

## North Carolina Education Lottery Commission Meeting

### Meeting Minutes

Wednesday, January 22, 2014

*Commissioners in Attendance:*

Keith Ballentine, Chairman  
Alice Underhill  
David Kirby  
Jody Tyson  
Courtney Crowder  
Chris Shew  
A.J. Daoud  
Doug Baker

*Staff in Attendance:*

Alice Garland  
Bill Jourdain  
Caryl James

*The North Carolina Education Lottery Commission meeting was held Wednesday, January 22, 2014 at 2:00pm, at NCEL headquarters located at 2100 Yonkers Road, Raleigh, NC.*

Chairman Ballentine called the meeting to order and reminded the Commission that they operate under the State's code of ethics. He also informed the commissioners that funds raised by the North Carolina Education Lottery (NCEL) should be used to supplement, not supplant education dollars in North Carolina and that such expenditure is controlled by the North Carolina Legislature.

Chairman Ballentine presented the minutes from the December 3, 2013 Commission meeting. Hearing no suggested changes, Commissioner Daoud made a motion to approve the minutes as written and Commissioner Kirby seconded. The minutes were approved.

Commissioner Kirby notified the Commissioners that during the discussions relating to employee salaries he would recuse himself due to a personal conflict from voting on such matters.

Commissioner Tyson noted that a closed session would be necessary at the end of the open meeting in order to discuss an employee related item.

### **Finance and Audit Report**

Bill Jourdain, Deputy Executive Director of Finance, Administration and Security presented a brief financial report. For the first six months of FY2014, Mr. Jourdain reported total revenue for the first six (6) months of FY2014 was \$905 million. Distribution of that revenue was:

- Retailer commission and incentives totaled \$63.5 million
- Lottery prizes totaled \$553 million
- Gaming system services totaled \$15.8 million
- Licenses fees for games and products totaled \$632,000
- Salaries, wages and benefits totaled \$9.1 million
- Advertising expenditures totaled \$8 million
- Overall administrative expenses totaled \$4.7 million
- Compulsive gaming reimbursements totaled \$964,000
- Total earnings for education totaled \$249.9 million
- Transfer to the state will be made on January 28, 2014

### Compensation and Classification Study Results

Chairman Ballentine explained the timeline of the compensation and classification study and how the NCEL Commission initially approved the project. Discussion first began at the December 2012 meeting. During the June 2013 meeting commissioners gave final approval for the study. Chairman Ballentine also noted that state government is in the process of conducting a compensation and classification study for state employees. Chairman Ballentine reported that the NCEL notified the NC Office of Human Resources (OHR) regarding the NCEL compensation and classification study. OHR informed the NCEL that the State is interested in the NCEL study and would be seeking further information to initiate similar study for all of state government

Caryl James, Director of Human Resources, introduced Ms. Ruth Ann Eledge, CEO of Waters Consulting Group, Inc. (WCG). Ms. Eledge presented results of the compensation and classification study.

After discussion and subsequent questions were answered by WCG, Commissioner Tyson made a motion to adopt the findings and implement all recommendations made by WCG and made them effective February 1, 2014. Commissioner Daoud seconded. The motion carried.

Commissioner Tyson suggested there may be a need for an organizational study. Commissioner Baker agreed that an organizational structure study was necessary. Commissioner Daoud suggested the commission take some time to absorb the information that was presented today and discuss the possibility of an organizational structure study at the March 2014 meeting. Commissioner Kirby agreed with the possibility of an organizational structure study. The commission agreed to review data and information at the next meeting and go forward based on the information provided.

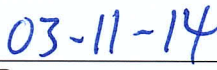
Chairman Ballentine announced that the commission would go into closed session to discuss employment issues.

Commissioner Tyson announced that during the closed session, commissioners discussed a one percent (1%) salary increase for the Executive Director. He made a motion to increase the salary of the Executive Director by one percent (1%). Commissioner Daoud seconded and the motion carried. The vote was unanimous.

This was the last meeting for Deputy Executive Director of Marketing, Advertising and Communications, Lou Ann Russell. Chairman Ballentine thanked Lou Ann for her many years of dedicated service to the NCEL.

There being no other business, Chairman Ballentine adjourned the meeting.

  
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W. Keith Ballentine, Commission Chairman

  
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Date