

MINUTES
ARKANSAS LOTTERY COMMISSION
Wednesday, January 20, 2009
8:30 a.m.

Arkansas Lottery Commission Conference Room
124 West Capitol Avenue, Little Rock, AR

The meeting was called to order by Chairman Thornton. Commissioners Thornton, Lamberth, Smith, Hammons, Malone, Pickard, Shipp, Ward-Jones and White were present. Director Ernie Passailaigue represented the staff, along with David Barden, Ernestine Middleton, Julie Baldrige, Bishop Woosley, Philip Miley, Ivan Hudson, and Patricia Vick. Internal Auditor Michael Hyde and Auditor Whitnie Hall also were present.

Chairman Thornton called the meeting to order. The minutes from the November 17 meeting were reviewed and by motion of Commissioner Shipp, seconded by Commissioner White, unanimously approved.

Director Passailaigue presented a financial report on lottery sales, prizes, commissions, and contracts. He reviewed weekly trends from October 4, the predictability of revenue, and the revenue and expense budget through September 2010, noting that the written report reflected an increase in gross lottery sales and net proceeds for scholarships from his original projection presented to the Commission in October 2009. He stated that the revised budget is both realistic and conservative. He reviewed the existing games and discussed the launch of both the Mega Millions game on January 31 and *Cash 4* in July, and projected \$112 million for scholarships in the first full year of lottery sales. Discussion followed and the Commission received this revised budget as information.

Director Passailaigue reported that he and Vice President Barden had been invited to tell the Arkansas Scholarship Lottery success story in presentations at Public Gaming Research Institute's Smart Tech Conference and at LaFleur's Magazine's spring meeting in March.

Commissioner Shipp praised the tone of the ASL advertisements and asked for an update on the results in the problem gambling program funded by ASL.

Director Passailaigue introduced Mr. Hudson, the ASL Minority and Diversity Business Enterprise Manager, who reported on December's diversity forum, "Diversity: The Winning Ticket", specifically geared to prospective minority and female owned suppliers and retailers. Mr. Hudson also reported that he was working to further develop ASL's diversity plan. The diversity program will include a summer internship program.

Auditor Hyde presented a status report and a proposed audit program for calendar 2010. He noted that Commissioner Malone had indicated he would schedule a meeting of the Audit Committee and report back to the full Commission. He reported two completed audits, with no findings. He said he was also preparing for the Mega Millions startup and had a number of conversations with internal audit colleagues in other lottery states.

The Commission next discussed Directors and Officers Liability Insurance. Mr. Woosley reported two bids, from Bancorp South and from Regions Insurance. Discussion followed. Commissioner Shipp moved to accept the Bancorp South proposal with the inclusion of employment coverage, which was seconded by Commissioner Pickard. The motion was

approved by a show of hands, with Commissioner Smith abstaining and Commissioner Thornton voting no, and the seven remaining Commissioners voting yes.

Commissioner Thornton reported that he had been contacted by Joe Dan Yee, a Lake Village retailer and member of the Retailer Advisory Board (RAB). He said Mr. Yee was in the process of contacting the other nine RAB board members and he anticipated the Board will meet within the next few months. He asked the ASL staff to assist the Board, and Director Passailaigue assured him that the ASL staff would provide any assistance required.

Commissioner Lamberth reported that the Personnel Committee had met at 7:30 a.m. before the full Commission meeting and that no action had been taken, noting that the compensatory time proposal for exempt employees had been withdrawn. Attending the Committee meeting were Commissioners Lamberth, Hammons, Pickard, Ward-Jones, and Shipp.

Vice President Middleton gave a brief synopsis of her report to the Personnel Committee on human resource management. She referred the Commissioners to an executive summary of ASL's current written personnel policies and procedures which have been in effect since ASL's inception. She stated these policies and procedures were also provided to the Legislative Oversight Committee. Ms. Middleton also presented the draft of the employee manual and stated that she had completed drafting the policies; however, the review process was ongoing. After review by all appropriate parties, the final publication of the employee manual will tentatively be available in March.

The Commissioners approved the annual 'routine expense reimbursement' required by Arkansas Law for routine expense reimbursements of the Commission. Commissioner White moved to authorize the 'routine expense reimbursement' for each Commission member for performing official Commission duties for the 2010 calendar year, of an amount not to exceed the rate established for state employees by state travel regulations, which was seconded by Commissioner Smith. The motion was approved unanimously.

Chairman Thornton queried the Commission about the format used for this meeting and received positive comments. He tentatively scheduled the next Commission meeting for March 17, with a planning session the evening before and an 8:30 a.m. meeting.

There being no further business, the meeting was adjourned.