

NORTH CAROLINA EDUCATION LOTTERY COMMISSION

Meeting Minutes

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

Meeting was Held:
*January 30, 2006 at 2:30 p.m., in the ABC Commission Room, 5th Floor
Administration Building, 116 West Jones Street, Raleigh.*

I. Introduction and Opening

- Dr. Sanders called the meeting to order.

II. Approval of Minutes

- Mr. Farris made a motion to approve the minutes from the January 6 meeting.
- Mr. McArthur seconded the motion.
- The minutes were approved.

III. RFP Recommendation

- Tom Shaheen, Executive Director, presented to the commission his recommendation for the Online Lottery Gaming Systems and the Instant Ticket Gaming System vendors. He gave a thorough review of the submissions and the process used in the evaluation and selection. *(copy of report attached)*
- Mr. Shaheen recommended, based on the findings of the evaluation committees, that the commission award both contracts to GTECH Corporation.
- Mr. McArthur moved to award both the Online Lottery Gaming System and the Instant Ticket Gaming System contracts to GTECH Corporation. Mr. Appleton seconded the motion. The commission voted to award the contract to GTECH Corporation.

- Mr. Tim Nyman, President and CEO of GTECH Corporation, came forward to sign the contracts along with Dr. Sanders signing for the North Carolina Education Lottery.

There was a break for media questions.

IV. Paid Time Off Policies

- Mr. Shaheen presented two draft PTO policies one for the director level and above and one for below the director level. He noted that it was similar to the UNC Hospital's policy.
- He discussed the fact that under these policies the commission would assume the liability of residual vacation and bonus time for those employees transferring from other state agencies up until February 5, 2006.
- A discussion followed between members of the commission, Patrick McCoy, of the Office of State Personnel, and Margaret Bode, Human Resources Director, North Carolina Education Lottery.
- Mr. Cogburn made a motion to research both PTO policies. He would like to postpone any decisions until the next meeting. Ms. Hampden seconded the motion. Mr. Cogburn agreed to further investigate his concerns.
- Ms. Carlisle made a motion to approve accepting liability for residual vacation and bonus time for employees transferring from other state agencies and postponing the approval on the PTO policies until the next meeting. Dr. Woodward seconded the motion. The motion was approved.

V. Unemployment Insurance Policy

- Mr. Shaheen presented the Unemployment Insurance Policy. (*Policy Attached*)
- Mr. McArthur made a motion to approve the policy.
- Mr. Farris seconded the motion.
- The motion passed.

VI. Vehicle Purchase

- Mr. Shaheen presented the vehicle purchase request. (*Details attached*) He stated that the purchase would be made through the Department of Administration, which would maintain and replace the fleet as needed.
- Ms. Hampden moved to approve the purchase.
- Dr. Woodward seconded the motion.
- The purchase was approved.

VI. Other Business

- Mr. Shaheen updated the commission on the Advertising RFP. Mr. McArthur recused himself from the discussion. Mr. Shaheen noted that it was an eight million dollar contract. Once the evaluation committee has presented its summary to Mr. Shaheen, he will present his recommendation to the commission. This should occur on or about February 13.
- Mr. Shaheen noted that the commission has received 3000 commitments from retailers to sell lottery tickets.
- He indicated that he expects to have 180 employees working by March 30.
- Mr. Shaheen addressed the issue of amending line item (G) of the Minority Outreach Policy that occurred at the commission meeting on January 6. He noted that the policy was drafted using other state agency policies and that the fifteen (15) points awarded to a vendor for negotiating in good faith with interested minority businesses and not rejecting them as unqualified without sound reason is standard.
- Ms. Carlisle rescinded her previous motion to amend the policy.

- Dr. Sanders updated the commission concerning the contract with ALE. He noted that the contract has been signed and ALE is in the process of hiring 12 agents and three clerical personnel.
- Mr. Shaheen introduced his staff in attendance.

The meeting was adjourned.

