

MINUTES
ARKANSAS LOTTERY COMMISSION
Friday, September 11, 2009
1:30 p.m.
University of Central Arkansas/Wingo Hall Board Room
Conway, Arkansas

The meeting was called to order by Chairman Thornton. All Commissioners were present: Commissioners Thornton, Lamberth, Shipp and White in person and Commissioners Smith, Hammons, Malone, Pickard, and Ward-Jones by teleconference.

Director Ernie Passailaigue represented the staff, along with Julie Baldridge, Bridgette Frazier, Bishop Woosley, and Patricia Vick.

The minutes from the September 9 meeting were reviewed and, by motion of Commissioner Shipp, seconded by Commissioner White, were unanimously approved.

Commissioner White then introduced University of Central Arkansas President Allen Meadors, who praised the scholarship purpose of the ASL and welcomed the Commission to the UCA campus. He said that UCA was honored to be a part of the Lottery Scholarship efforts, and he wished the Commission well in its endeavors.

Ms. Frazier then recommended that the Retailer Rules be amended to include the entire code section regarding retailer fidelity funds and surety bonds. She stated that it would be difficult for the Retailers to have to look in two places to find their full responsibilities under Arkansas law. By motion of Commissioner White, seconded by Commissioner Lamberth, the Commission unanimously approved expunging the previous vote to adopt the Retailer Rules as presented and amended September 9. By motion of Commissioner Shipp, seconded by Commissioner White, the Commission unanimously approved amending the Retailer Rules to include all provisions in state law regarding retailer fidelity funds and surety bonds. Commissioner Lamberth made a motion, seconded by Commissioner Shipp, to adopt the Retailer Rules as amended. The Retailer Rules as amended were approved unanimously. By motion of Commissioner White, seconded by Commissioner Shipp, the Commission unanimously approved a \$10 per year per retail location fidelity fund fee.

Next the Commission considered action on the surety bond. Mr. Woosley reported that of the three responses to the RFP on Surety Bonds, the Bond Exchange had been evaluated as the best option for the Commission. He said none of the bidders offered a blanket bond. The Commission was informed that the option of self-insurance discussed at the previous meeting was not feasible at this time. It was noted that the Retailers have several options for surety: use the Bond Exchange, or use their choice of companies to fulfill the \$10,000 bond requirement, or choose one of the three options in the law. These options are a \$10,000 Certificate of Deposit fully insured by the FDIC; U.S. Government Bonds, Notes, Bills in that amount; or federal agency securities. By motion of Commissioner Shipp, seconded by Commissioner White, a vote was taken accepting the proposal of the Bond Exchange. Commissioners Smith and Thornton abstained. The remaining Commissioners voted unanimously to accept the Bond Exchange proposal.

Director Passailaigue told the Commissioners that, in order to begin funding the Problem Gambling program at the Arkansas Department of Health, the ALC Budget must be amended to approve \$200,000 for that purpose. He said that the budget change would go before the

Legislative Oversight Committee at its next meeting, likely September 24. By motion of Commissioner Lamberth, seconded by Commissioner White, the Commission unanimously approved amending the budget to provide \$200,000 to the Department of Health.

In other business, Director Passailaigue said the staff was working seven days a week to accomplish the September 28 launch. He said that the first instant tickets would arrive in sealed tractor-trailers on Monday, September 14, and invited the Commissioners to be present. He reported 1,454 retail applications had been received, with more than 1,200 having received approval. He said equipment was being installed quickly, that trainers are being prepared today to begin on September 14 nine training days for retail employees, three sessions per location, in cities across Arkansas. He said that acceptance testing was ongoing. He noted that a launch event is being planned for the sale of a ceremonial first ticket. Chairman Thornton expressed the appreciation of the Commission to the Director for his leadership and for the work of the dedicated staff. It was noted that the new Internal Auditor, Michael Hyde, would begin work on Thursday, September 17.

There being no further business, Chairman Thornton noted that he did not anticipate calling another meeting before launch September 28 and adjourned the meeting.