

**MINUTES**  
**ARKANSAS LOTTERY COMMISSION**  
**Wednesday, August 12, 2009**  
**1:00 p.m.**  
**Friday Courtroom**  
**UALR William H. Bowen School of Law**  
**Little Rock, Arkansas**

Arkansas Lottery Commissioners present were Commissioners Ray Thornton, Chairman; Dianne Lamberth, Vice Chairman; Derrick Smith, Secretary-Treasurer; George Hammons; Ben Pickard; Patty Shipp; Susan Ward-Jones; and Joe White; with Commissioner Mike Malone present by telephone.

Arkansas Scholarship Lottery staff in attendance: Director Ernie Passailaigue; David Barden, Vice President Gaming Operations; Ernestine Middleton, Vice President Administration; Julie Baldridge, Bridgette Frazier, Patricia Vick, Timothy Parrish, Philip Miley, Robin Ussery, and Joanna Bunten.

The meeting was called to order by Chairman Thornton, who remarked that the meeting was taking place at the School of Law and noted that the group was welcomed during the morning scholarship workshop by Law Dean John M. A. DiPippa. He then welcomed Lieutenant Governor Bill Halter to the meeting and invited him to address the group. Lt. Gov. Halter spoke of his work as he provided leadership for the genesis and passage of the lottery amendment and heralded the promise the lottery holds for a scholarship program that will change Arkansas by improving the educational status of our citizenry.

The minutes of the August 5 meeting were considered and by motion of Commissioner Shipp, with a second by Commissioner Pickard, were approved.

Director Passailaigue recognized ALC Attorney Bridgette Frazier to present details on the Record Retention Policy and the Retailer Surety Bond RFP. Every state agency is required by law to have a records retention policy, Ms. Frazier explained. She noted that this policy was

joined with a disclosure policy in the document at hand. The disclosure policy tracks the Arkansas Freedom of Information Act, she noted, and the retention policy establishes a minimum retention period. She said she anticipated minor edits. Discussion followed. Then, by motion of Commissioner Smith, seconded by Commissioner White, the Record Retention Policy was approved unanimously by the Commission.

Regarding the Retailer Bond RFP, Ms. Frazier pointed out that the Arkansas Scholarship Lottery Act requires retailers to retain a surety bond. She said that many other states have a “check off” that allows retailers to opt for a surety bond and have the cost “swept” from their retailer trust bank account. She noted that she had communicated with one state without this option and that they regretted not putting it into place. The Retailer Bond provided advantages for both the retailers and the ALC, she said, because the surety bond would be easier to obtain by the ALC and retailers, and the ALC would benefit by being certain the bond was in place and had not lapsed, as well as directing the automatic payee of the bond to be the ALC. She explained that there were two kinds of quotes requested: either a blanket premium covering each retailer, or a range of prices that vary with risk levels. She opined that because the Arkansas Scholarship Lottery is a startup and therefore has no history from which insurance companies could derive statistics and assess overall risk, there may be resistance to the blanket proposal at this time. She revealed that at the request of a member of the Commission, rather than asking for approval, she was presenting this information to the Commissioners to receive, study, and act on August 19. Discussion ensued. The item will be placed on the August 19 Agenda.

The Commissioners then received a report on the August 11 Legislative Oversight Committee (LOC) meeting as well as the upcoming August 13 meeting. Commissioner Thornton noted that Commissioners Lamberth, Smith, and Pickard had been present for the August 11 meeting, along with himself, Director Passailaigue, and several ALC staff members. He described some of the questions posed, noting the LOC was particularly interested in the single bid for the Online RFP. He said that members stressed that they were authorized only to “review” the Commission actions. Mr. Passailaigue said that the meeting, which lasted for about 2½ hours, brought forth a number of good questions and that about 10 questions from the Committee had been presented in writing in two communications in the 24 hours since the meeting adjourned.