North Carolina Education Lottery Executive Director Report

Procurement of

Online Lottery Gaming System & Instant Ticket Gaming Services

On December 20, 2005, the North Carolina Education Lottery (NCEL) issued two separate Requests for Proposals (RFP) (s). One was for an Online Lottery Gaming System and one was for Instant Ticket Gaming Services. Notice of both RFP's was posted on the North Carolina Education Lottery website and the Department of Administration Division of Purchase and Contract NC E-Procurement at Your Service website. The following milestone dates were communicated in both RFP's:

December 20, 2005	RFP Issuance Date
December 27, 2005	Intent to Bid Letter due to NCEL
December 27, 2005	Questions Deadline 4:00 p.m. EST
January 4, 2006	Answers to Written Questions Posted on the Website
January 13, 2006	Deadline for submission of Proposals 4:00 p.m. EST
January 13, 2006	Commence Evaluation of Proposals
February 2, 2006	Target Date for Commission Decision of Successful Vendor and Contract Execution

On December 27, 2005 the NCEL received two intent to bid letters and two sets of questions for the Online Lottery Gaming System. Intent to bid letters and questions

regarding this RFP were submitted by Scientific Games and GTECH Corporation. Also on December 27, 2005 the NCEL received two intent to bid letters and questions for Instant Ticket Gaming Services. Intent to bid letters and questions were submitted by Scientific Games and Oberthur Gaming Technology. Responses to questions were posted on the NCEL website on January 4, 2006. In accordance with the RFP all vendors that submitted intent to bid letters were notified by facsimile that the questions and answers were posted and available on the website.

On January 13, 2006 at 4:00 p.m. EST proposal submissions submitted to for both RFP's were publicly announced and the submissions were recorded by the NCEL Director of Security and a staff member from the Department of Administration Division of Purchase and Contract. This was done in the presence of Wake County Sheriffs. In all, one (1) original and ten (10) copies of each submission were received as required in the RFP. The submission packages opened remained with the Department of Administration and stored in a secured room. One (1) complete set of submissions were delivered to the Office of the Attorney General and the remaining nine (9) copies were transported to NCEL headquarters at 111 Corning Road in Cary, North Carolina. Wake County Sheriffs escorted both the submissions delivered to the Attorney General's office and those transported to NCEL headquarters.

Upon arrival at NCEL headquarters the submissions were delivered to two (2) secured, separate areas designated as "evaluation rooms". One evaluation room was established for each of the two evaluation committees. Each room had one entrance each having a locked door. A Wake County Sheriff was positioned outside each room twenty-four hours (24) a day. Once the evaluation process began, only members of the respective evaluation teams were allowed to enter their respective evaluation rooms. Evaluation team members were required to sign a log in the presence of the Wake County Sheriff every time they departed and entered the room. At no time and I repeat NO TIME were either of the evaluation teams allowed to enter the other team's evaluation room.

Evaluation Teams

Members of the evaluation team were selected the Executive Director of the NCEL Lottery. Members of each team included individuals with backgrounds in Finance, Marketing, Operations, and Law. Each team consisted of individuals from the North Carolina Education Lottery, other lotteries, and people with no prior lottery experience from North Carolina. Members of the each team were as follows:

Online Lottery Gaming System RFP

Dina Charland, Director of Systems Development	North Carolina Education Lottery
Steve Casebeer, Sr. VP of Sales & Mktng	Kentucky Lottery Corporation
Robert Cox, Attorney	McGuireWoods LLP, Charlotte
Keith Leonard, Asst. Controller of Banking Ops	Department of the State Treasurer, Raleigh, NC

Instant Ticket Gaming Services RFP

Penny Railey, Director of Marketing
Jim Knight, Director of Finance
Don Masterson, Director of Operations
Tom Donaldson, Attorney

North Carolina Education Lottery
North Carolina Education Lottery
Minnesota State Lottery
McGuireWoods LLP, Charlotte

Evaluation Process

Before the evaluation process began all background information and related release forms were extracted from one set of submissions by the NCEL Director of Security in order to initiate the background investigation. In addition, the NCEL Director of Security extracted the sealed cost proposals and stored them in a secured area away from the evaluation committees. Once this was complete, each evaluation committee was given copies of the vendor submissions (excluding cost proposals and background check authorizations).

