

# NORTH CAROLINA LOTTERY COMMISSION

## Meeting Minutes

*Members in Attendance:* Dr. Charles Sanders, chair  
Robert Appleton (via telephone)  
Secretary Bryan Beatty  
Linda Carlisle  
Robert Farris  
John McArthur  
James Woodward  
Bridget-Anne Hampden  
Max Cogburn (Presumptive Appointee)

*Meeting was Held:*  
*December 19, 2005 at 10:00 a.m. in the ABC Commission Room,  
Administration Building, 116 West Jones Street, Raleigh.*

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### **I. Introduction and Opening**

- Dr. Sanders welcomed Tom Shaheen, North Carolina Education Lottery's new executive director to the meeting. He announced that Bridget-Anne Hampden had been approved as a commissioner. Dr. Sanders recognized Judge Max Cogburn. Mr. Cogburn has been presumptively appointed by Speaker Black and is awaiting approval as a commission member.

### **II. Approval of Minutes**

- Sec. Beatty moved to approve the minutes from December 15, 2005. Mr. Farris seconded the motion. The minutes were approved.

### **III. Personnel Presentation**

- Mr. Shaheen welcomed Patrick McCoy, Office of State Personnel. He explained that one of the features of the Lottery Bill is that employees of the lottery are exempt from the State Personnel Act. He noted that there are two provisions in which they are subject to. One is Article 6 which covers equal employment opportunities; the second is Article 7 which deals with personnel records and confidentiality thereof. Mr. McCoy stated that the commission may make its own decisions concerning compensation and several other employee benefits. It was also noted the lottery's employees will have an at will employment.

### **IV. Prize Payment Policy**

- Mr. Shaheen discussed the process of ending a scratch-off game. He proposed that the commission adopt a policy that instant prizes be claimed 90 days after the announced end of a game and 180 days

after the draws for online games. A discussion followed. It was determined that if the 90<sup>th</sup> or 180<sup>th</sup> day falls on a holiday or weekend exceptions be considered.

- Mr. Shaheen stated that prizes up to \$600.00 may be claimed at any NCEL retailer. Prizes between \$600 and \$99,999.99 must be claimed at headquarters, district offices or by mail using a claim form. All prizes over \$100,000.00 must be claimed at headquarters in person.
- The commission reviewed the remainder of the prize payment policy and made appropriate changes that will be reflected in the final draft.

#### **V. Retailer Committee**

- Ms. Carlisle presented the commission a boiler plate of the retail application. She highlighted the changes that were made by the sub-committee. Ms. Carlisle motioned that the fee structure be approved by the commission. Mr. Farris seconded. A discussion followed. The motion was approved.

#### **VI. Vendor Dispute Resolution Policy**

- Mr. Shaheen presented the Dispute Resolution Policy and discussed the need for such a policy. He noted that the policy is waiting for final review from the Attorney General's office. He proceeded to outline the operational procedures included.
- Mr. Farris made the motion to adopt the policy pending final legal review. Mr. McArthur seconded. The motion was passed to adopt the Dispute Resolution Policy with modifications.

#### **VII. Legal Issues Related to Lottery Start Up**

- Mr. Shaheen introduced Bill Marianes; he is an attorney with McGuireWoods, LLP in Atlanta Georgia. Mr. Marianes served as outside legal counsel for the Georgia Lottery Corporation from 1993-2005.
- Mr. Marianes welcomed the commissioners to one of the biggest challenges they will ever face. He reminded the commissioners of the three goals of the process are integrity, fairness and openness. He reiterated that the commission must remain autonomous, yet responsible.
- He proceeded to discuss various legal issues related to lottery start up and RFPs.
- Mr. Marianes stated that there are six hallmarks of a major procurement lottery contract. First it must be open, second it must be fair, third it must be independent, fourth it must be investigative, fifth it must be evaluative and sixth it must be time sensitive. When these elements are present, more likely than not, there will be success.
- Mr. Marianes discussed the RFP evaluation process.

There was a break for lunch.

## VIII. Staff Reporting

- Mr. Shaheen reported that the lottery has hired the following:
  - **Director of Human Resources:** Margaret Spindola-Bode
  - **Deputy Executive Director of Sales:** Sam Hammett
  - **Director in Finance:** James W. Knight
  - **Deputy Executive Director of Legislative and Corporate Communications:** Alice Garland
  - **Executive Assistant to Tom Shaheen:** Fran Wilkinson
  - **Deputy Executive Director of Marketing and Advertising:** Lou Ann Russell
- He noted that the Lottery will be moving next week to an office space in Cary.
- Dr. Sanders indicated that he plans to hold additional commission meetings on Jan. 6, 25, Feb. 9, 24.

## IX. Powerball Presentation

- Mr. Shaheen introduced the executive director of the Multi-State Lottery Organization, Chuck Strut, the chairman of Powerball game group, John Musgrave and Rebecca Paul, president and CEO of the Tennessee lottery.
- Mr. Musgrave extended an invitation to North Carolina to join the Powerball organization.
- The group described a power point presentation introducing the organization and explaining the prize structure.
- There was a discussion concerning the budget and how prizes are paid.
- It was determined that including Powerball would not require any additional staff. Mr. Shaheen stated that he hoped to have Powerball available by July.
- A discussion followed comparing the various multi-state lotteries.
- Dr. Sanders noted that Mega Millions was invited to speak and declined, noting that they were not accepting any new members at this time.
- Mr. Farris moved to join Powerball. Ms. Carlisle seconded.
- Mr. Shaheen stated that his desire would be to join Powerball. He indicated that an in-state on line game would not be able to compete with a multi-state game.
- The commission voted unanimously to join Powerball.

There was a brief question and answer period.

The meeting was adjourned.