

**NORTH CAROLINA EDUCATION LOTTERY
COMMISSION MEETING**
September 19, 2006

Meeting Minutes

Commissioners in Attendance: John McArthur, Chair
Robert Farris
Bridget-Anne Hampden
Max Cogburn
Robert Appleton
Dr. James Woodward
Linda Carlisle, via telephone

Commissioners not in Attendance: Secretary Bryan Beatty

Meeting was held on Tuesday, September 19, 2006 at 10:00 a.m. in the Board Room of the North Carolina Education Lottery (NCEL) Headquarters located on 2100 Yonkers Road in Raleigh.

I. Introduction and Opening

- Mr. McArthur called the meeting to order by reiterating the Commission's firm commitment to serving the people of North Carolina, by providing funds for education which should truly be additive and supplemental.

II. Approval of Minutes

- Mr. Farris moved to approve the minutes as presented.
- Mr. Appleton seconded the motion.
- The minutes were approved.

II. Lottery Sales to Minors

- Tom Shaheen, Executive Director, announced that Mr. McArthur has been appointed Chairman of the NCEL Commission by the Governor.
- Carla Archie, Deputy Executive Director, Security/ Legal Counsel, presented the Lottery Sales to Minors Policy. She highlighted the following three steps that will be implemented upon the first, second or third violation:

1. Warning will be issued.
2. Suspension of Lottery contract.
3. Termination of Lottery contract for at least one year.

- There was a discussion concerning the "mandatory sentencing" in the policy. It was decided to table the issue until the next Commission meeting. Mr. McArthur asked that Mr. Cogburn, Mr. Farris and Dr. Woodward work with Ms. Archie to research the policy further and present their recommendation at the November meeting.

- It was noted that ALE will offer to provide training for lottery sales violations that is consistent with their alcohol violation training.

IV. Fingerprint Policy

- Ms. Archie presented the Fingerprint Policy to the Commission
- She noted that changes had been made to Section A: 3, 4, and 5. A brief discussion followed.
- Dr. Woodward made the motion to approve the policy as presented.
- Ms. Hampden seconded the motion.
- The motion was approved.

V. Executive Director's Purchasing Authority

- Ms. Hampden informed the Commission that on August 16 the Finance Committee resolved to increase Mr. Shaheen's purchasing authority to \$300,000.00 for expenditures which have been appropriated in the budget. She noted that Mr. Shaheen will report quarterly to the committee any purchases over his previous \$90,000.00 authority. All purchases will follow the purchasing procedures set forth by the Commission.
- Ms. Hampden made the motion to accept the resolution of the Finance Committee to increase Mr. Shaheen's purchasing authority to \$300,000.00
- Mr. Farris seconded the motion.
- The motion was accept the resolution of the Finance Committee increasing Mr. Shaheen's purchasing authority to \$300,000.00

VI. Approval of Charters

- Mr. McArthur asked that the committee charters be approved.
- Ms. Hampden noted changes made to the Finance Committee Charter. The first was to remove reporting control of Department of Health and Human Services (DHHS) to the Commission. Since the Commission has no authority to require reporting, Ms. Hampden recommended the NCEL invite DHHS to address the Commission on an annual basis. Secondly, added to duties and responsibilities was that a comprehensive Annual Report shall also be prepared highlighting (among other factors) trends and ranking with other State Lotteries of similar size.
- Mr. Appleton reminded the Commission that the charters were to be reviewed and updated annually.

- Mr. Farris made the motion to accept the charters as prepared including the changes to the Finance Committee's charter.
- Mr. Cogburn seconded the motion.
- The charters were approved with the amendments to the Finance Committee Charter.

VII. Financial Statements

- Ms. Hampden presented the financial statements of the NCEL.
- Robin Diehl, Deputy Executive Director, Finance and Administration, addressed the Commission to review the financial statements.
- There were discussions regarding prize payout amounts and the possible budgetary fluctuations throughout the year.

VIII. Other Business

- Mr. Shaheen shared two new instant games that would be introduced today, September 19; also he presented play slips for two computerized games being introduced in October. Carolina Pick 3 on October 6 and Carolina Cash 5 on October 27, 2006. He discussed the Carolina Hurricanes® \$5.00 instant ticket that will go on sale October 3. He highlighted the upcoming advertising schedule.
- Mr. McArthur noted that he would like to set the quarterly meeting schedule for the 2006-2007 year. The Commission may meet Sept. 27 or 28 via teleconference to vote on the Draw Auditor RFP recommendation, following that meeting the quarterly schedule will begin in November. Once available dates have been determined the schedule will be distributed.

The meeting was adjourned.