

**NORTH CAROLINA EDUCATION LOTTERY
COMMISSION MEETING**

Meeting Minutes

Commissioners in Attendance: Dr. Charles Sanders, chair
Robert Farris
Linda Carlisle
Max Cogburn
Bridget-Anne Hampden
James Woodward
Robert Appleton
John McArthur

Commissioners not in attendance: Secretary Bryan Beatty

Meeting was held on April 18, 2006 at 9:30 am in the ABC Commission Room, 5th Floor Administration Building, 116 West Jones Street, Raleigh, NC.

I. Introduction and Opening

- Dr. Sanders called the meeting to order by affirming the Commission's commitment to returning 35% of lottery proceeds to education.

II. Approval of Minutes

- Ms. Hampden made the motion to approve the minutes from the April 4, 2006 meeting with one correction to the spelling of her name.
- Mr. Farris seconded the motion.
- The minutes were approved.

III. Updates

- Mr. Shaheen began his update by noting that the NCEL Commission sales as of Monday afternoon had exceeded \$70 million, averaging \$3.7 million a day.
- He updated the Commission on each game's status, noting that Black Jack was completely out of the warehouse. He stated that new instant tickets will continually be introduced.

- There was a discussion on how to introduce new instant tickets, the steps taken in closing a game and the protocol used when all top prizes in a game are claimed.
- Mr. Shaheen informed the commission that there are 5030 active retailers and updated the numbers of retailer installations and retailers being trained. Additionally, he commented on the fact that the cooperation of the retailers in North Carolina continue to support a very smooth start up operation. It was decided that information will be distributed to the NC retail population to encourage the recruitment of a variety of types of retail locations to sell lottery tickets.
- Mr. Shaheen discussed the progress with the start up of Powerball. He told the Commission that Scientific Games has a patent pending on a game enhancement called “PowerPlay” and noted that if the NCEL chooses to offer the option it will be charged 2% of the first \$12 million of “PowerPlay” sales and 1% on any additional sales thereafter. He indicated that Scientific Games does not require such payment on a dollar for dollar basis if the lottery purchases other products from them. A discussion followed regarding the patent and whether the NCEL would question the legality of such a claim.
- Lou Ann Russell, Deputy Executive Director, Marketing and Advertising, addressed the Commission and presented the Marketing Plan and Advertising Schedule that has been developed for the NCEL for the upcoming months.
- Mr. Farris moved that the Commission enter into Executive Session to discuss GTECH’s potential merger with Lottomatica pursuant to NCGS 143-318.11 (a)(1). The confidential nature of the (a)(1) discussion is based on NCGS 18C-152(d).
- Ms. Carlisle seconded the motion.
- The Commission entered into Executive Session.
- The Commission reconvened in open session.

- Mr. Shaheen updated the Commission on the RFP schedules that are now in progress. He stated that he will present his recommendation for the Electronic Digit Display Contract to the Commission at the April 25 meeting.

IV. Committee Charters

- It was determined that each committee will review its draft charter, make any changes and present its final version to the Commission at a future meeting. Dr. Sanders discussed the NCEL Commission conforming to a quarterly meeting schedule in the future and recommends that each committee plan to meet at those times as well.

The meeting was adjourned.