

MINUTES  
ARKANSAS LOTTERY COMMISSION  
Thursday, October 28, 2010  
10:30 p.m.  
ALC Conference Room  
Third Floor  
124 West Capitol Avenue  
Little Rock, Arkansas

Chairman Lamberth called the meeting to order. In attendance also were Commissioners Smith, Pickard, Campbell, Hammons, Malone, Shipp, and White, and Commissioner Ward-Jones by conference call. The ASL was represented by Director Passailaigue, Internal Auditor Hyde, David Barden, Bishop Woosley, Julie Baldrige, Patricia Vick, Henry Gilmore, and Lance Huey.

Chairman Lamberth brought forward the minutes of the September 30, 2010, meeting, and after motion of Commissioner Shipp, seconded by Commissioner Hammons, the minutes were approved unanimously.

The Director reported on research regarding a \$2 price point for Powerball. He noted that there would be a conference call among the Cross-selling Committee of MUSL on October 28, and a meeting of the entire Powerball Group on October 29. His report on ticket sales and financials is attached to the day's packet. He stated that the Arkansas Million Dollar Raffle game was not performing as well as hoped, and that plans to create incentives were under way, using \$162,000 from the advertising budget. He noted that the new Fast Play instant online game had sold \$150,000 in its first three days. He said this emphasized the Arkansas player's appetite for instant tickets. He reported that the Decades of Dollars game which the Commission granted tentative approval in September was on hold due to the current Arkansas definition of unclaimed prizes as net proceeds. Therefore, Arkansas will have to wait for legislative changes to the unclaimed prizes definition in order to offer the Southern Regional game, which he estimated would produce \$3 Million annually for scholarships. Vice President for Gaming Barden said that he would come back to the Commission with a ticket giveaway program to move players toward the online games. The vast difference in net proceeds between instants and online tickets was discussed.

Chairman Lamberth recognized representatives from the Arkansas Department of Higher Education to present a report on scholarship statistics. Dr. Purcell and Tara Smith reported extensively on the scholarships that were awarded for Fall 2010, breaking down the information by institution, county, and other categories. Their report is included in the day's packet.

Chairman Lamberth recognized Internal Auditor Hyde, who reported current work and plans for upcoming audits. His presentation is included in the day's packet.

The Chair next called for reports from Standing Committees. Commissioner Malone reported as Chair of the Audit Committee that the Committee met today, with all members present, to plan the audits for the rest of the calendar year and review the overall audit plan. Internal Auditor Hyde will send a draft of the plan to all Commissioners. Commissioner Lamberth commented on bringing audits in-house rather than utilizing an external audit.

Commissioner Pickard referred to the day's report from ADHE and noted that report was requested from the Higher Education Committee, which he chairs.

Commissioner Smith reported as Chair that the Legal Committee had met on October 15, with all Committee members present. He said the Committee received a report on pending legal matters including a trademark issue; discussed possible legislative amendments in the upcoming session remarking that the changes proposed thus far do not impact lottery operation; noted that the only legislation the Lottery was actively supporting was the change in unclaimed prizes and the definitional change; and discussed the change in the job description for staff counsel to require Arkansas licensure and for chief fiscal officer to require active CPA status.

Commissioner Hammons reported as Chair that the Personnel Committee met on October 22 to address three items:

- 1) Kay Barnhill-Terry, Director of the Office of Personnel Management, had received the ALC request for a review and that OPM had agreed and the process is now in progress, with OPM keeping the Personnel Committee and the Commission informed of the progress.
- 2) A process for the annual evaluation of the Arkansas Scholarship Lottery Director is under development, with information gathered on the agency director evaluative processes of the Arkansas Highway and Transportation Department, the Arkansas Game and Fish Commission, and the Arkansas State Board of Election Commissioners. Commissioner Smith interjected the suggestion that the process for evaluation of the ASL Internal Auditor should also be developed, and was answered that the Audit Committee is looking at that and anticipates that the evaluation tool will be identical to that used for the Director's evaluation. The Chair suggested and Commissioner Hammons agreed that if any Commissioners had suggestions on the process they should pass those along within one week.
- 3) Regarding the issue of compensatory time for exempt employees, the Committee brought forth the suggestion to the Commission that, using the record of hours worked beyond 40 per week during startup, this group of employees should receive a cap of 80 hours of compensatory time or the number of hours submitted, whichever is smaller; that the time must be taken before the end of 2011 with approval by supervisors; that time already taken would be subtracted from the hours granted under this process; and that employees who had taken more than 80 hours be forgiven that additional time. Discussion followed. Commissioner Shipp moved, seconded by Commissioner Hammons, that the 80-hour plan described above should be implemented. By yes vote of Commissioners Lamberth, Hammons, Shipp, Campbell and Ward-Jones, the motion passed. Commissioners Pickard, White, Malone, and Smith voted no. The companion issue of whether employees who had taken more than 80 hours already should be required to pay back the time. A motion was by Commissioner Smith, seconded by Commissioner Ward-Jones, to forgive compensatory time taken by any single exempt employee beyond the newly-imposed 80-hour cap. Commissioner discussion confirmed that the employees covered by the motion to forgive compensatory time taken did not include the Director or the two Vice Presidents and did include all other exempt employees of the Commission. By yes vote of Commissioners Lamberth, Hammons, Shipp, Campbell, Ward Jones, Smith and Malone, the motion was approved. Commissioners White and Pickard voted no.

Chairman Lamberth set the next meeting for December 9 at 10:30 p.m. Commissioner White requested that the issue of the manner in which the Director and the two Vice Presidents would make up the compensatory time already taken be placed on the agenda of the next meeting, and the Chair agreed. Commissioner Pickard announced that there would be a brief meeting of the Higher Education Committee immediately following the Commission meeting. The meeting was adjourned.