



STATE OF OKLAHOMA  
OKLAHOMA LOTTERY COMMISSION  
OFFICIAL MINUTES

September 22, 2020

The Oklahoma Lottery Commission, established pursuant to the provisions of the Oklahoma Education Lottery Act, sections 701 et seq. of Title 3A of the Oklahoma Statutes, held a board meeting on September 22, 2020 at 1:30 p.m. The board meeting was held in the Conference Room of the offices of the Oklahoma Lottery Commission at 3817 North Santa Fe Avenue, Oklahoma City, Oklahoma. In compliance with the Open Meetings Act, 25 O.S. § 301 et seq., the agenda for this meeting was posted at all main entrances and posted on the Lottery website 24 hours in advance of the meeting.

**AGENDA ITEM 1:**

Call to order:

Chairperson Nevyle Cable called the meeting to order at 1:30 p.m. The roll of Board members was called to establish quorum.

Board members present were:

Ted Blodgett	Christy Rawlings
Nevyle Cable	Guy Sims
Scott Eisenhauer	Tracey Yates
Jim Orbison	

Based on the result of the roll call, the Chair declared a quorum was present.

Others in attendance were:

- Rollo Redburn, Executive Director
- Jay Finks, Deputy Director
- David Ostrowe, Cabinet Secretary
- Amanda Everett, Assistant AG
- Brandie Reisman, OLC
- Mary Martha Ford, OLC
- Jamie Evans, Scientific Games
- Allen Blankenship, Scientific Games
- Dan Williams, LegisOK

## **AGENDA ITEM 2:**

Announcement of filing of the board meeting notice and posting of the agenda in accordance with the open meetings act:

Mr. Cable asked if proper public notice was made regarding the September 22, 2020 board meeting, in accordance with the Open Meetings Act. Mr. Redburn verified that all necessary steps had been taken to remain in compliance with the Act.

## **AGENDA ITEM 3:**

Reading and approval of minutes:

Mr. Yates moved that the reading of the minutes of the March 10, 2020 board meeting be waived and approved as published and distributed. Mr. Orbison seconded the motion. The Chair ordered a roll call with the following results:

Roll Call Vote:

Yes: Blodgett; Cable; Eisenhower; Orbison; Rawlings; Sims; Yates

No:

Abstain:

The result was seven votes in the affirmative, none opposed, and none abstained. The motion passed.

## **AGENDA ITEM 4:**

Report of Audit and Finance Committee:

Mr. Blodgett reported that the Lottery is meeting all the Lottery Trust Fund appropriations made by the state this year and that we are on track to exceed the State's FY21 appropriation of \$52.7 million dollars.

Mr. Blodgett reported on the Lottery's external financial audit conducted by RSM for the fiscal year 2020 and that no material findings were discovered and the Lottery was on track to contribute the final \$14,399,704 to education for a grand total of \$64,399,704 for FY20.

Mr. Blodgett reported on the Lottery's external IT audit conducted by CBIZ in accordance with a new state law and that while no high risk findings were discovered that other smaller findings were brought to management's attention. All findings were planned on being resolved by December 31, 2020.

## AGENDA ITEM 5:

### Update from the lottery's Executive Director:

Rollo Redburn, Executive Director, made his final remarks to the Board as this meeting would be his last before retirement on October 31, 2020. He then turned over the reporting to the Deputy Director, Jay Finks who covered the following items...

#### Sales & Profits Review:

- Through August, Lottery projecting exceeding the FY21 appropriation by over \$14 million dollars
- Current sales up 35% vs prior year; instant sales up 55%; draw games down 7% due to lack of high jackpots
- Since inception, Oklahoma Lottery has officially crossed the \$1 billion dollar mark to Oklahoma education

#### Operations Overview:

- OLC undertaking major corporate initiatives with Quik Trip , On Cue and 7-Eleven to expand game counts, self service and counter sales opportunities
- OLC on pace to launch Quick Ticket for Powerball and Mega Millions at almost 600 stores (Dollar General & Family Dollar)
- OLC continuing advertising campaigns to focus on beneficiary contributions, branding
- OLC on track to launch all forms of payment at retail on Nov 1

#### Legislative Strategy

- Lottery continuing to explore law enhancements to create more tangibility with education contributions, to potentially launch an iLottery and the opportunity to commission the Security team

## AGENDA ITEM 6a:

### Discussion and possible action regarding the submission of the FY22 Board of Equalization estimate for potential FY22 appropriation:

Mr. Finks explained that all state agencies must submit an estimate of revenues for FY22 by October 1<sup>st</sup>. Mr Finks outlined a strategy, similar to years past, where the OLC would provide an estimate that does not risk a shortfall of education funding since the OLC funding is one of the only funding sources that cannot be made up with other revenues. He reminded the board that all profits above and beyond the initial appropriation, at the end of the year, still get contributed to education on a cash basis.

Mr. Finks recommended that based on the FY21 estimate of \$55,473,684, the OLC submit an estimate of \$60,000,000 for FY22.

Mr. Blodgett motioned that the amount of \$60,000,000 be provided to the BOE for FY22 to be certified. Mr. Sims seconded the motion.

