

**NORTH CAROLINA EDUCATION LOTTERY
COMMISSION MEETING**
November 7, 2006

Meeting Minutes

Commissioners in Attendance: John McArthur, Chair
Robert Farris
Bridget-Anne Hampden
Max Cogburn
Robert Appleton
Dr. James Woodward
Edwin Speas
Secretary Bryan Beatty

Commissioner not in Attendance: Linda Carlisle

Participating NCEL Staff: Tom Shaheen
Nikki Howard
Carla Archie
Robin Diehl
Bill Bryant
Deb Doty

Meeting was held on Tuesday, November 7, 2006 at 1:00 p.m. in the Dr. Charles A. Sanders Conference Room of the North Carolina Education Lottery (NCEL) Headquarters located on 2100 Yonkers Road in Raleigh.

I. Introduction and Opening

- Chairman 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.
- He welcomed Commissioner Speas to the NCEL Commission.
- Tom Shaheen, Executive Director, presented Dr. Charles Sanders with a congratulatory plaque and thanking him for his service as the previous Chairman of the NCEL Commission. He then unveiled the door sign officially naming the board room the **Dr. Charles A. Sanders Conference Room**.

II. Approval of Minutes

- Commissioner Cogburn moved to adopt the minutes as presented.
- Commissioner Appleton seconded the motion.
- The minutes were adopted.

II. Audit Plan

- Nikki Howard, Internal Auditor presented the NCEL Annual Audit Plan and explained to the Commission how it was developed. She highlighted the fact that the executive staff had participated in drafting the risk analysis. She noted that the plan was reviewed by the Audit Committee prior to the Commission Meeting.
- Commissioner Farris moved to adopt the Audit Plan.
- Commissioner Appleton seconded the motion noting that the Audit Committee had reviewed the plan and recommends it as presented.
- The Audit Plan was adopted.

III. Sales to Minors

- Carla Archie, Deputy Executive Director, Security/ Legal Counsel, presented the Sales to Minors policy. She updated the Commission on the amendments which had been made to the original draft as requested by the by Commission.
- It was noted that the Audit Committee had previously reviewed the policy and recommended changing the time period in which a retailer who has been suspended must wait before reapplying to sell lottery from one year to six months.
- A discussion followed.
- Commissioner Beatty moved to reverse the change which was made to the waiting period from six months back to one year.
- Commissioner Hampden seconded the motion.
- The vote was seven to one in favor of reversing the change to the waiting period.
- Commissioner Beatty moved to adopt the policy with the amendment to the waiting period.
- Commissioner Hampden seconded the motion.
- The policy was adopted with the amendment.

IV. Key Performance Indicators

- Chairman McArthur stated that he requested a Key Performance Indicator (KPI) report be drafted. The purpose of the report would be to provide the Commission with measurable indications of the NCEL's progress.
- The Chairman reiterated that the KPI report would remain a working document and subject to modifications when required.
- Mr. Shaheen reviewed the report with the Commission.
- Commissioner Appleton moved to adopt the KPI report structure and content with amended changes.
- Commissioner Farris seconded the motion.
- The KPI report was adopted.

V. Financial Reports

- Robin Diehl, Deputy Executive Director, Finance and Administration, presented the Statement of Net Assets and the Statement of Revenue, Expenses and Changes in Fund Net Assets. She explained each line item. Both documents were reviewed by the Finance Committee prior to the Commission meeting.

VI. Other Business

- Mr. Shaheen discussed the new games that have been released. He noted that by mid December he should have a picture of the impact the new games will have on quarterly sales. He also stated that continued sales training is being handled in the retail locations by the sales representatives. The sales representatives are working with the retail locations on promotions of new games and emphasizing that sales to minors are illegal.
- Mr. Shaheen notified the Commission that an Intent to Bid for Computer Network Services would be issued in the next couple of days. The purpose is to have the NCEL establish its own network separate from the state, due to the uniqueness of operations and the necessity of the system to be available 24 hours a day, seven days a week. Deb Doty, Deputy Executive Director, MIS and Gaming Systems, estimates that the cost of the network could be \$320,000-\$340,000. An additional benefit to

maintaining its own network is the NCEL will realize an annual cost savings of \$250,000 - \$275,000 after the first year and a half.

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- Once a recommendation has been made by the evaluation committee, the bid will be brought before the Commission should the amount exceed the executive director's approval authority.
- Bill Bryant, Contract Compliance Coordinator, made a presentation regarding minority participation. He highlighted the bid and notification processes. Mr. Bryant also presented minority participation and partnership with the NCEL vendors, GTECH and Wray Ward Laseter.

The meeting was adjourned.