

OKLAHOMA LOTTERY COMMISSION

Minutes of Meeting

May 16, 2005

1:00 pm

Members present:

Mr. George R. Charlton, Jr.
Dr. Linda Dzialo
Mr. Ron Norick
Mr. James Orbison
Mr. William Paul
Mr. Thomas Riley, Jr.

Members not attending:

Ms. Cindy Ball

Others attending:

Becky Wilson, Office of State Finance, Recording Secretary
Rollo Redburn, Office of State Finance
Tony Thornton, The Oklahoman
Lauri Parker, Capital Gain
Gay Tudor, Office of the Attorney General
Randy Parrish, Dept of Central Services
Alicia Barnett, GIT
Barbara Hoberock, Tulsa World
Charlie Scannella, SGI
Dave Hofstadter, Battelle
Pat Hall, Scientific Games
Margaret Erling, Multi-Media Games

The Oklahoma Lottery Commission met on May 16, 2005, at approximately 1:00 pm, in the Governor's Large Conference Room at the State Capitol. The meeting was held in accordance with the Open Meeting Act.

ITEM 1

Call to Order

The Chairman asked Becky Wilson to call the roll. Ms. Wilson called roll and the Chairman declared a quorum.

ITEM 2

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

The Chairman asked Becky Wilson to confirm that the agenda was posted in accordance with the Open Meeting Act. Ms. Wilson did confirm the agenda was posted within 24 hours notice.

ITEM 3

Approval of Minutes of the May 10, 2005 Special Meeting

The Chairman asked if there were any comments on the Minutes and there being none, the Chairman asked if there was a motion to approve the minutes. Mr. Paul so moved and Dr. Dzialo seconded. Ms. Wilson then called roll and all were in favor so the motion passed.

ITEM 4

Interim Committee of Operations and Structure Report – William Paul

The Chairman asked Mr. Paul to give a report on the Interim Committee of Operations and Structure. Mr. Paul informed the Commission that the Interim Committee has been working on finding a space to rent, arranging finances, working on a budget and arranging for employment of outside legal counsel, all of which are under separate agenda items.

ITEM 5

Discussion and Possible Action Regarding the Holding of an Executive Session, Pursuant to Title 25 O.S. §307 B.7 and OAC 580: 60-1-6(f)(12), for the Purpose of Discussing the Leasing of Office Space for the Commission

Mr. Paul motioned to hold an Executive Session Meeting to discuss the matter of rental space and Mr. Norick seconded. Ms. Wilson then called roll and all were in favor so the motion passed. All members of the public were then asked to leave and an Executive Session was held.

ITEM 6

Discussion and Possible Action Regarding the Executive Session

The Executive Session was concluded. The Chairman asked Mr. Paul to give comments from the Executive Session. Mr. Paul informed the Commission that the Interim Committee of Operations and Structure had been assisted by the Department of Central Services, touring various locations. The Committee developed a list of criteria, including the rental rate, location, parking, management services, etc and after that study, the Committee is recommending to the Commission the location of Centennial Plaza, 3815 N. Santa Fe. Mr. Paul then motioned that the Commission approve the selection of the described location at 3815 N. Santa Fe and that the Commission request and authorize the Department of Central Services to continue discussions and negotiations with the owners and enter into a lease agreement subject to the final approval of this Commission. Dr. Dzialo seconded. Ms. Wilson then called roll and all were in favor so the motion passed. The Chairman thanked Randy Parrish from the Department of Central Services for her involvement in this process.

ITEM 7

Outside Counsel Selection Committee Report – William Paul

Mr. Chairman asked Mr. Paul to give a report on the Outside Counsel Selection. Mr. Paul noted that this Committee consisted of himself, Mr. Orbison and Dr. Dzialo. The Committee devised an ad to run in the latest issue of the Oklahoma Bar Journal, of which a copy was provided for each member of the Commission. Mr. Paul noted that the Selection Committee should be getting indications of interest in and giving law firms interested an opportunity to submit a request for proposal. Mr. Charlton asked if we had received any responses and Mr. Redburn noted that the Office of State Finance had received about 30 responses. Mr. Riley asked if the Committee was still planning on getting an RFP done this month and Mr. Paul noted that an RFP should be completed by the end of the month.

