

NORTH CAROLINA LOTTERY COMMISSION

Meeting Minutes

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

Meeting was Held:

December 28, 2005 at 9:00 a.m., Telephonic Conference Call 919-733-2490. Open for public hearing in Governor's Press Conference Room, 1st Floor, Administration Building, 116 West Jones Street, Raleigh.

I. Introduction and Opening

- Dr. Sanders welcomed the members to the meeting.

II. Approval of Minutes

- Dr. Sanders noted a correction to the minutes. Ms. Carlisle moved to approve the minutes as amended. Dr. Woodward seconded. The minutes were approved.

III. Process for Qualifying Retailers

- Dr. Sanders stated that he has discussed with Sec. Beatty the obligations of the commission in terms of hiring personnel at Alcohol Law Enforcement (ALE). He suggested that there are two ways in which to move forward. The first being wait until the next commission meeting on January 6 or secondly, the commission could delegate to Ms. Carlisle and Dr. Sanders the power to request ALE to hire 12-15 people by the first of January. The commission discussed their financial obligation to ALE and whether these positions should fall under the lottery organization rather than ALE.
- Ms. Carlisle questioned the possibility assuming that if store owners have an ABC permit they have met the requirements for becoming a lottery retailer. Sec. Beatty stated that the requirements for background checks for an ABC permit are the same as for a lottery permit and he believes that portions can be cross referenced. Ms. Carlisle added the request for an ABC permit number will be included on the retailer application.

- Dr. Woodward made the motion to delegate the power to Dr. Sanders and Ms. Carlisle to request ALE to hire the 12-15 staff for ALE by the first of January. Bob Farris seconded. The motion was approved.

IV. Department of Revenue

- Ms. Carlisle noted that under 18C-140 of the lottery bill one of the requirements is that retailers be current in filing all applicable tax returns and payment of all taxes, interest and penalties.
- She stated that Deputy Secretary Reggie Hinton indicated the Department of Revenue has formalized arrangements with five retired employees to return to work for the sole purpose of tax background checks. Mr. Hinton noted that he can have this department operational by January 9. He plans to have the staff on board for up to eight weeks, with a pay scale in the \$20.00 an hour range. Mr. Hinton expects that the group can process 1200-1500 applications a week. He also expects that after six months his current staff will be able to handle the applications. He will at that point develop a charge for processing the applications.
- Sec. Beatty moved to delegate power to Dr. Sanders and Ms. Carlisle to proceed with the Department of Revenue hiring retirees to perform background checks of lottery retail applicants. Mr. Appleton seconded. The motion was approved.

V. Other Business

- Mr. Shaheen stated that for the Instant Ticket Lottery Game Services Request for Proposal(RFP) he has received two intents to bid. The first being Oberthur (OGT), the second being Scientific Games. He also noted that for Online Lottery Gaming System RFP products he received a letter of intent to bid from G-Tech and Scientific Games. In addition, he received a letter from Intralot declining their intent to bid.
- Mr. Shaheen mentioned two items which need to be amended in the retailer contract. The first amendment was adding the prize amount (under \$600.00) that retailers will be required to pay. He also indicated the need to add language which reads, "Under no circumstances shall a lottery game retailer condition the sale of lottery tickets upon the purchase of any other goods or services, or charge any player a fee for the services of validating or paying winning lottery tickets."
- Ms. Carlisle moved that both amendments be added to the retailer contact. Dr. Woodward seconded. The motion was approved.
- The meeting was adjourned.