

**Oklahoma Lottery Commission
Minutes of Regular Meeting**

June 15, 2010 – 1:30 p.m.

Members Present:

Mr. William G. Paul, Chairman
Mr. George Charlton, Vice-Chairman
Ms. Charlotte Edwards, Treasurer
Mr. Blake Virgin, Secretary
Mr. James Orbison, Trustee
Ms. Cindy Ball, Trustee
Mr. Jerry Eden, Trustee

Others Present:

Jim Scroggins, OLC	Gay Tudor, AG's Office
Rollo Redburn, OLC	Ron Miguel, Scientific Games
Terri Jackson, OLC	Allen Blankinship, Scientific Games
Bonnie Presley, OLC	Rhonda Hooper, Jordan Associates
Mary Martha Hall, OLC	Amy Hindman, Jordan Associates
James Reazer, OLC	Nancy Burger, Jordan Associates
Katy Smith, OLC	Michael McNutt, The Oklahoman
Brandie Reisman, OLC	Erin Boeckman, eCapitol
Jay Finks, OLC	Barbara Hoberock, Tulsa World
Carl Selby, OLC	

ITEM 1

Call to Order. Roll Call and Announcement of Quorum

Mr. Paul called the meeting to order at 1:37 p.m.

Roll Call: Ms. Cindy Ball, Mr. George R. Charlton, Mr. Jerry Eden, Ms. Charlotte Edwards, Mr. James Orbison, Mr. Blake Virgin and Mr. William G. Paul were present. Mr. Paul declared a quorum.

ITEM 2

**Announcement of Filing of Regular Meeting Notice and Posting of the
Agenda in Accordance With the Open Meeting Act**

Posting of Regular Meeting Notice and Posting of the agenda were confirmed, in accordance with the Open Meeting Act.

ITEM 3

Approval of Minutes of the March 16, 2010 Regular Meeting

Ms. Ball made a motion to approve the minutes of the March 16, 2010 regular meeting. Ms. Edwards seconded the motion.

Roll Call: Ms. Cindy Ball, Mr. George Charlton, Mr. Jerry Eden, Ms. Charlotte Edwards, Mr. James Orbison, Mr. Blake Virgin and Mr. William G. Paul voted to approve the motion. The motion carried.

ITEM 4

Executive Director's Report

Mr. Scroggins discussed the sales and profit figures for FY2010 (see Attachment A for details). Sales projections through June 30, 2010 are \$198.5 million, \$8 million greater than projected. Profit projections through June 30, 2010 are \$69.7 million, an additional \$3 million more than the estimate provided to the Board of Equalization.

Mr. Scroggins stated since inception transfers to Oklahoma Education Lottery Trust Fund (OELTF) are \$349 million.

Mr. Scroggins reported a new national game initiative is currently being developed. The Powerball and Mega Millions' groups are developing a national lottery game that will allow all 44 lotteries to participate. The concept being developed encourages new players to participate while supporting the needs of existing players. The national lottery game may offer many \$1 million winners versus a limited number of large jackpot winners.

Mr. Scroggins discussed two regional game ideas that are being explored: an on-line cash game and a multi-state scratch game. Staff is currently reviewing the possibility of a multi-state online game that would be regionalized in New Mexico, Arizona, Colorado and other southwest states. Another new game being examined is a multi-state scratch game. Kansas and Iowa have participated in a successful multi-state scratch game and the concept will be examined next week with other lottery directors to discuss the different aspects each lottery will have to deal with, i.e., restrictions, advertising budgets and printing capabilities, etc.

Mr. Paul commended staff for exceeding sales projections. The fact that the staff had to overcome the depressed economy, the 35% profit restriction and Arkansas starting a lottery, illustrates the staff's dedication.

Mr. Paul stated FY2010 profits were \$6.3 million more than the amount appropriated by the legislature. That means \$6.3 million more that can be spent on education.

ITEM 5

Report of Audit and Finance Committee

Mr. Orbison stated the Audit and Finance Committee met before the Board meeting and those in attendance were Mr. Carl Selby, OLC Comptroller, Lester LaPorte, OLC Internal Auditor, Mr. Rollo Redburn, OLC Director of Administration and Board members: Mr. Orbison and Mr. Eden. Quarterly audit reports were reviewed. The committee reviewed the transfers made to the Oklahoma Education Lottery Trust Fund. Mr. Redburn presented the budget for FY2011 and it was reviewed by the committee.

