

North Carolina Education Lottery Commission Meeting
Minutes
Wednesday, June 18, 2025
In-Person & WebEx/Teleconference

Commissioners Attending in Person: Ripley Rand
Lindsey Griffin
Randy Jones
Jason Roth
Joshua Malcolm

Commissioners Attending Remotely: Cari Boyce
Chris Hayes
Nigel Long

Commissioners Absent from Meeting: Pamela Whitaker

Others in Attendance:

Herb Delehanty Delehanty Consulting, LLC

Select Staff:

Mark Michalko Chief Executive Officer and Executive Director

William Traurig Chief Legal Officer

Frances Little Executive Assistant to CEO & Executive Director

Eric Snider Chief Regulatory Officer

Marbet Cuthbert Director of Human Resources

Greg Bowers Chief Financial Officer

Kimberly Thomas Director of Internal Audit

Randy Spielman Chief Product Officer

Terri Rose Chief Brand Officer

Terri Avery Chief Sales Officer

Hayden Bauguess Chief Government Affairs Officer

The North Carolina State Lottery Commission meeting was held on Wednesday, June 18, 2025, at 10:01 a.m. in-person and via WebEx.

Chair Ripley Rand opened the meeting by calling on William Traurig, Chief Legal Officer, to proceed with 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. Commissioner Pamela Whitaker was absent from the meeting.

Approval of Minutes

Commissioner Jason Roth moved to approve the meeting minutes from the March 26, 2025, Budget workshop, and May 14, 2025, Commission meeting. Commissioner Cari Boyce seconded the motion, which passed unanimously.

Performance Audit

Mr. Herb Delehanty, of Delehanty Consulting LLC, provided the Commission with a summary of the annual performance audit. Mr. Delehanty covered the financial performance; evaluation of end-of-game processes for scratch-off games; strategic importance of corporate social responsibility; and details and recommendations for the responsible gaming program.

Regulated Gaming Committee

Commissioner Boyce reported that the Regulated Gaming Committee met on March 19, 2025, covering standard departmental reports and no action items.

Regulated Gaming Update

Eric Snider, Chief Regulatory Officer presented the Sports Betting Revenue Chart for FY2025 to the Commission. He also reviewed details of the attestation of compliance; the ongoing annual review; new division staffing, and the relaunch of the www.ncgaming website. Terri Rose, Chief Brand Officer, provided additional details regarding the relaunch of the website.

Operations and Personnel Committee

Commissioner Boyce reported in absence of Commissioner Whitaker that the Operations and Personnel Committee met on June 11, 2025, and covered standard departmental reports and one action item.

Human Resources

Marbet Cuthbert, Director of Human Resources provided an update which covered the agency's current total employee headcount of 297; retiring employees; estimated onboarding of new employees; the departmental Ticket to Success program; active shooter training; the event committee bake sale; recent Young Lottery Leaders events; and details for the company receiving the Great Place to Work certification. Ms. Cuthbert also discussed the upcoming responsibilities for the current year's CEO Review.

Commissioner Joshua Malcolm posed a question to Ms. Cuthbert regarding what the Lottery was doing with recruiting and outreach efforts to hire Veterans into the organization. Ms. Cuthbert advised that the Lottery does hire Veterans. With one or two openings it would not be sensible to do an outreach but with the current volume of openings it would be feasible.

Commission and Executive Policy Annual Review

Mr. Traurig presented the proposed policy changes for the required annual policy review to the Commission. These included edits to the Commission's Rulemaking Policy and Procedure (Policy 10.5) and that there be no changes to Commission Policies 10.1 (Ethics Procedures), 10.2

(Corporate Social Responsibility), 10.3 (Process for Management of the NCEL in the Absence of the Chief Executive Officer), and 10.4 (Code of Ethics). Commissioner Boyce moved on behalf of the Operations and Personnel Committee that the Commission approve the staff edits as presented. With no questions or discussion, the motion passed unanimously.

Finance and Audit Committee

Commissioner Jason Roth called on Greg Bowers to present the Finance Report.

Finance

Greg Bowers, Chief Financial Officer, gave a finance update that included the preliminary financial results through May; FY2025 sales compared to the last fiscal year budget; sales revenue YTD through May 2025; distribution of revenue YTD through April 25 versus YTD April 2024; schedule of net earnings versus last fiscal year; along with a financial summary YTD May 2025.

Mr. Bowers also shared that the FY2024 annual comprehensive financial report had met the requirements for his team to be awarded the Certificate of Achievement for Excellence in Financial Reporting by the Government Finance Officers Association. Mark Michalko, Chief Executive Officer and Executive Director, also spoke favorably regarding this achievement.

Mr. Bowers presented the proposed FY2026 Budget and supporting schedules to the Commission. Commissioner Roth moved, on behalf of the Finance and Audit Committee, that the Commission approve the FY2026 budget as presented. With no questions or discussion, the motion passed unanimously.