Before the committees began their consideration and deliberations, they received a detailed presentation from NCEL outside legal counsel about the method and process they were to implement and the importance of working with the utmost of diligence and integrity. The committees were kept separate from each other and other NCEL personnel (especially me) and they were kept secure. The evaluation criteria had already been developed and were explained to the committee members and the evaluation process that followed included the following steps:

1. Each member of the committee reviewed each submission completely and in great detail to verify its compliance with the RFP. As you will soon hear, this process resulted in one submission being found to be non-responsive. This stage is referred to as the Technical Solution evaluation.
2. As needed, each committee would separately meet to review progress, ask and answer questions, and discuss the materials that had been reviewed.
3. The evaluation committee members then independently scored each individual evaluation category. I will go over those separate categories in greater detail in a few minutes, but they were exactly what we said we would evaluate in our RFP.
4. Each independent scorer then shared his or her evaluation and score with the other members of their committee. They then discussed the results and ultimately developed a consensus score that became the preliminary score for each vendor for each category. I am happy to report that each committee independently reported to me that while there was often spirited dialogue, they each reached a clear and unanimous scoring consensus.

5. Once the review and technical scoring of every submission was totally complete and a consensus scoring evaluation agreed-upon, the NCEL Director of Security was notified and he unlocked and provided the sealed cost proposals to each of the committees.

6. Each committee then opened the sealed cost proposals, collectively scored them based on an accepted calculation methodology where the low cost Vendor gets full credit and the other Vendor gets a percentage of the points based on a comparison of their cost to the low cost provider. The total cost points were then included in the already completed technical evaluation score sheet to determine the Preliminary Successful Vendor for each RFP.

7. After this was complete and each committee had unanimously agreed upon the apparent successful Vendor for their RFP and the scoring of each submission, each committee separately made a presentation of their preliminary results and recommendations to the Executive Director and outside legal counsel.

8. The Executive Director asked a series of questions regarding the process, information and conclusions provided by the committees. In addition, a series of questions were asked by legal counsel to confirm that the process was proper and uncorrupted, the evaluations and preliminary recommendation unanimous and no legal concerns were expressed by any member of either committee.

9. After the Preliminary Apparent Successful Vendor was identified and reported to the Executive Director, the Executive Director had each of the Vendors invited to partake in separate negotiations on January 23 and 24th.

NEGOTIATIONS

I, together with our outside legal counsel, conducted two days of intense negotiations with each of the Vendors last week. Each of the vendors was given a full-day and complete and fair opportunity to answer any and all questions and provide their best offer. Indeed, we began each session by asking the Vendor to provide us their best and final price, their best and final proposal and offering, and the earliest start dates for instant and online sales. All of this information was solicited, and the negotiations were conducted, without in any way sharing with any Vendor what the other Vendor had bid, said or offered.

Once we had obtained each Vendor's best and final offers, we then had them clarify any open questions from their Proposals. The questions of clarification obviously varied from Vendor to Vendor, however, again, at no time throughout the negotiation process did we ever disclose to one Vendor anything that the other Vendor had either stated or included in their Proposal.

In addition to receiving their best and final offers and clarifying any open questions, we spent a fair amount of time with each Vendor specifically asking about how they would achieve very progressive levels of minority participation as outlined in their Proposals. In doing so, our comfort levels were increased that they can achieve the desired result in

keeping with our policies and indeed exceed any reasonable expectations. The message that minority participation and minority hiring are important to the NCEL was also clearly articulated to, and heard by, each Vendor.

After all of these items were addressed, we then proceeded to actually negotiate with both Vendors any of the changes they had offered with their Proposals to Contract as stated in the RFP. This part of the negotiation included going through each and every one of their requested contract revisions and reaching a mutually acceptable position.

