

MINUTES

ARKANSAS LOTTERY COMMISSION

Monday, July 15, 2013

10:00 a.m.

**124 West Capitol Avenue, Third Floor
Little Rock, Arkansas**

Call to Order

Chairman George Hammons called the meeting to order. Commissioners Steve Faris, Smokey Campbell, Ben Pickard, Dianne Lamberth, Raymond Frazier, Bruce Engstrom and Mark Scott were also present. Staff members present included Director Bishop Woosley, Jean Block, Matt Brown, Maria Craig, Patti Vick, Lance Huey, Jerry Fetzer, Robert Stebbins, Mike Smith, Jeremy Smith, and Terry Williams.

Executive Session

Commissioner Campbell moved that the ALC convene into executive session to discuss employee discipline. Commissioner Faris seconded the motion, which passed without dissent.

Meeting Reconvened

The regular commission meeting reconvened at 11:18. Chairman Hammons reported that no action was taken during the executive session.

Approval of Minutes

The next order of business was the approval of the minutes of the meetings held on June 24 and June 26, 2013. Commissioner Faris made a motion to approve the June 24 minutes. The motion was seconded by Commissioner Campbell, and the minutes were approved unanimously. Commissioner Campbell moved to approve the June 26 minutes, seconded by Commissioner Lamberth, and these were also approved unanimously.

Report from the Internal Auditor

Mr. Brown gave a status report on the FY 2013 Internal Audit Plan (in file). There remained only three projects on which to report, two that were substantially complete and for which reports were expected to be issued within a week, and one project that will continue into FY 2014 due to the timing of the CAFR compilation and finalization.

Report from the Director

Director Woosley reported to the commissioners (report in file) that June 2013 was approximately \$2.5 Million below the revenues of June 2012, primarily because the instant ticket sales were down. Commissioner Pickard asked if there was any explanation as to why sales in instant tickets were down 9%. Director Woosley responded that instant ticket sales had been down all year, and June 2013 continued to reflect that trend.

On the Comparative Income Statement, Actual versus Budgeted, the report reflected that sales of instant tickets were 25% less than anticipated. Net proceeds for June 2013 exceeded what had been forecast because unclaimed prizes for the year of \$5.04 Million were added.

The largest majority of decreased instant ticket sales occurred in the first four or five months of the fiscal year and that trend has stabilized. Online ticket sales were up 3.3% over last year, but less than budgeted because of the under-performance of Mega Millions. Director Woosley added that there will be changes, in October, to the Mega Millions matrix which are designed to create bigger jackpots, thereby stimulating sales.

Net proceeds for the year were \$89.9 Million, approximately \$87,000 less than the revised 2013 estimate of \$90 Million.

Director Woosley also presented an Industry Sales Comparison, which reflected that Arkansas continues to rank high in per capita sales, as well as in per capita transfers.

Director Woosley discussed the Remmele Mazyck theft case, commending the staff for the man-hours involved in working with federal employees. He assured the commissioners and public that such an incident would never happen again, adding that it was theft by an individual who had stolen from the agency from the very beginning. Policies and procedures have been reviewed and changes have been made accordingly.

Commissioner Lamberth asked Internal Auditor Brown if he was comfortable with the corrective changes that had been made, to which Mr. Brown affirmatively replied, adding that the key was stopping the sale of promotional tickets.

Chairman Hammons stated that he wished to express his thanks to the Director and the staff for the way the situation was handled.

Reports from ALC Committees

Commissioner Campbell, chair of the Audit and Legal committee, reported that the committee had met on July 12, 2013, and officers had been elected. Commissioner Campbell would continue as chair and Commissioner Pickard had been elected as vice chair. Commissioner Campbell called on Mr. Brown to give a brief synopsis of the proposed FY 2014-2016 Audit Plan, which had been presented to the committee on July 12. Mr. Brown reported that two audits were moved from FY 2015 to FY 2014 and two new annual audits had been added to the plan. Commissioner Campbell moved to approve the FY 2014-2016 Audit Plan as presented, Commissioner Engstrom seconded the motion, and the motion was approved unanimously.

Commissioner Pickard reported that the Personnel committee met at 9:45 on July 15 to elect officers. Commissioner Pickard was elected as Chairman of the committee and Commissioner Lamberth was elected as Vice Chair.

Commissioner Frazier reported that the Higher Education committee met at 9:30 on July 15 for the purpose of electing officers. Commissioner Frazier was elected to continue as Chair of the

committee and Commissioner Scott was elected to serve as Vice Chair. Commissioner Frazier also reported that the committee asked that Director Woosley contact ADHE Interim Director Broadway to ask him to give a presentation on scholarships in August or September.

Other Business

Chairman Hammons recognized Commissioner Pickard, who thanked Commissioner Faris for his service on the Arkansas Lottery Commission. He added that he was pleased that Commissioner Faris would be representing the state of Arkansas on another very important commission.

Director Woosley announced that Scientific Games had agreed to match Intralot's donation of \$20,000. The total of \$40,000 would be applied toward the Arkansas Upward Bound program. He stated that the agency would move forward and report back to the Commission as events develop.

Meeting Dates

The next Commission meeting was set for 10:00 a.m., Monday, August 26, 2013.

Commissioner Lamberth announced that the Vendor committee would meet at 9:30 a.m. on August 26.

Commissioner Campbell stated that the Retail and Marketing committee would meet immediately after the August 26 Commission meeting.

There being no further business, the meeting was adjourned.