

**North Carolina Education Lottery
Commission Meeting**

Meeting Minutes
June 23, 2009

Commissioners in Attendance:

Robert A. Farris Jr., Chairman
Carla M. Archie
Norwood G. Clark, Jr. – via conference call
Max O. Cogburn
William F. Dowdy
Lawrence M. Spears
Pamela M. Whitaker – via conference call

Commissioner not in Attendance:

Bridget-Anne Hampden

Staff in Attendance:

Tom Shaheen

The North Carolina Education Lottery Commission meeting was held on Tuesday, June 23, 2009, at 1:00 p.m. in the Dr. Charles Sanders Conference Room of the North Carolina Education Lottery located at 2100 Yonkers Road, Raleigh, NC.

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 extended his congratulations on behalf of the Commission to Executive Director Tom Shaheen on his election as the president of the Multi-State Lottery Association.
- Chairman Farris presented the minutes of the March 24, 2009, NCEL Commission meeting for approval. Commissioner Dowdy moved to approve the minutes. Commissioner Cogburn seconded the motion. The motion was approved.

II. Operations/Personnel Committee Report

- Commissioner Archie presented changes to Attendance and Leave Policy 4.15 that make it compliant with recent modifications in the Family Medical Leave Act and proposed changes to the Inclement Weather Policy. Commissioner Archie moved that the Commission approve the changes. Commissioner Dowdy seconded the motion. The motion was approved.

III. Audit Committee Report

- Commissioner Cogburn reported Internal Audit has finalized audits of player and public communications, Powerball, and promotions and special events. Internal Audit is concluding audits of purchasing and procurement cards, and retailer contracting. Preliminary plans have begun for an audit of instant ticket prize validation and instant ticket inventory.
- Delehanty Consulting LLC completed the annual Security Audit for calendar year 2008. The audit resulted in 13 recommendations and 3 suggestions. Seven of those have been closed.

Commissioner Cogburn moved to approve acceptance of the Security Audit. Chairman Farris seconded the motion. The motion was approved.

- The SAS 70 report is complete and will be included in the next quarterly Commission meeting package.

IV. Finance Committee Report

- Chairman Farris presented the April Financials and Fiscal Year 2009/2010 Budget. After discussion, Chairman Farris moved to adopt the Fiscal Year 2009/2010 Budget. Commissioner Spears seconded the motion. The motion was approved.
- Tom Shaheen, Executive Director, reviewed steps the NCEL has taken to reduce expenses. The NCEL has postponed training, except for that which is essential, until next year. Also reduced were travel expenses, janitorial services, furniture and fixtures, and security enhancements. The reduced security enhancements will not affect the integrity of NCEL operations.
- Mr. Shaheen reported the Finance Committee was informed of solicitation of bids for vending machines that sell both instant and on-line tickets and electronic point of sale devices for retail stores.

V. Executive Director Report

- Mr. Shaheen reviewed the Key Performance Indicators.
- Mr. Shaheen reported the sales goal of \$1.268 billion will be obtained by close of business today, with several weeks left in the fiscal year. Today the NCEL transferred \$78.5 million to the North Carolina Education Fund for April, May and the beginning of June. With that transfer, the NCEL met its fiscal year goal of \$385.5 million to the North Carolina Education Fund. There will be an additional transfer before June 30 to complete the fiscal year transfer.
- Commissioner Spears noted that the recent \$88.1 million Powerball winner who took a lump sum payment, will bring in over \$2 million in state taxes to North Carolina.

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

Robert A. Farris, Jr., Chairman

Date