Not surprisingly, the majority of negotiating time was spent on both defining all of the categories of liquidated damages that they would be subject to and determining the levels of those liquidated damages should the Vendor not achieve their promised level of service. Indeed, 5 out of the approximately 30 pages of the contract are devoted to this important topic, and each and every word in those contracts was negotiated.

During that negotiation we asked the vendors to confirm that they would perform everything that they said they would perform by requiring them to offer significant, and in some cases unprecedented, high levels of liquidated damages. As an example, the Vendors were told that for every day that they missed the negotiated early start days for the lottery, they would owe the NCEL \$100,000 dollars. Once we got to the original planned start dates of April 5 and June 14 respectively, the liquidated damages would go up to \$400,000 a day. To justify that very high level of damages, we took a conservative daily dollar amount of sales and multiplied it not by the merely the 35% required return to education, but instead we multiplied it by 40% to include the cost of our overhead and other expenses. We wanted to emphasize the seriousness consequences of not meeting these deadlines.

In the case of the negotiations with GTECH, we spent a significant amount of time asking questions to understand better the acquisition that is currently underway by Lottomatica. After asking them to describe in detail the proposed acquisition, and what if any impact it might have on GTECH, we then proceeded to focus them on 19 specific questions we had generated after reading their acquisition agreement and other public information, to better understand the proposed transaction and attempt to ensure that there would be no adverse impact on the NCEL. During those negotiations, GTECH informed us that there were several of the questions that they did not have the answer to and that they would respond promptly. Thereafter, their General Counsel did provide very detailed answers and assessments of certain financial elements of the proposed acquisition so that we can better understand how it might impact GTECH.

Equally important, we sought to understand the process by which the potential acquirer of GTECH would submit themselves to all of the required background, security, criminal and other checks that we require. This was also discussed in the context of the timeline of the transaction. We informed GTECH that should they be selected, their acquirer and all affiliates would not only have to submit to all such additional background checks, any contract the NCEL would sign would be conditional upon their passing all checks with flying colors and the NCEL otherwise being satisfied that any such transaction would not adversely impact the NCEL. They were very confident that there would not be any issues since their acquirer was already running the largest lottery in the world and had gaming

licenses in other jurisdictions which required similarly exhaustive background checks. One can never totally predict with great accuracy all of the twists and turns of any acquisition, but as of this point, we believe that we've been satisfied as much as possible that their pending acquisition should not adversely impact the NCEL at this time.

These negotiations were not easy, and they were very time consuming and intense. But we felt it critically important that we assure ourselves that each Vendor had been given every opportunity to make their best offer in a fair manner, with great integrity. At the same time, we insisted on ensuring that the State of North Carolina got the absolute best price, the greatest product and the overall highest value we could negotiate. It is through these very productive negotiations that we believe that we have been able to generate between \$30 and \$35 million of additional revenues for the NCEL and State of North Carolina.

EVALUATION REPORTS

After we completed the negotiations, we reported the results to the respective Evaluation Committees for them to determine if anything we learned or obtained would change their recommendation. The Committees had several more meetings and carefully considered everything. In one case, a Vendor offered a lower price, which meant that their price portion had to be re-scored to ensure an apples to apples comparison. After this analysis, the respective Evaluation Committees concluded their deliberations and unanimously prepared and presented their Final recommendations that you have been given. Let's open them and look at them in more detail...

JOINT CONTRACT PRICE CONCESSION DISCUSSION

In their instant proposal GTECH offered a joint price should they win both contracts. The proper and fair method and process that we followed in these procurements required each of the respective Evaluation committees to separately consider the respective bids that each Vendor submitted for merely the products and services governed by their respective RFP. Since, the online evaluation committee was not privy to this joint proposal offered in the instant RFP, they did not have the ability to consider what price any Vendor offered in the instant tickets RFP. After each Evaluation committee completely scored the proposals on their own merits, and concluded that one vendor, GTECH Corp., had the highest technical score and lowest price for both the online gaming system and instant ticket system and services, we could then validly consider any price concessions for winning both bids.