Internal Audit

Kimberly Thomas, Director of Internal Audit, provided a report detailing audit reports regarding council productivity, external performance, quality assurance, internal audit activity charter, and the risk assessment audit plan.

Cisco Aged Equipment Replacement

Mr. George Walker, Chief Technology Officer, presented the proposed MIS and Gaming Systems Aged Equipment Replacement agreement to the Commission. Commissioner Roth moved, on behalf of the Finance and Audit Committee, that the Commission approve the proposed Aged Network Equipment Replacement, with direction to staff to execute the state term contract as presented. With no questions or discussion, the motion passed unanimously.

Revenue Generating Committee

Commissioner Nigel Long reported that the Revenue Generated Committee met on June 11, 2025, covering standard departmental reports and four action items.

Product Development

Randy Spielman, Chief Product Officer, gave a Product Development Update. The update covered Digital Instant continued growth and diversification and the performance fiscal year to date; instant win games performance; 3rd quarter scratch-off launches; new Extended Play branding; and Mega Millions game changes.

Mr. Spielman also presented the proposed IGT and Pollard Banknote Limited extended printing contracts, discussing for each the respective extension contract periods, pricing, and product services.

Commissioner Long moved, on behalf of the Revenue Generating Committee, that the Commission approve the proposed printing contract extension with Pollard Banknote as presented, with direction to staff to negotiate and execute an agreement with terms in the best interest of the Lottery. With no questions or discussion, the motion passed unanimously.

Commissioner Long, moved on behalf of the Revenue Generating Committee, that the Commission approve the proposed printing contract extension with IGT as presented, with direction to staff to negotiate and execute an agreement with terms in the best interest of the Lottery. With no questions or discussion, the motion passed unanimously.

Mr. Spielman went on to present the proposed NeoPollard Interactive Contracted Services contract extension, discussing in detail the contract period, pricing, and added services and deliverables.

Commissioner Long moved, on behalf of the Revenue Generating Committee, that the Commission approve the proposed Online Play System, Loyalty Program and Related Services contract extension with NeoPollard Interactive as presented, with direction to staff to negotiate and execute an agreement with terms in the best interest of the Lottery. With no questions or discussion, the motion passed unanimously.

Brand Management

Ms. Rose reported that the Digital Menu Boards contract had been finalized. Stores have been targeted and installations are slated to begin on October 1, 2025.

Ms. Rose went on to provide a Brand Management and Communications update to the Commission. The update covered several campaigns, the Winners Club, June Triple Play scratch-offs, the Digital Instants acquisition, the social media benchmark, sponsorship impact, education conference, monitors and iPad kiosks; lottery funds at work in Eastern NC; and Digital Instants record wins.

Ms. Rose proceeded to present details regarding the recent Media RFP, which was issued in two phases—phase I assessing capabilities, and phase II assessing the technical and cost proposals of the Potential Contractors. Specifics regarding Cactus, the selected Contractor, were shared with the Commission. Commissioner Long also provided additional comment in this regard. Ms. Rose reported that Commission staff were prepared to conduct negotiation, execution, and implementation of this contract upon Commission approval.

Commissioner Long moved, on behalf of the Revenue Generating Committee, that the Commission approve the proposed Professional Media Advertising and Related Services contract with Cactus as presented, with direction to staff to negotiate and execute an agreement with terms in the best interest of the Lottery. Commissioner Randy Jones posed a question to Ms. Rose regarding digital billboards being utilized by the new vendor. Ms. Rose replied that she would bring it to the attention of vendor as an option. With no additional questions or discussion, the motion passed unanimously.

Sales

Terri Avery, Chief Sales Officer, provided a Sales update to the Commission. The update covered the retailer growth; applications; new business; change of ownerships; new game launch penetration; chain account update; and SCiQ.

Executive Director

Mark Michalko, Chief Executive Officer and Executive Director, called on Hayden Bauguess, Chief Government Affairs Officer, to present the Legislative Update.

Legislative

Mr. Bauguess presented a legislative update to the Commission.

Closed Session

Commissioner Roth moved for the Commission to enter closed session to confer with legal counsel regarding certain privileged and confidential legal matters, pursuant to N.C. Gen. Stat. § 143-318.11(a)(3). Commissioner Jones seconded the motion, which passed unanimously.

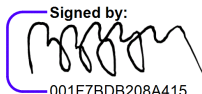
The Commission entered closed session at 11:45 a.m. and resumed open session at 12:33 p.m.

Other Business

No other business items were presented.

Adjournment

Commissioner Roth moved to adjourn the meeting. Commissioner Jones seconded the motion, which passed unanimously. The meeting adjourned at 12:40 p.m.

Signed by:

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Chair Ripley Rand

9/24/2025

Date