

**North Carolina Education Lottery Commission Meeting
Minutes**

**Tuesday, June 18, 2024
In-Person & WebEx/Teleconference**

Commissioners In-person Attendance: Ripley Rand, Chair
Cari Boyce
Lindsey Griffin
Chris Hayes
Nigel Long
Pamela Whitaker
Randy Jones
Jason Roth

Commissioners Virtual Attendance: Joshua Malcolm

Select Staff in Attendance: Mark Michalko
William Traurig
Frances Little
Sterl Carpenter
Terri Avery
Hayden Bauguess
Greg Bowers
Kimberly Thomas
Randy Spielman
Terri Rose
Cheryl Sutton
Marbet Cuthbert

Other Participants: Benjamin T. Spangler, *Assistant Attorney General,
Department of Justice*
Andrea Poole, *Executive Director, NC State Education
Assistance Authority*
Gus Fritschie, *VP Security Services BulletProof Solutions,
a GLI company*

The North Carolina State Lottery Commission meeting was held on Tuesday, June 18, 2024, at 10:00 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 Joshua Malcolm attended virtually.

All meeting participants stood for the Pledge of Allegiance.

Approval of Minutes

Chair Rand called for a motion to approve the meeting minutes from the May 15, 2024, Budget Workshop and the May 23, 2024, Commission meeting. Commissioner Cari Boyce made the motion and Commissioner Randy Jones seconded the motion. A roll call vote was taken which passed unanimously.

Next NC Scholarship Program

Ms. Andrea Poole, Executive Director for the NC State Education Assistance Authority (NCSEAA), provided the Commission with an overview of the Next NC Scholarship Program. Ms. Poole enlightened the Commission to the multiple responsibilities handled by the NCSEAA; the qualifying financial criteria for the program; and how the North Carolina state funds are combined with funds received from Pell Grants. Ms. Poole answered questions from the Commission.

External Security Audit

Mr. Gus Fritschie, VP for the Security Services BulletProof Solutions, a GLI company, provided the Commission with a summary of the annual External Security Audit. Mr. Fritschie covered the scope of the audit; objectives; methodology; medium risk findings; information regarding the purple team exercise; the ISO 27001 gap; and mitigating risks moving forward. Mr. Fritschie answered a question from Chair Rand.

Finance and Audit Committee Report

Finance Update

Greg Bowers, Deputy Executive Director of Finance, Administration, and Security, gave a finance update to the Commission. The update included information for sales by category for May 2024 compared to last year; YTD sales by category through May 2024 compared to last year; the percentage (%) breakdown of ticket sales revenue by category; monthly schedule of net earnings for the Education Lottery Fund versus last fiscal year; and financial highlights.

Mr. Bowers proceeded to present the proposed FY2025 budget. Mr. Bowers also answered a question from Commissioner Jones. On behalf of the Finance And Audit Committee, Commissioner Roth moved for the Commission to adopt the FY2025 budget as presented. With no questions from the Commission, Chair Rand called for a roll call vote, which passed unanimously.

Internal Audit Update

Kimberly Thomas, Director of Internal Audit, provided details regarding the audit reports. The reports covered the council productivity audit; Quality Assurance and Improvement Program (QAIP) report; internal audit charter; and the risk assessment/audit plan. There were no questions from the Commission.

Revenue Generating Committee Report

Commissioner Nigel Long reported that the Revenue Generating Committee met on June 12, 2024, and covered three standard departmental information-only reports.

Product Development

Randy Spielman, Deputy Executive Director of Product Development and Digital Gaming, presented a product development update to the Commission. The report included information regarding the Q4 scratch-

off game review; FY24 scratch-off performance trends; a digital instant update including performance; online play; and the reversed gaming revenue decline. Mr. Spielman answered questions from the Commission.

Brand Management

Terri Rose, Deputy Executive Director of Brand Management & Communications, provided an update to the Commission, which included the April scratch-off television, social media and point-of-sale information; the April Keno campaign, including television and social media; The Works promotion; May scratch-offs television and social media; Digital Instants acquisition promotion; June beneficiary campaign; Pre-K and construction; June scratch-offs television and social media; Q4 marketing sponsorships; new winners videos; and community events.

Ms. Rose also presented the diversity spending report for advertising. She answered questions from the Commission.

Sales Update

Terri Avery, Deputy Executive Director of Sales, presented a sales update, which included details regarding retailer growth; a new game launch; corporate accounts; vending machine focus; retailer promotion; and information for the instant scratch-off distribution. There were no questions from the Commission.

Operations and Personnel Report

Commissioner Pamela Whitaker advised the Commission that the Operations and Personnel Committee met on June 12, 2024. She also congratulated everyone as the North Carolina Education Lottery had been named for the second year in the row as one of the best places to work in the Triangle. The Lottery was the only government agency recognized. Commissioner Whitaker advised the Commission of the agency's current year-to-date vacancy rate of 1.0% and total turnover rate of 2.73%.

Executive Director Review

Commissioner Whitaker provided the details of the Operations and Personal Charter with the Commission. Commissioner Whitaker advised the Commission that the annual review process for the Executive Director had started, and that the results would be compiled and presented to the Commission Chair in early August.

Policy Updates

Commissioner Whitaker advised the Commission that during the June 12, 2024, Operations and Personnel Committee meeting, Policy 4.17 (Recruitment and Selection & Policy) and Policy 4.33 (Background Screening) were reviewed for proposed changes. The proposed policy changes for both policies were approved unanimously by the Committee.

Marbet Cuthbert, Director of Human Resources, provided the Commission with the Commission staff's changes to Policy 4.17. With no further discussion, and on behalf of the Operations and Personnel Committee, Commissioner Whitaker moved for the Commission to approve the changes to Policy 4.17. Chair Rand called for a roll call vote, which passed unanimously.

Ms. Cuthbert provided the Commission with the Commission staff's changes to Policy 4.33. With no further discussion, and on behalf of the Operations and Personnel Committee, Commissioner Whitaker moved for the Commission to approve the changes to Policy 4.33. Chair Rand called for a roll call vote, which passed unanimously.

Sports Betting Committee Report

Sterl Carpenter, Deputy Executive Director Gaming Compliance and Sports Betting, provided the Sports Betting update to the Commission. Mr. Carpenter presented a general update, and the sports betting numbers for the month of May. Mr. Carpenter also demonstrated the online Sports Wagering Operators and Suppliers webpage. There were no questions from the Commission.

Executive Directors Report

Executive Director, Mark Michalko, asked Dr. Cheryl Sutton, Director of Supplier Diversity & Outreach, to provide the supplier diversity and outreach update. Dr. Sutton discussed the fiscal year diverse spend through May 31, 2024; the breakdown of diverse spend by segment; updates and activities; and success stories. Dr. Sutton answered questions from the Commission.

Legislative Report

Hayden Bauguess, Director of Government Affairs, presented a brief legislative update regarding current actions occurring within the North Carolina Legislature. There were no questions from the Commission.

Other Business

With no other business to discuss, Chair Rand noted that in fiscal year 2024, three (3) times more than the average scheduled meetings were held. Chair Rand thanked everyone for their efforts in getting sports betting launched on March 11, 2024, which has done very well.

Chair Rand called for a motion to adjourn. Commissioner Jones made the motion and Commissioner Boyce seconded. Chair Rand asked for a roll call vote, which passed unanimously.

The meeting adjourned at 12:21 p.m.

Signed by:

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Chair Ripley Rand

10/2/2024

Date