

MINUTES
ARKANSAS LOTTERY COMMISSION
Wednesday, March 17, 2010
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, Robin Ussery and Philip Miley. Internal Auditor Michael Hyde and Auditor Whitnie Hall also were present.

Chairman Thornton called the meeting to order. The minutes from the January 20, 2010, meeting were reviewed and unanimously approved.

Director Passailaigue presented a budget for Fiscal Year 2011 and a report on past financial activity. He presented a revised projection for net proceeds for FY 2011, sales by ticket category, projected prizes, retail commissions and vendor costs, administrative costs, and other income and expenses. Discussion followed. Mr. Passailaigue asked the Commissioners to approve the budget, and by motion of Commissioner White, seconded by Commissioner Lamberth, the approval was unanimous.

Director Passailaigue then opened a discussion of the concept of a raffle ticket, proposing to introduce this product by the end of the year. He explained that the game would have a set, limited number of tickets and would have a price point of \$10 to \$20. He said that the product development would take several months and would begin upon approval by the Commission. He asked for approval to add the raffle ticket to the ASL portfolio and by motion of Commissioner Pickard, seconded by Commissioner Ward-Jones, the development and sale of raffle tickets received unanimous approval.

Commissioner Malone briefed the Commission on a March 10 meeting of the Audit Committee, chaired by Commissioner Malone and attended by Commissioners Smith, White, and Lamberth and Internal Auditor Hyde. Also present were representatives from Arkansas Legislative Audit.

Internal Auditor Hyde said that six audits had been completed since the previous Commission meeting. Four audits of the Education Trust Account had been completed for the months of November 2009 through February 2010. He indicated that all deposits and disbursements of the Education Trust account would be reviewed every month. An audit of the retailer sweeps had also been completed and he commended the work of ASL Controller Philip Miley and ASL Treasurer Tim Parrish. The Scientific Games Warehouse audit was also completed, also producing a good audit. He said that Legislative Audit is currently working on documenting internal controls and that the formal audit would be conducted on the financial statements as of June 30. Director Passailaigue pointed out that at the request of the Legislative Audit, the Lottery will arrange for an annual external audit of Intralot's gaming system. He said two audits were already built into the contract. Internal Auditor Hyde indicated that he will review the external audit report of the gaming system.

Commissioner Lamberth was recognized to give a report for the Personnel Committee, which she chairs. She presented information on the March 10 formal meeting on the Employee Manual, with work by Commissioners and staff going on for months preceding this date. In addition, Commissioners Pickard, Smith, Ward-Jones, and Malone were in attendance. She said employment policies had been worked and reworked, and had been reviewed by the Attorney General's office, the ASL legal team, Commissioner Smith, staff members, and the Administrative Team. Ms. Middleton said it was important employees have knowledge of the policies and what is expected of them and be familiar with the document containing such policies. She said that information gleaned in new employee orientation, while helpful, is difficult to retain in total. The final draft Employee Manual document, attempts to comply with requisite regulations and statutes. A three-employee focus group reviewed the 117-page document and found it easy to understand. She said that, although the ethical requirements of the Lottery imposed additional safeguards, the Manual was patterned after policies of other state agencies—leave time, drug testing, Title VII, etc. Commissioners discussed the Manual and congratulated Ms. Middleton and everyone who participated in its creation for their good work. By motion of Commissioner Pickard, seconded by Commissioner White and Commissioner Ward-Jones, the Manual was unanimously approved to go into effect following review by the Legislative Oversight Committee at its next meeting, set tentatively for May 13.

The Commission discussed plans for its next meeting and set a May 18 evening dinner and planning session and a May 19 formal meeting at 8:30 a.m. at the ASL offices.

The Commissioners discussed the Retailer Advisory Board and directed Ms. Baldrige to extend an invitation for that Board to attend the May 19 meeting, gathering in advance in late April or early May.

Chairman Thornton stated that elections for Chair, Vice Chair, and Secretary-Treasurer of the Commission will be held at the May 19 meeting and asked any Commissioners willing to fill one of these positions to notify either Secretary-Treasurer Smith or Internal Auditor Hyde.

There being no further business, the Commission adjourned.