

**North Carolina Education Lottery  
Commission Meeting**

**Meeting Minutes**  
September 23, 2009

*Commissioners in Attendance:* Robert A. Farris Jr., Chairman  
Carla N. Archie  
Norwood G. Clark, Jr.  
Max O. Cogburn  
William F. Dowdy  
Bridget-Anne Hampden  
Judge J. Marlene Hyatt  
Lawrence M. Spears  
Pamela M. Whitaker

*Staff in Attendance:* Tom Shaheen  
Lou Ann Russell

*The North Carolina Education Lottery Commission meeting was held on Wednesday, September 23, 2009, at 1:30 p.m. at the DoubleTree Hotel, located at 3030 High Point Road in Greensboro, NC.*

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**I. Opening and Approval of Minutes**

- Chairman Farris called the meeting to order and reminded everyone of the North Carolina Education Lottery (NCEL) Commission's firm commitment to serve the people of North Carolina by providing funds for education which should truly be additive and supplemental. Chairman Farris reminded Commission members they should notify the Chair of any changes in their statements of economic interest that could bring about potential conflicts of interest, and asked Commission members if any had a known conflict of interest with respect to any matter coming before the Commission at the meeting.
  
- Chairman Farris welcomed Judge J. Marlene Hyatt to the Commission.
  
- The minutes of the June 23 and August 18, 2009 Commission meetings were presented for approval. Commissioner Dowdy moved to approve. Commissioner Cogburn seconded. The motion carried.

**II. Audit Committee Report**

- Commissioner Cogburn reported Internal Audit finalized audits of Retailer Contracts and Purchasing/Procurement Cards in the last quarter. Under the Retailer Contracts Audit, the Commission had approved the original retailer fees at start-up. After discussion, Commissioner Cogburn moved to give the executive director the authority to set or waive fees. Commissioner Dowdy seconded. The motion carried.
  
- Commissioner Cogburn reported the NCEL has received a favorable SAS 70 Report of GTECH.

### **III. Finance Committee Report**

- Commissioner Hampden presented highlights of the financials.
- Commissioner Hampden reviewed renewal of NCEL's contract with ALE which expired June 20, 2009. After discussion, Commissioner Hampden moved to approve the first year of the contract, with review of the second year pending discussions and findings of a cost benefit analysis study of the services ALE provides to the NCEL. Commissioner Clark seconded. The motion carried.
- Commissioner Hampden reviewed an addendum to an automatic one-year renewal of the contract with Thomas & Gibbs. Due to a change in the Lottery Act, NCEL may have auditors present at drawings instead of CPAs which results in cost savings on the contract. Commissioner Hampden moved to approve the addendum. Commissioner Archie seconded. The motion carried.

### **IV. Executive Director Report**

- Tom Shaheen, Executive Director, presented the Key Performance Indicators (KPIs). Commissioner Hampden recommended that the NCEL create new KPIs to continue to challenge the organization.
- Mr. Shaheen presented the Responsible Marketing and Advertising Guidelines which documents policy and standards the NCEL has followed from start-up. Mr. Shaheen emphasized the guidelines specifically state that under no circumstance will the NCEL advertise or promote lottery games in high schools, middle schools or elementary schools.
- Lou Ann Russell, Deputy Executive Director, Marketing and Advertising, reviewed marketing and advertising plans for the \$200 Million Extravaganza game.
- Mr. Shaheen reported the Minority Business Conference and Vendor Fair will take place on October 13 in Raleigh.
- Mr. Shaheen introduced for discussion the Professional Advertising and Related Services Contract. The current contract with Wray Ward Creative Marketing Communications is up for renewal in February 2010. NCEL may renew the contract for an additional term (the contract has two one-year terms remaining) or request bids. Jennifer Appleby, President and Chief Creative Officer of Wray Ward, reviewed their accomplishments and work with NCEL. After discussion, Commissioner Archie moved to entertain requests for proposals for the NCEL Professional Advertising and Related Services contract potentially effective spring 2010. Commissioner Spears stated that the extension could still be an option since a request for proposal is not a negation of any prior contract. Commissioner Hampden seconded. The motion carried.

There being no further business, Chairman Farris moved to adjourn the meeting. Commissioner Archie seconded the motion. The meeting adjourned.

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Robert A. Farris, Jr., Chairman

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Date