GTECH did indeed offer and we negotiated a joint contract pricing concession of 1.5999 of overall sales.

For those of you are wondering if this is a better deal then their separate prices, let me share with you how we concluded it was. First, you need to understand that the online vendor gets paid a percentage of total sales, whereas the instant ticket vendor only gets

paid a percentage of instant ticket sales. Thus, after you made certain assumptions of what total sales levels would be, and how much of those sales would be in the form of instant tickets, you could take their proposed respective percentages and calculate their the proposed compensation. For example, we assumed that the NCEL would achieve the industry average of about 58% of total sales being in the form of instant tickets. Once we completed those estimated calculations, it became clear to us that joint contract price concession negotiated with GTECH could result in a conservative incremental savings of between \$1-\$2 million per year. That's \$7 to \$14 million more dollars over the projected life of the contract.

SELECTED KEY CONTRACT TERMS

I know it's already been a long and detailed presentation, but for our legal eagles and other interested parties, I wanted to just mention a few items about the contracts we have negotiated. In the RFP we provided the form of contract we intended to sign and asked each of the vendors to offer any suggested changes. They both did and we negotiated each and every one of those requests with both of them separately.

I am happy to report that we reached a very satisfactory, and mutually acceptable, contract with GTECH. You have been provided copies of both the proposed Instant and Online contracts in your binders. I won't review them in detail now, but if you have any questions we would be happy to entertain them.

If you would turn to the Online Gaming System Contract I would like to merely highlight a few provisions:

First, as we said in the RFP, the second recital of the Contract (page 1 of the Online contract) makes it clear that all of the provisions of the RFP, the Vendor's proposal and the questions and answers are incorporated into the contract and are a part of its terms. Thus, anything we said in the RFP or Answers, and anything the Vendor said in their Proposals, is now a contractual requirement.

Second, you will note that Section 5 contains the price (page 4 of the Online contract). In Section 5(a) of the Online contract we provide that as long as GTECH continues to have both of the Online and Instant contracts we will pay then the negotiated joint contract price concession price of 1.5999% of defined Net Sales. Section 5(a) of the Instant Contract merely points to Section 5(a) of the Online contract where the compensation is stated for both contracts. However, we provide in Section 5(b) of both contracts the separate prices that they will be paid (1.0399% of total sales on the Online side and 1.1195% of Instant sales only on the Instant side) if for whatever reason we terminate one of the contracts. Thus, we have preserved our flexibility and options for the future.

Third, as we said in the RFP, Section 6 of the Contract (page 5 of the Online contract) states that they are 7 year agreements. Such a term is fairly standard in the lottery industry and is in the middle of the range for contract terms that you usually see. This allows us to get the best price from the Vendors and also to not have to go through a

potentially time-consuming and disruptive re-bid and conversion until after our lottery is more mature.

Fourth, you will note that Section 20 of both contracts (page 19 of the Online contract) contains the long list of liquidated damages provisions that we have negotiated to protect the lottery.

Finally, Section 24(c) (on page 29 of the Online contract) has very comprehensive language that makes it clear that we have the right to terminate the contracts if we don't approve of the GTECH acquisition or if any of the potential new owners either do not submit to, or pass, the required background checks that we will require. Thus, we have left our options open in case something unforeseen happens in their deal that we do not like.

All in all, I believe these contracts are very good and protect the NCEL as best as we can, and they provide as many options for us as we could reasonably need or require. If you have any questions, I, or our outside legal counsel, would be happy to answer them at the end of my presentation.

SUMMATION

You have been very patient as I provided this very detailed discussion of the specific method and process that we used to conduct an evaluation that was fair, comprehensive, had the greatest integrity and achieved the best result. I wanted to make sure that you fully understood specifically how the two evaluation committees and I reached our unanimous recommendation that we are making to this Commission at this time.

But since I've gotten into all of the detail I wanted to take this opportunity to make sure you understood what I am saying from a 50,000 foot strategic view.

