

MINUTES

ARKANSAS LOTTERY COMMISSION Emergency Meeting

Friday, June 5, 2009

10:00 a.m.

**UALR William H. Bowen School of Law
Room 515, 5th Floor
1201 McMahon Avenue
Little Rock, Arkansas**

The Arkansas Lottery Commission met June 5, 2009, at 10:30 a.m., at the UALR William H. Bowen School of Law in Little Rock, Arkansas. Arkansas Lottery Commissioners present were: Ray Thornton, Chairman; Dianne Lamberth, Vice Chair; Derrick Smith, Secretary/Treasurer; Susan Jones (via teleconference); Mike Malone; (via teleconference); George Hammons (via teleconference); Ben Pickard; Patty Shipp and Joe White. Bureau of Legislative Research (BLR) staff: Laura Gilson, Attorney; Estella Smith, Analyst; Kendra Drone, Secretary; and Patrick Ralston.

Chairman Ray Thornton called the meeting to order and noted that Commissioners Susan Jones, Mike Malone and George Hammons were present via teleconference.

Director Search

Chairman Thornton stated that the Commission will go into executive session to continue the discussion of the Director search from yesterday's Commission meeting. He advised that the building has areas where the press and guests could gather while the Commission met in executive session.

Commissioner Patty Shipp made a motion that the Commission go into executive session. Commissioner Dianne Lamberth seconded the motion. The motion was unanimously carried by the Commission. Chairman Thornton stated that the executive session could last 45 minutes to 1 hour. The Commission went into executive session at 10:09 a.m. and emerged at 12:53 p.m.

Chairman Thornton reconvened the meeting stating that the Commission went into executive session to discuss personnel. He added that the Commission would publicly repeat the culmination of its meeting and discussions. Chairman Thornton stated that the Commission was assembled in public session and that they must repeat publicly any actions that were taken in executive session. Chairman Thornton recognized Commissioner White to state the motion made while in executive session by Commissioner White, seconded by Commission Shipp, and unanimously approved by all of the Commissioners.

Commissioner Joe White publicly restated his motion to nominate Mr. Ernie Passailaigue to serve as the Director of the Arkansas Lottery Commission at an annual salary of \$324,000. Commissioner Shipp publicly seconded the motion. Chairman Thornton asked for a roll call. Ms. Laura Gilson called the roll call during which all Commissioners voted in favor of the motion to employ Mr. Passailaigue as Director of the Arkansas Lottery Commission. Chairman Thornton advised that Mr. Passailaigue's starting date would be July 1, 2009.

Chairman Thornton introduced Mr. Ernie Passailaigue, Executive Director, South Carolina Education Lottery Organization, via teleconference. Mr. Passailaigue stated that today was a very exciting day for him and that he was very humbled by the Commission's action. He said that during his visits to the State, he fell in love with Arkansas. He added that basically, it is all about making sure that the lottery operates according to the wishes of the citizens of Arkansas, which is with a high degree of integrity, and ensuring that the Commission stays focused on what the lottery is all about -- generating money for the students of Arkansas and elevating them to positions in Arkansas where they can succeed in life and assisting them in this goal. He stated that this will be an interesting journey and one that will yield positive results. He also stated that the South Carolina Education

Lottery Organization can be duplicated or exceeded in Arkansas. Mr. Passailaigue thanked the Commission for the opportunity to serve the people of Arkansas as the Director of the Arkansas Lottery Commission.

Chairman Thornton congratulated Mr. Passailaigue on being selected by the Commission. He stated that Mr. Passailaigue would hit the ground running and may even be available to start work in advance of the date that the Commission could start his salary. Mr. Passailaigue stated that he knew once today passes into Saturday, that Arkansas has lost \$1.5million dollars or more in ticket sales. He has ideas regarding organization, among other things, that the Commission could start on immediately. He added that there would not be many hours of the day that he would not be focusing his attention on the lottery.

Mr. Passailaigue stated that the South Carolina Lottery Commission Chairman had wished him and the citizens of Arkansas well. With regards to the contract discussed in executive session, Mr. Passailaigue stated the Commission has taken a leap of faith in him and his abilities and, at the end of the day, it would be about the total team so they will now have to focus their energies on making it happen. He added that his goal was not to sell lottery tickets to every breathing adult in Arkansas but rather to make sure the lottery is run with the highest degree of integrity and that the lottery is not injurious to the citizens of Arkansas. He also stated that it would take a lot of prayer and hard work by each Commissioner. He noted that the leap of faith that he is taking with the Commission is one of partnership in which he is totally excited and committed.

