

MINUTES  
ARKANSAS LOTTERY COMMISSION  
Thursday, September 30, 2010  
1:00 p.m.  
ALC Conference Room  
Third Floor  
124 West Capitol Avenue  
Little Rock, Arkansas

Chairman Lamberth called the meeting to order. In attendance also were Commissioners Pickard, Hammons, Shipp, and White in person, and Commissioners Ward-Jones, Smith, and Malone by conference call. The ASL was represented by Director Passailaigue, Internal Auditor Hyde, Bishop Woosley, Julie Baldrige, Susan Chamberlain, Jeremy Smith, and Lance Huey.

Chairman Lamberth brought forward the minutes of the August 19, 2010, meeting, and the notes on the August 19 public hearing, and the minutes of the September 8, 2010 meeting. A change was made in the September 8 minutes to reflect a nay vote by Commissioner Hammons on the motion by Commissioner Pickard. Staff was instructed to make that correction. After motion of Commissioner Shipp, seconded by Commissioner White, the minutes were approved unanimously.

Next, the Chairman stated that she had received a recommendation from the Retail Committee for Felix Oliu of MurphyUSA to be appointed to the ALC Retailer Advisory Board to fill the seat of Carl James, who resigned. The Commissioners voiced no objection, and the Chairman made the appointment.

The Director noted that Susan Chamberlain had just returned from a six-month deployment in Kuwait and welcomed her back to the Lottery as a valued employee.

He then stated that as a result of conversations with some of the Commissioners, the startup compensatory leave policy has ended unless the Commission takes it up at a later time. Also, he said, the time taken by himself, David Barden, and Ernestine Middleton would be restored in total and in a mutually agreed upon manner, as if it had never been used.

Commissioner Pickard was recognized to ask the Director certain questions. Commissioner Pickard's questions and the Director's answers are as follows:

Question: Regarding compensatory time or overtime (which terms he said he was using interchangeably) for non-exempt employees, is this group still being given overtime?

Answer: Yes, as required by law.

Question: Is there a form completed in advance of the overtime approved by the supervisor?

Answer: No, because of the nature of the business.

Question: Apparently there is no documentation of prior approval?

Answer: Initial verbal approval is ratified when the supervisor signs the time sheet (some examples were presented).

Question: Referencing a document presenting exempt employees compensatory time, when was the decision made to grant compensatory time?

Answer: January or shortly thereafter.

Question: Were other administrative staff involved in this decision?

Answer: Yes

Question: Will you supply me with copies of notes or other written documentation covering related meetings as the decision was made?

Answer: Yes, if they exist.

Question: When were exempt employees told to keep records of overtime worked?

Answer: Most exempt employees were notified to keep time records when they were hired, or early in the startup period.

Question: Is there documentation of the notification of staff to keep time records?

Answer: Verbal notification.

Question: What process was followed to keep records of their overtime: whether employees kept ongoing records or looked back on the time to arrive at the amount?

Answer: Employees were told to turn the time in through November 30, 2009.

Question: Will you provide me with copies of any written notification to employees to keep or produce time records for the period through November 30?

Answer: Exempt employees were told when they were hired that they would be working extraordinary hours, even as compared to what they are working now. A number of employees were told that I thought the Commission would grant some sort of compensation for the extraordinary time they worked.

Question: Were employees' supervisor notified in advance of the need for overtime?

Answer: Exempt employees as a group simply did whatever it took to get the job done of launching the Lottery.

Question: Did you notify then-Chairman Thornton or the Chair of the Legal or Personnel Committees when you made the decision to grant compensatory time?

Answer: There was a meeting with Office of Personnel Management Director Kay Barnhill-Terry and her staff, held with Ms. Middleton, Robin Ussery, and Bishop Woosley, and that the record reflects that the ASL staff were told a number of things, including that the ALC has the authority to allow compensatory time for exempt employees and that it was not an unusual policy within state government.

Question: Did ASL staff contact other agencies on this subject?

Answer (by Mr. Woosley): I looked at the statutes and I believed Ms. Ussery contacted other agencies.

Question: Is there any record of what you described?

Answer: If there is, it will be supplied to you.

Question: When you made the decision to grant compensatory time to employees, did you notify Chairman Thornton or the Chair of the Personnel or Legal Committees?

Answer: During a January meeting of the Personnel Committee, three ASL employees reported to him that there was a communication from the Chair of the Personnel Committee agreeing that authority was vested in him and to move forward with it.

Question: Whoever reported on the OPM meeting to you, would they put the report in writing and provide any related notes or documents?

Answer: Yes, if those documents exist.

Director Passailaigue provided a progress report on Lottery operations for the Fiscal Year 2011 and for the first two months of this fiscal year, including where lottery dollars have gone (a detailed PowerPoint presentation was distributed to the Commission in advance of the meeting). Discussion followed.

Director Passailaigue then presented details about a proposed regional lottery game named *Decades of Dollars*. The game offered the following attributes:

- A \$2 ticket price.
- Group members would be Arkansas, Georgia, Kentucky and Virginia, with possible later inclusion of North Carolina, South Carolina and Tennessee.
- The grand jackpot prize would receive an annuity of \$250,000 annually for 30 years, with odds of 1 in 11 million and a cash present value of \$4 million.

- The prize percentage is estimated at 54.2%.
- This game would launch January 31, 2011, and have Monday and Thursday draws, thus providing a draw for a major jackpot every night except Sunday.

Discussion followed, during which Director Passailaigue reported that other states have games such as Hot Lotto and Win 4 Life, and that the Intralot contract includes the startup cost of the game. Commissioner Smith proposed that the Commission agree with the game in concept, with final approval contingent on a final contract review. By motion of Commissioner White, seconded by Commissioner Smith, the proposal was unanimously approved.

The Director introduced Kevin McCarthy, who presented a marketing report (the presentation is filed with the minutes).

Internal Auditor Hyde reported end-of-game closeouts. He said he would work with management and the external auditors to develop an audit plan for next year. Commissioner Malone, Chair of the Audit Finance and Administration Committee, noted September 17th marked Mr. Hyde's first year as Internal Auditor and thanked him for his service. He reported that the Committee met on September 8 to review the audits and that they planned to meet in the morning before the next Commission meeting.

Chairman Lamberth congratulated the Lottery staff on the first anniversary of ticket sales and thanked them for their work.

In other business, she presented a letter of response to the Family Council request under the Administrative Procedure Act. By motion of Commissioner Ward-Jones, seconded by Commissioner Shipp, the letter was accepted unanimously and instructed to be sent out.

The Chairman set the next meeting for October 28 at 10:30 a.m. and there was a motion properly made and seconded to adjourn the meeting.