

North Carolina Education Lottery Commission Meeting

Meeting Minutes

Wednesday, December 14, 2011

Commissioners in Attendance: Robert A. Farris, Chairman
Barry Z. Dodson
William F. Dowdy
Lawrence Spears
Fern Shubert
Cullie Tarleton
Pamela M. Whitaker

Commissioner Participating via Phone: Judge Marlene Hyatt

Commissioner not in Attendance: Carla N. Archie

Staff in Attendance: Alice Garland
Quan Kirk

The North Carolina Education Lottery Commission meeting was held Wednesday, December 14, 2011, 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.

Opening and Approval of Minutes

Chairman Farris called the meeting to order and presented the minutes of the September 22, 2011 North Carolina Education Lottery (NCEL) Commission meeting for approval. There being no changes to the minutes, Chairman Farris declared the minutes approved.

Audit Committee Report

Commissioner Shubert presented the Audit Committee report on behalf of Commissioner Archie.

- The NCEL received an unqualified opinion on the June 30, 2011 Financial Audit from Cherry, Bekaert & Holland.
- Audits on Instant Ticket Validations and Online Ticket Validations were completed during the quarter.
- Audits are underway on Contract Compliance, Instant Ticket Inventory Controls, and Retailer Services.
- Internal Audit participated with Security in random number generator drawings for the Lucke-Zone drawings, and served as draw auditor for three drawings held during the quarter.

Operations/Personnel Committee Report

Commissioner Whitaker presented the Operations/Personnel Committee report.

- The Committee reviewed the Personnel Committee Charter as is required annually. The only change to the Charter is to update the title to add "Operations" to the Personnel Committee Charter.

Finance Committee Report

Commissioner Spears presented the Finance Committee report.

- Net revenue earned for the state in October 2011 totaled \$36.6 million, an increase of \$3 million over October 2010. Net earnings for the state for the first four months of FY12 totaled \$144.1 million.
- The Committee approved a new Instant Ticket Incentive Award Policy for retailers selling a winning instant ticket of \$1,000,000 or greater. After discussion, Commissioner Spears moved to approve the new Instant Ticket Incentive Award Policy, 8.01A- Attachment E. Commissioner Tarleton seconded. The Instant Ticket Incentive Award Policy was approved.
- The final Report and Recommendation for the Lottery Drawing Show Production and Television Services RFP was approved by the Finance Committee. After review and discussion by the Commission members, Commissioner Spears moved to approve the award of the contract to WRAL-TV. Commissioner Tarleton seconded. The motion passed and the contract award was approved.
- The Finance Committee decided to continue the current player's club program and to review the proposed rewards program at a later date after analysis from other State Lotteries' rewards programs.

Executive Director

Alice Garland, Executive Director, presented the Key Performance Indicators.

Quan Kirk, General Counsel, reviewed recent enhancements to the NCEL web site which provide information regarding business opportunities with the NCEL for minority business and minority business resources.

Ms. Garland reviewed a proposal to establish a Retail Lottery Advisory Board that would be comprised of ten (10) lottery retailers and a representative from the NC Petroleum & Convenience Marketers. The objective of the Retail Lottery Advisory Board is to provide input from the retailer's perspective of the lottery operations and games and present concerns of lottery retailers throughout the state. Commissioner Dodson moved to approve the creation of the Retail Lottery Advisory Board. Commissioner Spears seconded. The motion passed.

Due to time constraints, the FY12 Second Quarter Advertising/Marketing Update was moved to the next NCEL Commission meeting.

There being no further business, Chairman Farris adjourned the meeting.

Robert Farris, Chairman

Date