand advised that Commissioner Griffin had to leave the meeting due to another engagement. With his absence there was still a quorum.

Operations and Personnel Committee Report – Part 2

Eric Snider, Deputy Legal Counsel, detailed the Proposed Rulemaking Policy and Procedures with the Commission. The update included particulars of the Rulemaking Policy and Procedures, Powers and Duties of the Commission, Key Concepts, and an Overview of Contents.

With there being no questions, Commissioner Whitaker moved to approve the Proposed Rulemaking and Policy Procedures.

Chair Rand thanked the staff on behalf of the Commission for compiling the Proposed Rulemaking Policy as it will be the starting point for getting everything going.

Chair Rand called for a vote. The vote passed unanimously.

Other Business

Chair Rand advised to upcoming special called meetings. They will likely be October 25, 2023, and November 29, 2023. More information will be forthcoming.

Chair Rand called for a motion to adjourn, which was made by Commissioner Whitaker and seconded by Commissioner Long. There was no discussion regarding the motion. Chair Rand asked for a roll call vote which passed unanimously. The meeting adjourned at 1:02 p.m.

DocuSigned by:

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Acting Chair Cari Boyce

11/17/2023
Date