

NORTH CAROLINA LOTTERY COMMISSION

Meeting Minutes

Members in Attendance:

Robert Appleton	Sec. Bryan Beatty
Linda Carlisle	Robert Farris
Kevin Geddings	Malachi Greene
John McArthur	Gordon Myers
Dr. Charles Sanders	

Meeting was Held:

Oct. 6, 2005 at 10:00 am, ABC Commission Room, 116 W. Jones St.

I. Introduction and Opening

- Dr. Charles Sanders welcomed the board members and audience to the inaugural and organizational meeting of the NC Lottery Commission. Dr. Sanders reminded the members that the lottery was the people's business and reiterated the need for transparency and a clear code of ethical conduct. Dr. Sanders is committed to working with the board to develop such a code. He also briefly outlined the goal for the lottery, which is to provide additional funding for education. Dr. Sanders discussed his concern for compulsive gambling and noted that the commission will develop and support programs to help deal with the concern. In conclusion, Dr. Sanders emphasized his confidence in the board's ability to expeditiously put into place the best lottery in the Nation.
- Dr. Sanders then asked all board members to introduce themselves. Each member spoke of their enthusiasm of being appointed to the commission and the importance of the educational opportunities the lottery will provide. Mr. Geddings noted that he would recuse himself from any final votes on vendor selections.
- Mr. Geddings motioned that the board officially name the lottery **The North Carolina Education Lottery**. The motion was seconded by Mr. Farris and passed by a unanimous vote of the members.

II. Presentation from Board of Ethics

- Dr. Sanders introduced Perry Newson, Executive Director of the North Carolina Board of Ethics to address the commission. Mr. Newson elaborated on the fact that the board may be the most scrutinized group in the state. He suggested the members adhere to the Newspaper Rule— Always consider whether you want what you do or say to be printed in the newspaper... because it will be.
 - Mr. Newson introduced and distributed, in addition to the Board of Ethics Executive Order with exhibits, a sample Ethics

Awareness & Conflict of Interest Reminder and suggested that it be the first item of business at each meeting. Dr. Sanders noted that he will place the item on the agenda of each future meeting.

- Mr. Newson highlighted the Board of Ethics' role. He noted that they were there to assist and not police the commission as well as to identify and avoid possible conflicts of interest.
- Mr. Newson advised Dr. Sanders, as chairman and the other commissioners, as members to pay close attention to Section 7 of the Executive Order, which pertains to conflicts of interest and the appearance of conflict of interest, in which a discussion followed.

III. Presentation from Attorney General's Office

- Dr. Sanders introduced Grayson Kelley, NC Deputy Attorney General, Mr. Kelley assured the board that they would have all of the legal support necessary. He discussed legalities of personnel, Request for Proposals, public records and public notification of meetings and liability.

IV. Discussion of Goals and Work Plan

- Dr. Sanders opened the floor for discussion and asked each member for their comments.
- Mr. Myers echoed the importance of naming the lottery while suggesting that attention needs to be placed on the retraining of displaced workers and how community colleges can best meet those needs. Mr. Gordon also spoke to the issue that he would not meet with vendors outside the commission structure, as he thought this would be inappropriate. Dr. Sanders concurred and said that it would be considered for the Commission's internal Ethics Policy.
- Mr. Farris noted the importance of moving forward with all decisions while in the process of choosing a director.
- Secretary Beatty emphasized the importance of integrity and requested the hiring of ALE agents to help support the lottery.
- Mr. Appleton noted that the board should hire an internal auditor who reports directly to the commission.
- Mr. Geddings communicated the urgency of giving the public a realistic timetable and also noted that if there is ever a question of the Lottery's integrity, it will crumble.
- Mr. Greene stressed his concern that minority business seekers get a real opportunity to participate.
- Mr. McArthur spoke of his concern for financial controls.
- Ms. Carlisle noted the importance of setting reasonable expectations with local governments concerning the distribution of funds. She also suggests that the commission look to other states for ideas, but that they should also not be afraid to look outside the box.

V. Committee Appointments

- Dr. Sanders made the following committee appointments:
 - **Personnel: Sanders; Chair, Beatty, Geddings**
 - **Vendor Selection: Farris; Chair, McArthur, Appleton**
 - **Retailer Selection Policy and Relations: Carlisle; Chair, Myers, Greene**
 - **Finance and Audit: Appleton; Chair, other members to be announced**

VI. Other Business

- Mr. Appleton motioned that the commission create a job description and begin searching for a lottery director. Ms. Carlisle seconded the motion. The motion passed unanimously.
- Dan Gerlach, Senior Advisor to Governor Mike Easley was recognized. Mr. Gerlach told the commission that the Governor was grateful for their service. He emphasized that the state's resources are available to assist the commission during its formation. Mr. Gerlach informed the board that state statute allows \$10 million to be borrowed from the State Treasury for start up. He also mentioned that the state is in the process of helping to establish a temporary website.
- Robin Diehl, CFO of Commerce, was recognized and addressed the board concerning travel expenses and reimbursement.

The meeting was adjourned.