

**Oklahoma Lottery Commission**  
**Minutes of Regular Meeting**  
June 21, 2011 – 1:30 p.m.

**Members Present:**

Mr. Blake Virgin, Vice-Chair  
Mr. James C. Orbison, Secretary  
Mr. Jerry L. Eden, Treasurer  
Ms. Cindy Ball, Trustee  
Ms. Charlotte Edwards, Trustee  
Mr. William G. Paul, Trustee

**Members Absent:**

Mr. George Charlton, Chair

**Others Present:**

Jim Scroggins, OLC	Susan Christian, OLC
Rollo Redburn, OLC	Paulette Minshall, OLC
Terri Jackson, OLC	Bryan Colbert, Scientific Games
Mary Martha Ford, OLC	Cherie Peyton, Scientific Games
Bonnie Presley, OLC	Leslie Badger, Scientific Games
Megan Densow, OLC	Jan Preslar, AG's Office
James Reazer, OLC	

**ITEM 1**

**Call to Order. Roll Call and Announcement of Quorum**

Mr. Virgin called the meeting to order at 1:32 p.m.

Roll Call: Ms. Cindy Ball, Mr. Jerry L. Eden, Ms. Charlotte Edwards, Mr. James C. Orbison, Mr. William G. Paul and Mr. Blake Virgin were present. Mr. George R. Charlton was absent. Mr. Virgin 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 8, 2011 Regular Meeting**

Ms. Edwards made a motion to approve the minutes of the March 8, 2011 regular meeting. Mr. Paul seconded the motion.

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

## **ITEM 4**

### **Executive Director's Report**

Mr. Scroggins stated the FY2011 budget provided to the Board of Equalization in December 2009 included estimated total revenue of \$185.1 million; current projected revenue is \$199.2 million or \$14 million more than budget estimates provided to the Board of Equalization. This exceeds profit projections by \$4.9 million and \$8.1 million more than appropriated.

Mr. Scroggins stated projected FY2011 Scratcher sales are \$103.6, \$4.7 million above budgeted sales of \$98.9 million. Mega Million projected FY2011 sales are \$20.7 million, \$5.7 million above budgeted sales of \$15 million. The remaining projected FY2011 on-line game sales are level with estimates.

Mr. Scroggins stated the FY2012 budget provided to the Board of Equalization included estimated total revenue of \$173.1 million; current estimated revenue is \$193.3 or \$20.2 million more than budget estimates provided to the Board of Equalization. This exceeds profit projections by more than \$6 million above the estimate provided to the Board of Equalization.

Mr. Scroggins explained in an effort to increase sales the staff recommended and the Board approved a new on-line Pick 4 game. The first winning numbers will be drawn July 5, 2011. Another strategy implemented to increase sales is an iPhone and an Android application developed by the IT staff. The iPhone application currently has 11,550 users and the Android application has 655. The application allows the user to check winning numbers, jackpot totals and includes simulated lottery games. The Android application includes a mapping feature that directs the user to the nearest lottery retailer. The user rating for the application is 4.8 out of a possible 5.

Mr. Scroggins reminded Board members that the contract for gaming services with Scientific Games expires August 8, 2013. The contract cost is based on 2.84% of gross sales. A request for proposal (RFP) process will begin this fall to ensure a contract is completed prior to the expiration of the existing contract.

Mr. Scroggins announced the Oklahoma Lottery has transferred a total of \$418.8 million to the Oklahoma Education Lottery Trust Fund (OELTF) since inception.

## **ITEM 5**

### **Legislative Update**

Mr. Scroggins stated during the past legislative session one bill was signed into law that directly relates to the Oklahoma Lottery. HB1321 prohibits the lottery from using children under the age of 18 in any advertisement or promotion in any manner. The law becomes effective August 26, 2011.

**ITEM 6**  
**Rules Update**

Mr. Scroggins stated that the Board of Trustees approved proposed rule changes for Retailer Compensation and Settlement and Retailer Invoicing and they were approved by the Governor and not disapproved by the Legislature, therefore, June 26, 2011 both rule changes will become effective.

**ITEM 7**  
**Report of Audit and Finance Committee**

Mr. Eden stated the Audit and Finance Committee met before the Board meeting and those in attendance were Megan Densow, OLC Controller, Lester LaPorte, OLC Internal Auditor and Mr. Rollo Redburn, OLC Director of Administration and Board members: Mr. Orbison, Mr. Paul and Mr. Eden. The committee discussed the FY2011 and FY2012 budget and the quarterly audit reports were reviewed. The May YTD Financial Statements were also discussed. All budget numbers are on target.

**ITEM 8**  
**Discussion and Possible Action Regarding the FY2012 Budget for the Oklahoma Lottery Commission**

Mr. Scroggins stated the FY2012 proposed revenues are \$193.3 million, \$5.9 million less than FY2011 projected revenues. Scratchier sales are expected to be less as a result of the percentage reduction in prize payouts in order to meet the mandatory 35% profit restriction. The FY2012 estimated sales for the on-line games is also expected to decrease from the FY2011 projections. The FY2012 proposed transfers to the Oklahoma Education Lottery Trust Fund are \$67.6 million, or \$2.06 million less than FY2011 projection due to the reduction in sales estimates.

Mr. Scroggins stated operating expenses have been reduced 30% over the last three years. The FY2012 proposed budget includes a \$1.1 million reduction in operating expenses. Operating expenses that will be reduced include the advertising and marketing budget, contracted services, professional services and salaries. Vacated positions are reviewed and if duties can be absorbed, position will remain unfilled.

Mr. Orbison made a motion to approve the FY2012 budget for the Oklahoma Lottery Commission as presented. Ms. Ball seconded the motion.

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

**ITEM 9**  
**New Business**

Mr. Virgin stated the Board has no new business at this time.

**ITEM 10**  
**Adjournment**

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

Roll Call: Ms. Cindy Ball, Mr. Jerry L. Eden, Ms. Charlotte Edwards, Mr. James C. Orbison, Mr. William G. Paul and Mr. Blake Virgin voted to approve the motion. The motion carried. Meeting adjourned at 2:02 p.m.

**At the September 20, 2011 regular meeting Mr. Paul made a motion to approve the June 21, 2011 meeting minutes. The motion was seconded by Ms. Ball. Ms. Cindy Ball, Mr. Jerry Eden, Ms Charlotte Edwards, Mr. James Orbison, Mr. William G. Paul and Mr. Blake Virgin voted to approve the minutes. Mr. George Charlton abstained.**