

# Oklahoma Lottery Commission

Minutes of Meeting

September 27, 2005

1:30 p.m.

## Members Present:

Ms. Ball

Mr. Charlton

Dr. Dzialo

Mr. Paul

Mr. Riley

Mr. Orbison

Mr. Norick (Mr. Norick arrived later at approximately 1:45 p.m.)

## Others attending:

Paul Osterdorf, Scientific Games

Allen Blankinship, Scientific Games

Ramon Rivera, G-Tech

Jeff Packham, Journal Record

Susan Smith, CNN

Ron Jenkins, AP

Bobby Stem, G-Tech

## ITEM 1

### Call to Order. Roll Call and announcement of quorum

Roll Call: Mr. Orbison, Mr. Norick, Mr. Riley, Mr. Charlton, Ms. Ball, Dr. Dzialo, and Mr. Paul present. Mr. Norick, absent. Mr. Orbison declared a quorum. (It was reported that Mr. Norick would be arriving a few minutes late--he subsequently arrived at approximately 1:45).

## ITEM 2

### Announcement of filing of special meeting notice and posting of the agenda in accordance with the Open Meeting Act

Posting of Special Meeting Notice and Agenda were confirmed, in accordance with Open Meeting Act.

## ITEM 3

### Approval of Minutes of the September 13, 2005 Special Meeting

Dr. Dzialo made a motion to approve the minutes of the September 13, 2005 meeting. Ms. Ball seconded the motion.

Roll Call: Ms. Ball, Mr. Charlton, Dr. Dzialo, Mr. Paul, Mr. Riley, and Mr. Orbison voted to approve. Mr. Norick had not yet arrived. Motion was carried.

## ITEM 4

## **Interim Committee of Operations and Structure Report – William Paul**

Mr. Paul reported that OLC staff members, Tom Riley, and the Attorney General's office were continuing to work on the Rules.

Mr. Paul reported that he has begun researching the Statute to begin to formulate suggestions for Rules of Corporate Governance for the Board of Trustees, setting terms of office, etc., to fill in the gaps in the Statute. He stated that he would prepare an outline or rough draft and send it to the other Board members and the Attorney General's Office for review. He hoped to have something ready for the November Board meeting so that a final decision can be made prior to the start of the new calendar year and election of officers, etc.

### **ITEM 5**

#### **Executive Director Report**

Mr. Scroggins reported that approximately 1,100 retailers have been approved so far, with about 30-35 more being approved each day. A total of 1,650 applications have been submitted to date. Installation of equipment was completed at 675 locations, and approximately 75 installations were being done per day. He reported that Scientific Games was stepping up on the rate of installations, and that both Scientific Games and OLC personnel were working on recruiting retailers.

Mr. Scroggins reported that the trainers have been trained and were starting to train the retailers. He estimated that there would be at least 1,250 locations installed by the start of scratch-off ticket sales. He stated that he felt some retailers were delaying making application because they were unaware of the time it would take to process their applications and install equipment. Ms. Ball suggested that a press release should be done to encourage retailers to apply. Mr. Scroggins agreed that would be a good idea. She also asked if the Restaurant Association had been contacted and Mr. Scroggins replied they had not been but he would check into it. (Mr. Scroggins noted that Mr. Norick arrived at this time, approximately 1:15 p.m.).

Mr. Scroggins handed out a brochure on the lottery terminals and stated it was available on the OLC website. He passed out copies of an article on the education improvement bond issue. He stated there would be a press conference at 1:30 p.m. on Monday, October 3rd in the Governor's Blue Room to present the first four instant tickets to the public.

### **ITEM 6**

#### **Discussion & possible action on Requests for Proposals for drawing auditor services**

Mr. Scroggins reminded the Board that only one proposal had been received in response to the drawing auditor RFP. He stated that because it was for the hiring of an audit firm, an RFP was not necessary. He asked the Board to authorize him to send an invitation firms to attend a bidding conference to learn more about what the contract for the drawing auditor would entail. Mr. Scroggins stated he had e-mailed a draft of a letter to the Board members for their review. When the original RFP was issued, specific information about the draw time or place was unavailable because the draw studio contract had not been awarded yet. He also felt the firms were unclear about the requirements of the contract, and that they may have anticipated that a CPA would have to be available for each drawing, which was not the case.

Dr. Dzialo made a motion to authorize Mr. Scroggins to prepare and send a letter to potential vendors. Mr. Norick seconded the motion.

Roll call: Ms. Ball, Mr. Charlton, Dr. Dzialo, Mr. Norick, Mr. Orbison, Mr. Paul and Mr. Riley voted to approve, motion was carried.

## **ITEM 7**

### **Discussion and possible action on Requests for Proposals for internal controls**

Mr. Riley stated that he has had meetings with prospective proposers for development of internal controls and that he had one more scheduled. He reported that staff, including the comptroller and internal auditor, have been hired at OLC and have proceeded with installing internal controls. He stated he is comfortable that it should all be in place by October 11<sup>th</sup>.

