

MINUTES
ARKANSAS LOTTERY COMMISSION
Monday, January 28, 2013
1:00 P.M.
Arkansas State University
Student Union Centennial Hall
Jonesboro, Arkansas

Chairman Ben Pickard called the meeting to order, noting his long connection to ASU and his continuing interest in the institution. Commissioners George Hammons, Smokey Campbell, Bruce Engstrom (by conference call), Raymond Frazier, Mike Malone, and Patty Shipp were also present. Staff present included Director Bishop Woosley, Internal Auditor Matt Brown, Julie Baldridge, Jean Block, Patti Vick, Maria Craig, Mike Smith, Joanna Bunten, Jerry Fetzer, and Robert Stebbins. Director Woosley affirmed that the public and media had been notified.

The first order of business was recognition of Jonesboro Mayor Harold Perrin, introduced by the Chairman as an ASU graduate and former ASU Alumni Board President. Mayor Perrin welcomed the Commissioners and ALC staff to Jonesboro. He said that the city had been blessed with a strong economy, a broad volunteer base, and great educational opportunities from childhood through college for local citizens. He thanked the Commissioners for the role they have played in providing the means for students to have educational opportunities.

Chairman Pickard recognized in attendance ASU Board of Trustees Vice-Chair Dan Pierce of Jonesboro; ASU Vice Chancellor for Student Affairs Dr. Rick Stripling; and Beth Smith, Executive Director of the ASU Alumni Association.

Next, the Commission considered the draft minutes of the December 3 meeting. By motion of Commissioner Shipp, seconded by Commissioner Frazier, the minutes were approved without dissent.

Chairman Pickard introduced ASU Associate Vice Chancellor for Student Affairs Dr. Lonnie Williams, who welcomed the Commission and recognized two ASU Arkansas Academic Challenge Scholarship recipients: Hunter Petrus of Jonesboro, in his second term as Student Government Association President and a Senior Marketing/Management major, and Colea Blann, President of the Student Activities Board and a junior majoring in Interdisciplinary Studies. The students spoke to the Commission about the benefits they had realized from their scholarships (Incorporated in File).

Director Woosley presented information on Lottery-related scholarships, sales, prizes and retailer profits in Craighead County (Incorporated in File).

At the first of every year, the Chairman announced, the Commission is required to authorize expenditures to facilitate Commissioner expense reimbursement. Commissioner Frazier moved that the Commission authorize expense reimbursement for the Calendar Year 2013 for each Arkansas Lottery Commissioner for performing official Commission duties, provided the expense reimbursement shall not exceed the rate established for state employees by state travel regulation. The motion was seconded by Commissioner Malone and passed without dissent. The Commissioners looked over their individual Ineligible Player reports, kept on file.

for use at the Lottery Claim Centers, and confirmed that there were no changes in any of the nine households from the previous calendar year.

Chairman Pickard noted that all Commissioners and staff members required under ethics legislation to submit by January 31 an official 2012 Statement of Financial Interest to the Arkansas Secretary of State had done so.

The Chair recognized Commissioner Campbell, Chair of the Audit and Legal Committee, to present a report on the January 15 Committee meeting. He reported that he and Committee members Commissioners Lamberth, Faris, and Engstrom, along with Commissioner Malone, met on January 15. He presented a written record of the meeting (Incorporated in File). He said that the Committee had approved a motion to keep an ongoing relationship with Mitchell Williams without a retainer and with a continuation of the \$200 per hour fee; or, if that is not possible, to end the contract. He asked the Director for an update, and Mr. Woosley said he and Mr. Derrick Smith at Mitchell Williams had conversed, that the firm would be unable to honor the current fee and was in agreement about canceling the contract. He said that they had agreed mutually that the firm could be retained in future matters, as could any of the other firms who submitted qualifications previously, should an occasion arise requiring outside legal counsel for the Lottery Commission or the agency. Commissioner Campbell said, therefore, that the Committee's recommendation would be for the Commission to follow the second course of action from their motion and terminate the contract. Such motion of Commissioner Engstrom, seconded by Commissioner Shipp, was approved without dissent. On the matter of payment of licensing fees, Commissioner Campbell reported that the Committee had approved a motion as follows: The Arkansas Lottery Commission, without requirement to consult with the Commissioners in the future, will continue its policy of the past three years and make it a formal policy henceforth to pay or reimburse the cost of professional licensure for any attorneys, certified public accountants, or similar professionals who are full-time employees of the Commission; and top pay the costs of fees associated with continuing professional education required to maintain that certification or licensure. The motion was made by Commissioner Engstrom, seconded by Commissioner Malone, and approved without dissent.

The Chairman recognized Internal Auditor Matt Brown, whose monthly status update is incorporated in this file. He noted that the audit requirements for Fiscal Year 2012 had been successfully completed and thanked Accountant Maria Craig for the beneficial part she played in that endeavor. He noted that they were working on IT Gaming Quality Assurance and Back Office System Administration and would soon travel to Scientific Games in Alpharetta, Georgia, where they would—with auditors from several other state lotteries—review the security in the process of producing instant tickets.

Director Woosley was recognized for his regular report (Incorporated in File). He noted that it was good to be at ASU and in Craighead County and recognized lottery staff present at the meeting, in particular MSRs Cindy Carlock and Rick Conrad, whose regions include the counties of Craighead, Mississippi and Poinsett, and Clay, Greene, Independence, Jackson, Lawrence and Randolph respectively. He presented data from December in lottery sales, prizes and proceeds, drawing various comparisons with those figures. He also reviewed the new \$20 Arkansas \$2,000,000 Gold Rush ticket and mentioned upcoming promotions as well as the outcome of previous promotions. He introduced Advertising Director Joanna Bunten, who presented a comprehensive review of lottery advertising scheduled for the spring (Incorporated in File).

On the current session of the General Assembly, Director Woosley outlined the particulars in the bill to create lottery-related savings accounts. Commissioner Engstrom asked the Director about the methods of tracking the effectiveness of advertising, and the Director noted the processes as described in Ms Bunten's report.

Chairman Pickard set the next regular meeting of the Commission for March 18 at 10 a.m. at the Lottery headquarters. There being no further business, the meeting was adjourned.