#### Roll Call Vote:

Yes: Blodgett; Cable; Eisenhauer; Orbison; Rawlings; Sims; Yates

No:

Abstain:

The result was seven votes in the affirmative, none opposed, and none abstained. The motion passed.

## **AGENDA ITEM 6b:**

### Discussion and possible action regarding board approval for a rules change:

Mr. Finks explained that all state agencies were challenged by Governor Stitt to rid agencies of burdensome regulations within their rules. The Oklahoma Lottery identified many components of their rules with were duplicative with their law, outlined ineffective policies that potential could hurt sales and profits and outdated procedures that no longer applied from 15 years ago when they were written.

Mr. Finks recommended that the board adopt the rules change and authorize the OLC to proceed with the rules changing process.

Mr. Yates motioned that the Board adopts the rules changes. Mr. Eisenhower seconded the motion.

### Roll Call Vote:

Yes: Blodgett; Cable; Eisenhower; Orbison; Rawlings; Sims; Yates

No:

Abstain:

The result was seven votes in the affirmative, none opposed, and none abstained. The motion passed.

## **AGENDA ITEM 6c:**

### Discussion and possible action regarding board approval for a new gaming contract:

Mr. Finks explained that the board had approved entering into a gaming contract RFP in a prior meeting and the results of the bid had been evaluated and a potential contract was ready for final approval. Scientific Games, the OLC's current and only vendor was the only vendor to bid.

Mr. Finks outlined the details of the new contract and the fact that it would save the Lottery over \$23 million in costs over the next ten years as well as add an additional \$22 million in value over that same time period. Highlights of the new contract included...

- 4.1% of sales for 10 years; no additional monthly fees for current or new services
- New Lottery terminals and back office system in Year 5
- Upgraded field personnel and additional field service personnel
- 300 HD self -service terminals; 230 SciQ units; 130 LIMS units
- Routing software; upgrade modules for Gem intelligence
- Automated drawing, sales tools, predictive ordering solutions and services
- \$150,000 in printing options, \$100,000 in licensing options annually
- Market segmentation study every 3 years
- Mobile services to include ticket checking and e-playslip functionality

Mr. Finks recommended that the board approved entering into a new contract effective October 1<sup>st</sup>, 2020 with Scientific Games.

Mr. Orbison motioned that the Board adopts the rules changes. Mrs. Rawlings seconded the motion.

### Roll Call Vote:

Yes: Blodgett; Cable; Eisenhower; Orbison; Rawlings; Sims; Yates

No:

Abstain:

The result was seven votes in the affirmative, none opposed, and none abstained. The motion passed.

#### **AGENDA ITEM 6d:**

Discussion and possible action regarding board approval for a Lottery to occupy and lease a new location:

Mr. Finks explained that the Lottery lease is expiring in June of 2021 and that Leadership was making a significant push for state agencies to occupy state-owned space. Given that the current space leased by the Lottery is privately owned and conditions at the HQ have deteriorated significantly, Mr. Finks recommended moving as soon as possible.

Mr. Finks explained that a newly acquired building by the Commissioners of Land Office, the former Sandridge building downtown, had space available for the Lottery. Given that the building was already furnished, Mr. Finks indicated that the entire move and any increases to monthly rent could be accommodated within the previously approved operations budget.

Mr. Finks recommended that the board approved entering into a new lease at 123 Robert S Kerr upon completion of a lease agreement not to exceed a \$325,000 annual expense.

Mr. Cable motioned that the Board adopts the rules changes. Mr. Yates seconded the motion.

Roll Call Vote:

Yes: Blodgett; Cable; Eisenhower; Orbison; Rawlings; Sims; Yates

No:

Abstain:

The result was seven votes in the affirmative, none opposed, and none abstained. The motion passed.

#### **AGENDA ITEM 7:**

Discussion and possible action regarding appointment to board committees and appointment of board committee chairs for CY2020:

Mr. Redburn explained that there are two vacancies on Nominating committee, including the chair position. Mr. Redburn indicated that seats on the committees are to be recommendations of the Chair and have to be approved by the Board. He suggested that Mr. Yates, as Treasurer, might want to chair and that Mr. Sims might be willing to serve on the committee. Mr. Yates and Mr. Sims indicated they were willing.

Mr. Cable indicated that would be his recommendation. Mr. Blodgett made a motion to approve the recommendation and Mr. Orbison seconded the motion.

Roll Call Vote:

Yes: Blodgett; Cable; Eisenhower; Orbison; Rawlings; Sims; Yates

No:

Abstain:

The result was seven votes in the affirmative, none opposed, and none abstained. The motion passed.

#### **AGENDA ITEM 8:**

New business:

Mr. Redburn stated Scientific Games wanted to present the Lottery with a special framed acknowledgement of the Commission reaching \$1 billion dollars in contributions to education. Jamie Evans, GM of SG, presented the frame to Mr. Redburn.

**AGENDA ITEM 9:**

Adjournment:

Mr. Eisenhower moved to adjourn. Mr. Sims seconded the motion. The Chair ordered a roll call with the following results:

Roll Call Vote:

Yes: Blodgett; Cable; Eisenhower; Orbison; Rawlings; Sims; Yates

No:

Abstain:

The result was seven votes in the affirmative, none opposed, and none abstained. The motion passed.