## **ITEM 8**

### **Discussion and possible action regarding building exterior**

Mr. Scroggins distributed copies of renderings for three possible signs for the Lottery Commission exterior to each member of the Board. While they were being distributed, he reported that the building remodel was progressing. Mr. Paul asked Mr. Scroggins when he thought the meeting room at the Lottery Commission offices would be ready to use for Board meetings. Mr. Scroggins replied that he hoped the lottery offices would move upstairs around mid-October and that the meeting space should be ready about one month later.

In discussion regarding the sign, it was suggested that numbers one and two be eliminated. It was suggested that the lettering "Oklahoma Lottery" be removed from the logo portion of design three. Cindy Ball made a motion to approve the use of the design in rendering #3 with the lettering removed from the logo, as suggested. Dr. Dzialo seconded the motion.

Roll call: Ms. Ball, Mr. Charlton, Dr. Dzialo, Mr. Norick, Mr. Orbison, Mr. Paul and Mr. Riley voted to approve, motion was carried.

## **ITEM 9**

### **Discussion and possible Declaration of Emergency related to adopting Emergency Rules**

Mr. Scroggins reported that a lot of work had been done on the Rules, but they were not quite ready to be finalized yet. Mr. Orbison agreed that he was not ready to approve the final version of the Rules, but was concerned about the "time crunch" as the date for beginning the sales of instant tickets approached. He suggested that a committee be formed to prepare a final version of the rules for the Board to approve at a special meeting which could be scheduled to be held in about one week. Mr. Scroggins stated that he would have a redline version of the rules e-mailed to the committee members for them to work with.

Mr. Paul expressed that since the Rules would never be perfect, perhaps the Board should approve the current version and then work on making changes in the future. In discussion, Mr. Scroggins stated that he still needed some assistance from Ms. Tudor and Mr. Riley to finalize some portions of the Rules and that he felt they were not quite ready for approval. Mr. Orbison concurred that there were still a few issues to be worked out before the Rules were ready for approval.

Mr. Norick stated that he would be unable to attend a special meeting next week. Discussion was held concerning dates when a quorum could be achieved. After discussion Mr. Orbison concluded that Wednesday, October 5<sup>th</sup> would be the first possible date to achieve a quorum for the special meeting to approve the Rules.

Mr. Paul made a motion to schedule a special meeting for Wednesday, October 5<sup>th</sup> at 1:30 p.m. Mr. Norick seconded the motion.

Roll call: Ms. Ball, Mr. Charlton, Dr. Dzialo, Mr. Norick, Mr. Orbison, Mr. Paul and Mr. Riley voted to approve, motion was carried.

#### **ITEM 10**

##### **Discussion and possible adoption of Emergency Rules**

Mr. Riley asked about the procedures for approving the emergency Rules, and Ms. Tudor stated that once the Board approved the Rules they would be forwarded to the Governor's office for approval. She stated that the Governor was aware of the critical time frame for approval and would be available to review and approve them as soon as he received them.

Mr. Norick asked if the emergency requires a super majority (5 out of 7 rather than 4 out of 7). Ms. Tudor said she was not aware that this was a requirement, but she would investigate the question to be sure. Mr. Riley asked Mr. Scroggins to e-mail him the specific language regarding the adoption of emergency Rules.

#### **ITEM 11**

##### **Discussion and possible action on types of retail establishments that should not be contracted as lottery ticket retailers**

This agenda item was deferred to discussion of the Rules in the next Special meeting on October 5, 2005.

#### **ITEM 12**

##### **Discussion and possible action regarding budget projections, expenditures, and approval of budget**

Mr. Redburn reported \$77,716.10 of the initial lottery funding allocation remained unexpended. No other budget items were discussed.

#### **ITEM 13**

##### **Scheduling of next Special Meeting**

The next scheduled Special meeting was set for October 5, 2005 under Agenda Item 9 above.

Brief discussion was held about moving the special meeting tentatively scheduled for 1:30 p.m. on October 11, 2005 to 10:00 a.m. on that date. Mr. Paul stated that he might be unable to attend the meeting on the 11<sup>th</sup> due to a scheduling conflict

Mr. Riley made a motion to schedule a special meeting for October 11, 2005 at 10:00 a.m. Mr. Paul seconded the motion.

Roll call: Ms. Ball, Mr. Charlton, Dr. Dzialo, Mr. Norick, Mr. Orbison, Mr. Paul and Mr. Riley voted to approve, motion was carried.

Mr. Scroggins reminded the Board of their decision to appoint a special committee to finalize a draft of the Rules. Mr. Orbison suggested himself and Tom Riley. Dr. Dzialo suggested Mr. Paul. It was agreed that Mr. Orbison, Mr. Riley, Mr. Paul, Mr. Scroggins, and Ms. Tudor would comprise the committee and would meet in person or by telephone to draft a final version of the Rules prior to the special meeting on October 5<sup>th</sup>

#### **ITEM 14**

##### **Adjournment**

Dr. Dzialo made a motion to adjourn the meeting. Mr. Paul seconded the motion.

Roll call: Ms. Ball, Mr. Charlton, Dr. Dzialo, Mr. Norick, Mr. Orbison, Mr. Paul and Mr. Riley voted to approve, motion was carried and the meeting adjourned.

Submitted by:

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Linda Dzialo, Acting Secretary

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James Orbison, Chairman