Number one, until this day, when everything is being made totally public and open for all to see, the confidentiality of this process was essential to ensure that we could negotiate the best deal for the State of North Carolina. It should be fairly obvious to everyone by now, that if each Vendor knew what the other had bid, or not bid, as the case was here, we would not have been able to be as effective as we were in the negotiations and we wouldn't have gotten as good a deal.

Number two, please hear me clearly that I am completely comfortable that the procurement method and process that we followed was legal, deliberate, diligent, comprehensive and complete, had the greatest integrity and achieved the best result.

Number three, we received and negotiated the lowest prices and best offerings of any of the recent lottery procurements in other states. Indeed I think history will show that we will receive the best prices that have ever been achieved by any state lottery anywhere. When you factor that in on top of that the joint contract pricing concession that we have in our contract with the apparent successful Vendor, we will annually be saving many

millions of dollars that otherwise would have gone to the Vendors that now can go to fund the educational programs here in North Carolina.

Number four, by successfully negotiating an early start-up of the sale of instant ticket by as much as six days, and an early start to online ticket sales by perhaps as much as 15 days, we could generate an incremental \$25-\$30 million in sales of which 35% will go to education.

Number five, I'm absolutely convinced that we received great offers, with great products and solutions from all of the Vendors and particularly from the Vendor that we are recommending to this Commission today. I'm sure we will have our challenges, and I'm sure the Vendor will have issues that arise, but the Evaluation Committees and I are very comfortable with the platform and the solution that we will implement that has been tried and tested and successfully operated in other lottery jurisdictions.

Number six, we conducted very fair, but extremely diligent and hard negotiations with both Vendors to try and clearly understand their proposals and get the best deal for the State of North Carolina. We've even continued to negotiate with the apparent successful Vendor to get them to improve their offer and reduce their price or increase the value. For example, we are able to negotiate 300 additional instant ticket vending machines which could have a value to us of more than \$500,000-\$600,000 and result in incremental sales of instant tickets. We were able to negotiate the inclusion of 1000 cutting edge new Lottery Inside terminals which could add a value between \$1 and \$2 million. Third by starting the instant ticket sales six days earlier we could easily produce over \$7 million dollars more and by starting online sales 15 days earlier we could produce \$20 million in additional revenues. Finally, negotiating the joint pricing concession, which generates a minimum additional \$1-\$2 million per year. I know most of you are bottom line folks, just like me, so while I can't promise any specific level of sales, bottom line, the aggregate value of just these negotiated items could easily be worth anywhere between \$30-\$35 million or more to us depending on sales over the life of the contract. If sales increase at a steady pace each year which they historically have for other start-up lotteries this number will be considerably larger. I am truly humbled and thankful that we were able to do so much through this process to raise money for education.

Number seven, I'm convinced that the Vendors proposed systems that are both very secure and have been well tested and implemented in other jurisdictions with great integrity.

Number eight, I'm also convinced that the Vendor we have recommended to you has the kind of integrity we want as a business partner.

Number nine, we are also recommending a Vendor with an outstanding track record for minority business participation in other lottery jurisdictions as well as an extraordinary track record of minority hiring practices for their lottery operations. Indeed, GTECH informed us that their minority business percentages in Georgia have averaged 17%, in Tennessee they have hit 30% and in Florida they have been in the 20% range, while at the same time having a minority population in their data center over 50%. Their proposal and

past history have demonstrated that they have significantly exceeded the statutory guidelines that apply to the NCEL and understand how important this is to us.

Number 10, the vendor we are recommending is also has a deep and experienced team to help us implement what the NCLE needs to implement a great lottery for North Carolina on a fast-track basis.

I know that these lists are supposed to stop at 10, but for a final number 11, I cannot stress enough how good I feel about the evaluation and negotiation processes. It was fair, secure without any outside influence, had great integrity, was extremely methodical, and got absolutely the best result and cost in recent lottery history if not in the history of U.S. lotteries.

The bottom line is, at the outset of this process I promised you a fair and comprehensive procurement with the greatest integrity that would get the State of North Carolina and the NCEL and its lottery educational fund the best result and that's exactly what we delivered!

