



STATE OF OKLAHOMA
OKLAHOMA LOTTERY COMMISSION
OFFICIAL MINUTES

December 7, 2021

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 December 7, 2021 at 1:30 p.m. The board meeting was held at the Oklahoma Lottery Commission headquarters located at 123 Robert S. Kerr, 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	Nevyle Cable
Scott Eisenhower	Jim Orbison
Christy Rawlings	Guy Sims

Board members not present were:

Tracy Yates

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

Others in attendance were:

Jay Finks, Executive Director
Amanda Everett, Assistant AG
Abby Morgan, OLC
Mary Martha Ford, OLC
Tiffany Mather, OLC
Shelby Owen, OLC
Ricky McCullough, OLC
Jennifer Grigsby, Cabinet Secretary
David Oakley, Legis
Kirke Kickingbird, Hobbs Straus
Adam McCrease, Cherokee Nation

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 December 7, 2021 board meeting, in accordance with the Open Meetings Act. Mr. Finks verified that all necessary steps had been taken to remain in compliance with the Act.

AGENDA ITEM 3: Reading and approval of minutes

Mr. Blodgett moved that the reading of the minutes of the September 21, 2021 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

No:

Abstain:

The result was 6 votes in the affirmative, none opposed, and none abstained. The motion passed.

AGENDA ITEM 4: Report of Audit and Finance Committee

Mr. Blodgett reported on the Lottery's financial outlook through November and indicated that the Lottery was on pace to exceed the FY22 fiscal appropriation of \$61,000,000.

Mr. Blodgett reported on two audits that were conducted since the last board meeting...

- BKD Agency Risk Assessment – the OLC's internal audit service provider conducted a comprehensive analysis of the agency's risk profile to identify key areas for audit. While there were no "new" risk areas uncovered the analysis helped develop an internal audit schedule over the next 3 years to cover the areas of Claims, Security, Nightly Drawings, IT, Accounting and Retail Contracts.
- CBIZ Information Security Assessment – the OLC's IT audit service provider conducted a comprehensive analysis of the agency information security risk profile. This audit is required by law and is in its' second year of execution. The OLC had 5 less findings from FY21 (down to 17 from 22) and no finding was defined as "critical". Five of the findings were directed at OMES and the OLC indicated that discussions with OMES were ongoing to discuss potential solutions. Of the 12 "OLC-owned" findings, 5 were already resolved and the remaining 7 would be completed by January 30, 2022.

AGENDA ITEM 5: Executive Director report

Jay Finks, Executive Director, covered several items...

Sales & Profits Review:

- Current sales up 16.5% vs prior year
- Draw sales up 31% due to higher level jackpots from Powerball & Mega Millions vs prior year
- Instant sales up 12% vs prior year
- Mr. Finks discussed some of the continuing challenges in the marketplace including extremely high levels of inflation, gas prices and a continued retail work force shortage
- OLC anticipates exceeding the FY22 appropriation by over \$20 million

Legislative Review

- Provided information to the Board that the Lottery's plans on introducing a bill in support of iLottery (the ability to sell Lottery tickets via the internet) were on hold based on leadership feedback but that discussion were ongoing and very positive in support of addressing the Lottery's need.
- Provided more detailed information regarding a new bill that would be introduced in the 2022 session. The measure would guarantee a \$60m appropriation on an annual basis to the existing formula and then direct all remaining profit to a more tangible education source such as a Teachers Excellence Program; a program focused on increasing teacher pay.

Operations Review:

What's happened in October & November?

- Implemented Prize Pay program at the OLC Winners Center
- Launched HD test (12 store program) at Walmart Super Center
- Completed 3rd party comprehensive IT Audit
- Launched first \$50 ticket on Nov 23
- Continued corporate expansion of HD and SciQ program in key retailers – On Cue, 7-Eleven and Quik Trip
- Conducted and responded to FY21 employee survey

What's on the calendar December - March?

- Continued corporate expansion
- Dollar General analysis, major changes
- Walmart RSS model
- Launch of a new website; digital offerings
- Backup site move to TX1

Long-Term Outlook

- Exploration of 3rd party courier opportunities
- Lotto America: adding Monday draws on July 18
- Fast Play launching on Sept 1

AGENDA ITEM 6: Discussion and possible action regarding appointment of board officers, board committee chairs and board committees for 2022

Mr. Finks reviewed the current appointments for FY21 as follows...

Chair: Nevyle

Vice Chair: Jim

Secretary: Christy

Treasurer: Tracy

Audit & Finance: Ted Blodgett (chair); Nevyle; Tracy

Nominating: Tracy (chair); Blodgett; Sims

Government Relations: Jim (chair); Christy; Scott

The board members discussed and decided not to make any changes to the current lineup. However, Mr. Cable indicated that 2022 would be his final year on the board and members should be looking for a planned succession plan for later on in the year.

Mr. Eisenhower motioned that the board accept current lineup of board chairs and committee members and Mr. Blodgett seconded the motion. The Chair ordered a roll call with the following results:

Roll Call Vote:

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

No:

Abstain:

The result was 6 votes in the affirmative, none opposed, and none abstained. The motion passed.

AGENDA ITEM 7: Discussion and possible action regarding board meeting dates for 2022

Mr. Finks proposed the following dates:

March 22

June 21

September 20

December 6

Mrs. Rawlings motioned that the board approved the recommended 2022 meeting dates. 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

No:

Abstain:

The result was 6 votes in the affirmative, none opposed, and none abstained. The motion passed.

AGENDA ITEM 8: New business

Mr. Finks stated that there was no new business. Mr. Cable took the opportunity to commend Mr. Finks and his staff for their excellent work and commitment to Oklahoma.

AGENDA ITEM 9: Adjournment

Mrs. Rawlings moved to adjourn. Mr. Eisenhower seconded the motion.

Roll Call Vote:

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

No:

Abstain:

The result was 6 votes in the affirmative, none opposed, and none abstained. The motion passed.