Chairman Thornton stated the Commissioners would be asked how they were able to recruit one of the most outstanding lottery executive directors in the United States to Arkansas to help them start up a fledgling Arkansas Lottery Commission. He added his observation that Mr. Passailaigue, of his own free will, decided to come out to help a group of legislators as they worked on developing the language for the lottery with no expectation of any return for that effort. In addition, at the request of the Commission, Mr. Passailaigue attended a two-day meeting to discuss lottery start-up considerations, during which the Commissioners learned a lot about their jobs as lottery Commissioners.

Chairman Thornton stated that the Commissioners enjoyed meeting with Mr. Passailaigue and felt at home with him. He also stated that if he were asked what it was that caused Mr. Passailaigue to come to Arkansas, he would reply that he fell in love with the State, the people of the State, and wanted to help with the education of the children. Mr. Passailaigue concurred with Chairman Thornton statements. He stated we have to make investments in our people, our capital, and our resources. He added it is quite evident that, after several trips to Arkansas, the legislative members were men and women of impeccable character with a commitment to getting the legislation right. The Commission has shown a commitment in terms of ensuring that it is operating properly. He also stated that the Commission would see a tremendous benefit from the lottery enterprise. He noted there would be a downside as they discussed; however, measures would be taken to minimize the downside.

Mr. Passailaigue stated that Arkansas and South Carolina have a lot of things in common with the most important thing being people. He added that the people is what attracted him to accept the challenge. He pointed out that at his stage of life, it was important to try and meet that new challenge one more time. Chairman Thornton stated that the Commission would pledge their complete support to Mr. Passailaigue for his efforts in putting the lottery together.

Chairman Thornton asked for remarks by the Commissioners. Commissioner Lamberth thanked Mr. Passailaigue for accepting the Director's position and added she thought it would be a wonderful partnership. Commission Shipp expressed joy at the fact that she believes the Commission has found the right person to lead the State into an honorable and financially gainful lottery for the students of Arkansas. Commissioner White thanked Mr. Passailaigue and stated that the Commission is looking forward to working with him as partners and he is glad to have Mr. Passailaigue on the team. Commissioner Jones thanked Mr. Passailaigue for accepting the Director's position. She stated that it means so much to the students of Arkansas. She added that the Commission was elated and honored that he would come to Arkansas to help them bring

these scholarships to the students of Arkansas. Commissioner Hammons expressed appreciation to Mr. Passailaigue for getting involved with this effort and that the Commission is looking forward to a successful lottery. Commissioner Malone stated that the Commission was very excited to have Mr. Passailaigue as part of the team. He added that the Commission worked through the application process and decided that the most qualified individual would be someone with lottery experience. He expressed pleasure at being able to hire someone with start-up lottery experience.

Mr. Passailaigue asked that the Commission permit him to start discussions with the two Multi-State Lottery Games (Power Ball and Mega Millions), and report back to the Commission on this matter. All Commissioners voted unanimously to approve Mr. Passailaigue's request.

Mr. Passailaigue stated that the Commission had entertained the concept of calling the Arkansas lottery the *Arkansas Scholarship Lottery*. He noted that he was intrigued by the name because South Carolina has a similar situation with the name of their Commission and the name of the lottery being a little different. He added that it emphasized the fact that every lottery dollar is raised on the basis of college scholarships in Arkansas. He pointed out that one thing is for certain, the Commission has to start branding the lottery and work in that regard. Chairman Thornton stated that Commissioner Shipp has been a leader in that effort and he was assured that this effort would continue. Commissioner Shipp stated that she believes the Commission has every intention to call the lottery games the *Arkansas Scholarship Lottery*; however, the Commission has to work to make this happen in the right legal way.

Mr. Passailaigue requested contact information for each Commissioner. Chairman Thornton stated that Ms. Laura Gilson would provide him with the requested information. Mr. Passailaigue concluded by stating that the lottery was not about him but is about the school kids. He added that the benefits we all will see are the young people in the state of Arkansas get the reward.

There being no further business the meeting adjourned at 1:15 p.m.