He said that the LOC members were given factual answers at the meeting and that the ASL staff would do everything in its power to cooperate to the fullest extent. Commissioner Thornton noted that the August 13 meeting might very well result in the review of all three RFPs that currently stand ready to be awarded. Mr. Passailaigue said that the Commission staff does not involve itself in legislative business and recognizes the importance of the legislative oversight function in the discharge of its duties. Commissioner Thornton invited all other Commissioners to be present for the August 13 meeting.

Director Passailaigue then introduced the Minority-owned and Female-owned Business Participation Plan, noting that it was a product of work by Ms. Middleton, Ms. Frazier, Bishop Woosley, and himself. He asked Ms. Middleton to present the Plan. She said that the Plan, which already is posted on the Lottery Commission website, would comply with expectations of members of the General Assembly and that the staff had benefited from working with the Governor's Office and various meetings with other state officials as the plan was developed. She said the four groups directly affected by the requirements of the plan were as follows:

- Vendors, who must meet expectations set forth in the plan, such as the recent purchase of 29 vehicles by Intralot from a minority-owned business.
- Businesses contracting with the lottery, noting that the purchase of office furniture for the lottery staff from a minority business was likely.
- Retail Sales Operations, with a pointed effort to develop as many minority-owned business partners as possible.
- Employment opportunities with the ASL, reporting that 34 percent of current and impending staff were African American, 47 per cent were female, and 61 per cent were over the age of 40.

She said that she was in the process of hiring a Small and Minority Business Coordinator whose responsibility it would be to actively pursue implementation of the Plan and keep detailed records reflecting the degree of success and specifics, which would be reported annually. Director Passailaigue said that he was extremely proud of the talented and dedicated lottery staff, which in their diversity mirror the face of Arkansas. He said that when he refers to a world-class lottery, he is referring not as much to the amount of sales but to the overall quality and integrity of the business operation.

It was noted that the Banking RFP Bid Opening would take place in 45 minutes (at 2:30 p.m.) and that eight banks had submitted questions, indicating the likelihood that there would be multiple vendors.

In other business, Commissioner Lamberth announced that the Personnel Committee would be meeting immediately following adjournment and that the Committee would submit a report, for which no further action would be necessary. It was agreed that the report would be entered into the minutes, and that report is duly entered, as follows: The Personnel Committee reported that it concurred with all of the salaries presented.

Director Passailaigue reported that he had traveled to Jonesboro and Springdale to view prospective sites for claims centers, should the Commission opt for regional claims centers as opposed to outsourcing to local banks. He said he had planned a visit to the Warren/Camden area—the other prospective area for a claims center—to speak to the Warren Rotary Club and Chamber of Commerce and view prospective sites on August 11 but had cancelled it when the Legislative Oversight Committee called its meeting on the same day. He said that Ms. Baldrige had sent specifications to the Ouachita County Economic Development office and had requested suggestions for sites in Camden. The Warren site in question is the now-empty former post office. He said that if banks submit responses to the RFPs, it will be up to the Commission to decide between outsourcing and locating a lottery-operated claims center in the three districts. Commissioner Smith asked that the Legal Committee meet at 1 p.m. before the August 19 Commission meeting. Commissioner Malone asked that the Administrative, Finance and Audit Committee meet immediately following the August 19 Commission meeting. He asked Ms. Middleton to compile all applications and forward those to the three Committee members and to any Commissioners who desire to see them. She said that she had already presented the applications to the two Committee members present—Commissioners Smith and White—and that she would forward any additional applications that arrive in the interim. Commissioner Malone said that the Committee would eliminate any applications that did not meet the criteria before bringing them to the full Commission for review.

Commissioner Thornton again thanked Commissioner Pickard for the Commission's morning scholarship workshop. Commissioner Pickard thanked Dr. Purcell and the staff from the

Department of Higher Education, Ms. Smith from the University of Arkansas System, Ms. Yelder from Arkansas State University-Beebe and Mr. Finney from Arkansas State University-Jonesboro for their participation in the presentation.

The next meeting was set at 1:30 p.m. on Wednesday, August 19, 2009, at the UA System Administrative Offices.

There being no further business, the meeting was adjourned.