Therefore ladies and gentlemen it is my privilege to endorse and pass along to you the unanimous recommendations of both the Online Gaming System and Instant Ticket System and Services Evaluation Committees that both the online gaming system and instant ticket lottery gaming system and services be awarded to GTECH Corporation. I thank you for your patience and I will now entertain any questions.

Approved by: NCEL Commission	Approved on: 1/30/06 Revised on:	Page 1 of
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NORTH CAROLINA EDUCATION LOTTERY POLICIES AND PROCEDURES MANUAL

CHAPTER 5 – HUMAN RESOURCES POLICIES AND PROCEDURES

CHAPTER 5.14 - UNEMPLOYMENT INSURANCE POLICY

Purpose

Unemployment insurance is designed to provide temporary income payments to replace a portion of the wages lost by those who are unemployed through no fault of their own and are able and available for work. It is not a “relief” payment and is not available just for the asking. It is job insurance wholly financed by employers. The Employment Security Commission, in compliance with Employment Security Law under Chapter 96 of the North Carolina General Statutes, administers the unemployment insurance for all employers in the State of North Carolina, which includes the North Carolina Education Lottery.

Covered Employment

All temporary and permanent State employees are covered in accordance with Employment Security law, including those who work within or both within and without the State.

Responsibility of the Employee

An unemployed individual (claimant) must report to the local Employment Security Commission Job Service office, register for work and file a claim for unemployment benefits. He/she must identify the last employer and relate the reason for separation.

Responsibility of the Employer

The local ESC office will send a Request for Separation Information claim form to a Third-Party Administrator (TPA). The TPA will contact the Human Resources department to obtain pertinent information on the separation. The TPA must respond within 10 days from the date of receiving the request from the ESC.

Determination of Benefits

The Employment Security Commission ("ESC") has sole jurisdiction over decisions concerning unemployment insurance ("UI") claims adjudication and benefit rights and has adopted regulations in conjunction with ESC Law for claims processing and benefits administration. It is the policy of the NCEL to comply with ESC Law and ESC regulations in a cooperative and expeditious manner. The purpose of this policy is to assure employees the benefits provided by law while protecting the State from undue benefit charges.

*Vehicles for the NC Education
Lottery have*

*been purchased through the Motor
Fleet Management Division*

*of the NC Department of
Administration*

Attached is a breakdown of the

vehicles purchased.

QTY	Vehicle	Cost	Tax	Total	Delivery Date
35	<i>Dodge Caravan CV V-6, E-85, With safety screens, One right sliding door, Two rear panel doors</i>	\$14,071	422.13	\$507,259.55	March
7	<i>Ford Taurus Sedan Four Door, 6 cylinder</i>	12,378	371	\$ 89,245.38	April
		<u>\$26,449.00</u>	<u>\$ 793.47</u>	<u>\$596,504.93</u>	

NOTE: All vehicle gas, maintenance, repairs, insurance and replacement is provided for the life of all vehicles.
 Normal replacement period is approximately 100,000 or approximately 5 to 8 years
 Vehicle comes with a Voyager gas credit card and an electronic key for use at all State Fuel Locations in 100 counties.

MILEAGE:

All vehicles are used for State Business only and mileage must be sent to Motor Fleet Management at the end of every month.
 Minimum mileage charge of 1050 miles per month, or 12,600 miles per year.
 Per mileage charge of 26 cents
 Charges are for the minimum mileage or actual mileage whichever is greater.

ASSIGNMENTS:

Vehicle can be Agency assigned or individually assigned.
 Individually assigned vehicles will be for:

- Sam Hammett, Deputy Executive Director of Sales
- Kim McLaurin, Director of Sales
- Terri Avery, Corporate Account Managers
- Walter Ingram, Corporate Account Manager
- Advertising and Marketing
- Two NCEL "pool" cars

G.S. 143-341 8 (1) addresses the total function of Motor Fleet Operations

