

North Carolina Education Lottery Commission Meeting

Meeting Minutes

March 24, 2009

Commissioners in Attendance: Robert A. Farris Jr., Chairman
Carla Archie
Norwood G. Clark, Jr.
Max O. Cogburn
William F. Dowdy
Bridget-Anne Hampden
Pamela M. Whitaker – via conference call

Commissioner not in Attendance: Dr. Edward B. Fort

Staff in Attendance: Tom Shaheen

The North Carolina Education Lottery Commission meeting was held on Tuesday, March 24, 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 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 recognized former NC Education Lottery Chairman John McArthur and thanked him for his service on the Commission. Chairman Farris also recognized Mr. William Dowdy and Ms. Carla Archie as new members of the North Carolina Education Lottery (NCEL) Commission.
- Chairman Farris presented minutes of the December 3, 2008 NCEL Commission meeting for approval. Commissioner Hampden moved to approve the minutes. Commissioner Cogburn seconded the motion. The motion carried.

II. Finance Committee Report

- Commissioner Hampden presented the financials through February 2009. This fiscal year through the end of February, the NC Education Lottery has raised \$265 million for the Education Fund.
- Commissioner Hampden presented a resolution to authorize the NCEL Executive Director to enter into proprietary licensing agreements with license fees exceeding \$300,000 but less than \$800,000 per game without Commission pre-approval. After discussion, Commissioner Hampden moved to increase the Executive Director's signing authority specifically for the purpose of licensing fees from \$300,000 to \$800,000 as stated in the resolution. Commissioner Archie seconded the motion. The motion carried.

III. Audit Committee Report

- Commissioner Cogburn reported Internal Audit finalized audits on Payroll and Human Resources, Wide Area Network, and Web and is concluding audits of Powerball, Player and Public Communications. The continuous audit monitoring of production, general control, systems

development and change controls, which will be performed periodically throughout the year in lieu of a scheduled audit period, is underway.

- The Audit Committee Charter was amended to replace the requirement for a certified public accountant (CPA) with a requirement for a financial expert. Commissioner Cobgurn moved to approve the revision. Commissioner Dowdy seconded the motion. The motion carried. Commissioner Farris was designated as the Audit Committee financial expert under the new Audit Committee Charter.

IV. Operations/Personnel Committee Report

- Commissioner Archie presented three policies:
 - Employment Verification Policy 4.06 – revisions make it compliant with changes to Article 7 of Chapter 126 of the State Personnel Act. Commissioner Archie moved to approve the revisions. Commissioner Hampden seconded the motion. The motion carried.
 - Drug Free Workplace Policy 4.03 – the revision was not adopted as it was determined not to be needed.
 - Workers' Compensation Policy 4.13 – the revision was adopted as amended by the Operations/Personnel Committee. Commissioner Archie moved to approve the amended revision. Commissioner Cobgurn seconded. The motion carried.
- Mr. Bill Regal from the Hay Group presented a report on the NCEL salary plan, market competitiveness, internal equity, and performance evaluation tools. After discussion, Commissioner Hampden moved to keep the existing six salary bands and modify the bands 12.25 percent as the state has adjusted salary bands over the last three years, and automatically follow the state's increases or decreases in future years. Commissioner Whitaker seconded the motion. After discussion, the motion carried.

V. Executive Director Report

- Tom Shaheen, Executive Director, introduced Smith Worth and Spencer Clark from DHHS who presented a compulsive gambling update.
- Mr. Shaheen provided an overview of the Key Performance Indicators.
- Lou Ann Russell, Deputy Executive Director, Marketing and Advertising, presented a draft Emerging Markets Communications Guidelines. The Guidelines provide for translating specific printed marketing/advertising materials to communicate with non-English speaking consumers. Commissioner Hampden moved to approve the Guidelines. Commissioner Cobgurn seconded the motion. After further discussion, the motion carried.
- Brenda Christmon from Wray Ward Creative Marketing Communications and Christi Luskin from the Bantam Group presented a Consumer Market Research Recap on NCEL marketing awareness.
- Fenita Shepard, Deputy Executive Director, Legal and Security provided a legal update on the Encore Funding matter.

There being no further business, Commissioner Hampden moved to adjourn. Commissioner Cobgurn seconded the motion. The motion carried and meeting adjourned.

Robert A. Farris, Jr., Chairman

Date