

MINUTES
ARKANSAS LOTTERY COMMISSION
Wednesday, September 9, 2009
1:30 p.m.
UA System Board Room
Little Rock, Arkansas

The meeting was called to order by Chairman Thornton. Present were Commissioners Lamberth, Smith, Hammons, Malone, Pickard, Shipp, Ward-Jones, and White. From the ASL Staff, present were Director Ernie Passailaigue, Vice Presidents David Barden and Ernestine Middleton, and Julie Baldrige, Bridgette Frazier, Bishop Woosley, and Patricia Vick.

The minutes from the September 2, 2009, meeting were reviewed and approved unanimously.

Director Passailaigue recognized Mr. Woosley to report on the Retailer Surety Bonding RFP responses, and Mr. Woosley stated that the three bids—from Bancorp South, Bond Exchange, and Stephens Inc.—received September 8, were under evaluation. Ms. Frazier reported that she had requested and received information from the Oklahoma lottery, which effects protection of the state through a program funded by a payment of \$50 from each retailer. Director Passailaigue said that the Oklahoma method, with similarities to that used in South Carolina and other jurisdictions, protected the state and was one positive method for retailers in terms of efficiency and uniformity. By motion of Commissioner Thornton, seconded by Commissioner White, the Commission unanimously approved authorizing Ms. Frazier to explore other states' systems and report to the Commission in two days.

The Commission then heard a presentation from David Laffoon from the Department of Human Services and Mary Leath from the Department of Health on the development of a multiphase program to implement a Problem Gambling Program Operational Plan. Mr. Laffoon and Ms. Leath stated the program would begin with a hotline and website, with additional steps as needed including treatment centers; broadened development of Gamblers Anonymous groups; other services such as links with food banks, shelters, and employment services; and regular assessment and adjustment as the program develops.

Ms. Frazier was then asked for a presentation of rules. Commissioner Shipp made a motion, seconded by Commissioner Ward-Jones, to declare an emergency and adopt Emergency Operational Rules, and the Commission unanimously approved the rules. Ms. Frazier then presented the Permanent Rules for Procurement, Contracts and Vendors. By motion of Commissioner White, second by Commissioner Smith, the Permanent Procurement Rules were approved unanimously.

The Permanent Retailer Rules were next considered. Discussion centered on appropriate compensation for retailers. A proposal to increase the cap--on the one (1) percent commission paid to retailers selling winning tickets with prizes equal to or exceeding \$10,000--from a maximum of \$25,000 to a maximum of \$50,000, was made by Commissioner White, seconded by Commissioner Pickard, and approved unanimously. Then, by motion of Commissioner Malone, seconded by Commissioner Lamberth, the Permanent Retailer Rules were approved unanimously as amended. Finally, the Commission considered the Permanent Rules for Claims In Contract and In Torts. By motion of Commissioner Shipp, seconded by Commissioner Smith, these permanent rules were approved unanimously.

Ms. Middleton reported that the move from temporary to permanent office space for the ASL staff was completed and that the third and fourteenth floors of Union Plaza at 124 West Capitol Avenue in Little Rock were occupied. She said that the Claims Center and the Data Center in the building would be operational by September 14. Regarding the Claims Centers in Springdale, Jonesboro, and Camden, she said that arrangements on properties were moving forward in Springdale and Camden, with negotiations in Jonesboro still under way. She noted that practical timetables for installation of data lines could delay opening of some of the centers for a period after the September 28 launch.

Mr. Barden presented an update on the September 28 launch. Mr. Barden noted Commissioner White had just returned from a day at the Scientific Games facility in Alpharetta, Georgia. Commissioner White reported on SGI's security and integrity measures, commenting on the 100-yard-long printing presses, the intricacy of the working papers and latex utilized, and his level of comfort. Mr. Barden displayed a standing play-station which simulated the stations to be placed at retailer locations, as well as counter-top lottery ticket display units. He described the purpose of each and mentioned other equipment that will be installed. He noted that four tickets would be rolled out at launch and the Commission can look forward to three to five games introduced on the first Tuesday every month. He

said the startup advertising schedule had been developed, with plans for television, radio, and print media to begin September 14 and run for six weeks. The permanent ASL website, www.myarkansaslottery.com, already is up with a launch countdown running continuously, he said.

The Commission agreed to meet on Friday, September 11, in two days, to complete consideration of retailer surety and fidelity bonding and other matters.

There being no further business, the Commission adjourned.