ITEM 6

Legislative Update

Mr. Scroggins stated the HB3025, SB2088 authored by Benge and Coffey authored which would create a Task Force to study lottery and gaming revenues both died in session.

Mr. Scroggins stated HB2333 was passed to offset overpayments of unemployment compensation to the Oklahoma Employment Security Commission. The lottery currently offsets prize winnings for child support and unpaid state taxes. Since inception, the Oklahoma Lottery Commission has withheld \$53 million in federal withholdings, \$8.4 million in state withholdings, offset \$55,000 in tax snags, \$133,326 in DHS snags and transferred \$2,044,600 to the Department of Mental Health and Substance Abuse Services for treatment of gambling addiction.

Mr. Scroggins explained HB3161 which would amend Title 3A, Section 709 to say that lottery advertisement and promotion cannot include "any beneficiary advertisement or promotion" defined as "any advertisement or promotion that illustrates the benefits or potential benefits to schools resulting from lottery proceeds" passed the House and Senate. The Governor vetoed the bill.

ITEM 7

Discussion and Possible Action Regarding the FY2011 Budget for the Oklahoma Lottery Commission

Mr. Scroggins discussed the FY2010 budget projections versus FY2011 proposed budget (see Attachment B for details).

Mr. Paul stated the Audit and Finance Committee reviewed the proposed FY2011 budget as presented. Mr. Orbison stated the Audit and Finance Committee recommends Board approval of the FY2011 proposed budget.

A motion was made by Mr. James Orbison to accept the FY2011 budget recommended by the Audit and Finance Committee. The motion was seconded by Mr. Blake Virgin.

Roll Call: Ms. Cindy Ball, Mr. George Charlton, Mr. Jerry Eden, Ms. Charlotte Edwards, Mr. James Orbison, Mr. Blake Virgin and Mr. William G. Paul voted to approve the motion. The motion carried.

ITEM 8

Discussion and Possible Action Regarding the Appointment of a new Chair for the Audit and Finance Committee and Possible Approval by the Board

Mr. Paul recommended Mr. Jerry L. Eden as Chair of the Audit and Finance Committee, effective July 1, 2010. Mr. James Orbison and Mr. George Charlton will remain members for the remainder of the calendar year 2010.

A motion was made by Mr. Orbison to confirm Mr. Paul's recommendation to appoint Mr. Jerry L. Eden as Chair of the Audit and Finance Committee. The motion was seconded by Mr. Charlton.

Roll Call: Ms. Cindy Ball, Mr. George Charlton, Ms. Charlotte Edwards, Mr. James Orbison, Mr. Blake Virgin and Mr. William G. Paul voted to approve the motion. Mr. Jerry Eden abstained. The motion carried.

ITEM 9

New Business

Mr. Paul reminded members of their current term expiration dates: Mr. Jerry Eden's term expires January 1, 2012; Ms. Cindy Ball's term expires January 1, 2013; Mr. George Charlton and Mr. William Paul's term expires January 1, 2014; Ms. Charlotte Edwards and Mr. James Orbison's term expires January 1, 2015 and Mr. Blake Virgins expires January 1, 2016.

Mr. Paul stated he will appoint a Nominating Committee for the September regular Board meeting. The committee will be asked to report their recommendations for new officers for the calendar year 2011 to the Board at the December meeting. Per the by-laws, no officer may serve more than three successive terms in the same office.

Mr. Paul stated that the by-laws provide that there shall be two standing committees, an Audit and Finance Committee and a Government and Citizen Relations Committee. Other committees, task forces, special committees may be appointed by the Chair as deemed necessary with the approval of the Board. New committees will also be appointed for calendar year 2011.

ITEM 10

Adjournment

With no additional business, a motion was made by Mr. Orbison to adjourn. The motion was seconded by Mr. Virgin.

Roll Call: Ms. Cindy Ball, Mr. George Charlton, Mr. Jerry Eden, Ms. Charlotte Edwards, Mr. James Orbison, Mr. Blake Virgin and Mr. William G. Paul voted to approve the motion. The motion carried. Mr. Paul adjourned the meeting at 2:49 p.m.

At the September 14, 2010 regular meeting Ms. Edwards made a motion to approve the June 15, 2010 meeting minutes. The motion was seconded by Ms. Ball. Ms. Cindy Ball, Mr. George Charlton, Mr. Jerry Eden, Ms Charlotte Edwards, Mr. James Orbison and Mr. William G. Paul voted to approve the minutes.