

ARKANSAS GENERAL ASSEMBLY



Senator Johnny Key
Chairman

Representative Mark Perry
Chairman

ARKANSAS LOTTERY COMMISSION LEGISLATIVE OVERSIGHT COMMITTEE

October 14, 2011

Senator Mary Ann Salmon, Senate Co-Chair
Representative Tommy Lee Baker, House Co-Chair
Arkansas Legislative Council
315 State Capitol
Little Rock, AR 72201

Dear Senator Salmon and Representative Baker:

The Arkansas Lottery Commission Legislative Oversight Committee met Thursday, September 29, 2011, at 10 a.m., in Room B, at the Big Mac Building, Little Rock, Arkansas.

Lottery Commission Legislative Oversight members attending were: Senators Johnny Key, Chair, Mary Ann Salmon, Robert Thompson, and Jonathan Dismang, Representatives Mark Perry, Chair, Bobby Pierce, Barry Hyde, Darrin Williams, and Matthew Shepherd.

Other legislators attending were: Senators Paul Bookout, Mike Fletcher, and Larry Teague, Representatives Denny Altes, Tommy Baker, John Burris, Billy Gaskill, Jeremy Gillam, Clark Hall, Kim Hammer, Buddy Lovell, James McLean, Reginald Murdock, Mike Patterson, Leslee Post, James Ratliff, Nate Steel, Thomas Wren and Marshall Wright.

The Arkansas Lottery Commission Legislative Oversight Committee was called to order by Senator Johnny Key, Chair.

Review Minutes from the August 24, 2011 Meeting

Representative Shepherd made a motion to approve the minutes. Representative Perry seconded the motion, and without objection, the minutes were approved.

Lottery Director's Report

Ernie Passailaigue, Director, Arkansas Lottery Commission, stated during the month of August, the Lottery generated approximately \$38 million. In the first two months of the fiscal year, the Lottery has grossed \$72.4 million. Transfers to the scholarship fund are down \$732,353, below budgeted transfers.

Lottery Commission Internal Auditor Report

Michael Hyde, Internal Auditor, Arkansas Lottery Commission, stated the finding on financial statements is the only finding which has not been cleared. It is expected to be cleared by the next report, on the 1st of October. Mr. Hyde stated any issues he has come across during the past year have been turned in to the Commission.

Near-Term Lottery Operations

Senator Key welcomed Julie Baldrige, Director, Public Affairs and Legislative Relations, Arkansas Lottery Commission, who will be assuming the Interim Director position.

Ms. Baldrige stated her primary concern is the stability of revenues and stability within the workplace, until a new director is found.

Near-Term Gaming Update

David Barden, Vice President of Gaming Operations, Arkansas Lottery Commission, stated 85% of sales are of instant games. The new Fast Play game will allow buyers to become comfortable with terminal generated tickets, similar to those used in online games. The Lottery is also considering doing monthly promotions during 2012, however these promotions are subject to Commission approval. Arkansas has started the trend for Player Rewards programs.

Update on Director Search

Dianne Lamberth, Chair, Arkansas Lottery Commission, stated the Personnel Subcommittee, of the Commission, will begin meeting on October 3, 2011, to establish the qualifications for the director search. The Subcommittee will then bring those qualifications to the Commission for review, and the Commission will identify the process for moving forward. From what she has heard, Ms. Lamberth thinks it is likely the Commission will do a national search for the new director. The Commission is responsible for governance of the Lottery and hiring of the Director and Internal Auditor only. Any terminations would be the Interim Director's directive.

The meeting adjourned at 10:55 a.m.

Sincerely,

Sen. Johnny Key
ALCLOC Senate Co-Chair

Rep. Mark Perry
ALCLOC House Co-Chair