

North Carolina Education Lottery Commission Meeting

Meeting Minutes

Tuesday, June 4, 2013

Commissioners in Attendance:

Robert A. Farris, Chairman
Alice Underhill
Keith Ballentine
David Kirby
Jody Tyson
Barry Dodson

Staff in Attendance:

Alice Garland
Lou Ann Russell
Bill Jourdain

The North Carolina Education Lottery Commission meeting was held Tuesday, June 4 at 1:00 p.m. at NCEL headquarters located at 2100 Yonkers Road, Raleigh, NC.

Opening and Approval of Minutes

Chairman Farris called the meeting to order and reminded the Commission that they operate under the state's code of ethics. He also informed the commissioners that funds raised by the North Carolina Education Lottery (NCEL) should be used to supplement, not supplant education dollars in North Carolina and that such expenditure is controlled by the North Carolina Legislature.

Chairman Farris presented the minutes from the March 19, 2013 Commission meeting for approval. As there were no changes, Chairman Farris requested a motion to approve the minutes. Commissioner Dodson moved that the minutes be approved and Commissioner Kirby seconded. The minutes were approved.

Audit Committee Report

Commissioner Underhill presented the Audit Committee report:

- Internal Audit finalized the instant ticket inventory controls and multi state games audit.
- The security audit is currently underway.
- Field work for cash receipts, accounts receivables and instant and online ticket inventory is underway.
- End of game processing for fourteen games have begun.
- Audit staff has worked with the Security department in the random number generated drawings for the weekly Lucke Zone drawings.
- Cherry Bekaert has provided the SOC1 audit report.

Operations and Personnel Report

Commissioner Tyson presented the Operations and Personnel report:

- Documented need for a compensation study was presented.
- The committee adopted the recommendation to proceed with a compensation study and report findings to the NCEL Commission at the December 2013 meeting.
 - Chairman Farris made a motion that will allow the NCEL to begin the process of choosing a company to conduct a compensation study. Commissioner Dodson seconded. The motion carried.
- The Operations and Personnel Committee completed the annual performance evaluation of Alice Garland, Executive Director.

Finance Committee Report

Commissioner Dodson presented the Finance report. Financial reports for April 2013 and the first ten (10) months of FY2013 were presented. The action item was the presentation of the NCEL's operating budget for fiscal year 2013-2014. Commissioner Dodson moved that the NCEL Commission adopt the budget. Chairman Farris and Commissioner Kirby both seconded. The budget was approved.

Executive Director Report

Alice Garland, Executive Director, presented the following information:

- Key Performance Indicators
- Contracts above \$90k
- Update on Greensboro Lease: Funds are available in the budget to relocate the Greensboro and Wilmington offices. Talks are ongoing with the State Property Office (DOA) for approval. Due to crime concerns, a more immediate need is to relocate the Wilmington Claims Center. No decisions have been made regarding either location.
- Update on House Bill 1011: The bill has passed the House chamber and is now in Senate rules.
- Jaime King Fuquay, Legislative Director, provided the Commission with a legislative update that included: tax reform, taxing lottery tickets, funding the problem gambling helpline.
- Subscription Update: Initial design phase is complete and set-up is in process. September 30, 2013 is target date for games to begin.
- Changes in Mega Millions and Powerball Games: Mega Millions game prize structure is changing in October 2013. Some minor changes coming to Powerball early in 2014.
- Summary of Retailer Advisory Board Meetings: Requested change to "County Snapshots." Brochures should be county specific instead of entire state on one brochure.

Lou Ann Russell, Deputy Executive Director of Marketing, Advertising and Communications presented the Quarterly Marketing report that included details on:

- Summer coastal tourism promotion, "Fun To Play" that runs May – August
- Launch of \$200,000 Extreme Cash, the new \$5 ticket with 4 top prizes of \$200,000
- Advertising Plan for FY2014 and the importance of beneficiary messages, support of instant games, jackpot games and continuing support of daily draw games and new features
- New instant scratch-off ticket launch strategy for FY2014
- Successes of FY2013
- New tickets checkers available FY2014

Quan Kirk, Legal Counsel, provided a legal update:

- Changes to retailer contracts.
- Collecting monies owed to the NCEL from retailers.

There being no further business, Chairman Farris adjourned the meeting.