

MINUTES
ARKANSAS LOTTERY COMMISSION
Monday, August 20, 2012
10:30 A.M.
ALC Conference Room
Third Floor
124 West Capitol Avenue
Little Rock, Arkansas

Chairman Ben Pickard called the meeting to order. Commissioners George Hammons, Steve Faris, Smokey Campbell, Bruce Engstrom, Raymond Frazier, Mike Malone, Dianne Lamberth, and Patty Shipp were present. A number of staff members were present including Director Bishop Woosley, Julie Baldrige, Jerry Fetzer, Mike Smith, Patti Vick, Valerie Basham, Robert Stebbins, Lance Huey, Jeremy Smith and Joanna Bunten. Derrick Smith, of Mitchell Williams law firm, was also in attendance as outside legal counsel.

The first order of business was consideration of the draft minutes of the July 30. By motion of Commissioner Shipp,- seconded by Commission Hammons, the minutes were approved without dissent.

Next, Chairman Pickard recognized Director Woosley for his regular report (included in file). He noted that there was a drop in sales and in net proceeds, caused partly by a new accounting system for unclaimed prizes, making a \$500,000 difference; and that there had been one \$1 Million winner and \$1.4 Million in Play It Again winners. He noted high gasoline prices and the heat wave and drought as more responsible, in his opinion, than the traditional low seasonal sales, although that didn't help. He talked about the large Powerball jackpot. He then opened the topic of the Decades of Dollars game and how several large wins had depleted the prize reserves. He asked whether the Commissioners wanted to take the amount under the unclaimed prize reserved and pay it back gradually or take it out as a prize expense of this month, the second choice which would take \$159,000 out of the current month. Discussion followed, including a statement by the Director that while Decades of Dollars had produced about \$1.9 Million in profits, winner awareness is very important in the state, and the game will do much better once there is an Arkansas winner. By motion of Commissioner Engstrom, seconded by Commissioner Frazier, the Commission voted without dissent to take the \$159,000 out of unclaimed prize reserves and pay it back gradually.

Internal Auditor Matt Brown was recognized. (Information in file). He noted that he would be making a decision on the Auditor position soon. He said that he would be discussing the Three-Year Audit Plan soon in a meeting with the Audit and Legal Committee.

Audit and Legal Committee Chair Smokey Campbell presented the record for the meeting July 30. Personnel Committee Chair Patty Shipp presented the record for the meeting July 30. Higher Education Committee Chair Raymond Frazier presented the record for the meeting July 30.

Commissioner Malone remarked that he had participated in one of the Retailer Rallies held the week before in Fayetteville and that the retailers present were excited, enthusiastic, and appreciative. Director Woosley said that about 200 retailers who attended the rallies held in El Dorado, Fayetteville, Jonesboro, and Little Rock tell Lottery representatives what works in their

business from the perspective of the Lottery. He noted that Commissioner Pickard also welcomed retailers to the Jonesboro Rally, Commissioner Malone presented the welcome in Fayetteville, Representative Matthew Shepherd welcomed the group in El Dorado, and Representative Barry Hyde welcomed both Little Rock groups. Representatives Hyde and Shepherd are both members of the Legislative Oversight Committee.

It was announced that the Lafayette County Sheriff had won the Aloha pontoon boat worth \$70,000, and Commissioner Engstrom urged the Director and Staff to promote more Arkansas products. He said he had heard many comments on the street about the Aloha party barge.

Chairman Pickard said that the Committee structure had served the Commission well and added transparency to the process. He noted that the Commission has a Retail Committee but does not have a Committee to interact with vendors. He said that he believed such a Committee would increase Commission knowledge and understanding of what ALC vendors do for the Lottery. He said that although a number of Commissioners were present during the previous major vendor contracts were presented and accepted, there was a great deal more understanding of the processes by current Commissioners because of experience and the maturity of the Arkansas Lottery. He also pointed out that the process for new major vendor contracts begins in only three years and said he believed a Vendor Committee was a good idea, creating a nucleus of people who understand the Vendor process clearly. Commissioner Engstrom said he was in favor of the idea because it avoids the delegation process. Commissioner Faris said it would produce more transparency in contractual issues. Commissioner Engstrom moved that there be created a Vendor Committee. Discussion followed with a second by Commissioner Faris. Commissioner Pickard said that the Committee members would not only work on the contracts but also would enhance vendor relations. Commissioner Campbell attached an amendment that the Director and the Auditor should sit on the Committee. Commissioner Malone expressed concern that such a Committee could circumvent the staff. The motion was approved with Commissioner Malone dissenting.

In other business, Commissioner Frazier asked about the ALC Business Plan under development, and Director Woosley said it was about 80% completed and might be ready for presentation at the next meeting.

Chairman Pickard announced the next meetings as September 17 in Fayetteville, October 15 in Little Rock at 10:30, with a meeting in November or December and another, at ASU in Jonesboro, in January or February. He also reminded the Commissioners that the Personnel Committee would meet immediately upon adjournment. There being no further business, the meeting was adjourned.