ITEM 8

Start-Up Financing Committee Report – Thomas Riley, Jr.

The Chairman asked Mr. Riley to give a report on the Start-up Financing Committee. Mr. Riley noted that the Committee, consisting of Mr. Paul, Mr. Charlton and Mr. Riley, had met with Jim Joseph, State Bond Advisor, and he assisted the Committee in developing a request for Proposal for Bond Counsel services. The Committee submitted the proposals to the list of Bond Counsel registered with the State requesting the proposals back by last Friday, May 13, 2005. A copy of the proposals was furnished to each member of the Committee as well as Mr. Joseph. The Committee has a deadline of May 19th to complete a review of those proposals received with Mr. Joseph's assistance and make a determination if interviews are necessary or not and then bring a proposal to the full Commission at the May 26th meeting for a recommendation for Bond Counsel. Mr. Joseph advises this process is necessary to begin the next step of securing funds and financing. The Chairman asked Mr. Riley to distribute copies of all the proposals to the Commission members before the May 26th meeting.

ITEM 9

Discussion and Possible Action Regarding Budget and Expenditures

The Chairman asked Mr. Rollo Redburn of the Office of State Finance to give a report on the budget and expenditures. Mr. Redburn noted at the last meeting budget and expenditures were discussed, the Commission approved \$47,100 of expenditures. The Petroleum Marketers Association Trade Show is coming up on June 8, 2005 at the Cox Center, and \$5,000 has been set aside for that as well as other Trade Shows. Mr. Norick asked if there were Trade Shows coming up that would display some equipment that would be helpful to the Commission members. Mr. Redburn noted that GTech will be at the Petroleum Marketers Association Trade Show. Mr. Charlton asked if the members would be able to attend and Mr. Redburn noted that all Commission members were registered to attend the Trade Show on June 8, 2005. Mr. Redburn also noted the expenditure to run the ad in the Oklahoma Bar Journal. Mr. Norick then noted that he had looked into oklahomalottery.com and oklottery.com and both sites are owned in Japan. Mr. Norick took it upon himself to research the matter to acquire the sites. The Chairman asked Ms. Tudor of the Attorney General's office to research the matter thoroughly and get back with the Commission with answers. Mr. Redburn then discussed that he had spoken with Mr. Scroggins regarding the initial startup. Mr. Redburn made a list of expenditures and they are as follows:

Computers, Networking, E-mail, Internet, etc for 10 set-ups - \$25,000
Phone and Internet; Leasing of T-1 line for Internet - \$1,000
Initial Desks, Supplies, Cell Phones, Blackberries - \$12,000
Initial Rent (Interim) - \$1,000/month
Mr. Scroggins payroll - \$55,000
Additional OSBI background checks - \$20,000 (or leftover of the \$30,000 previously approved)

Mr. Redburn also suggested the Commission look into contracting with OSF or some other agency for day to day procurement, payment of bills, HR services, etc. Mr. Redburn then asked Mr. Riley to give an update on the OSBI background checks. Mr. Riley said that the Interim Committee on Budget and Expenditures had previously negotiated a contract with OSBI on background checks for the Executive Director, but that he and Mr. Redburn met with OSBI to discuss the three tiers that are offered and what would be needed for additional personnel. However, Mr. Riley noted that Mr. Scroggins is interested in hiring some key division people (2-4 people) and part of that process would involve background checks. The level of background check that we authorized before for \$30,000 is that if these 2-4 people are already in Oklahoma, the expenses will be quite a bit less. If they are employed or reside and have a history in another state, Mr. Riley suggested the background checking be done by an OSBI agent in that state, but not in multiple numbers of states. The Chairman asked Mr. Redburn to begin the process of getting a contract signed to bring back to the Board. Mr. Riley said they could get a contract and bring it back to the Board at the meeting on May 26th. Mr. Riley then motioned to approve the above expenditures and Mr. Norick seconded. Ms. Wilson then called roll and all were in favor so the motion passed.

ITEM 10

Comments by Rollo Redburn, Deputy Director of the Office of State Finance

The Chairman asked if Mr. Redburn had any comments, and he had no comments at this time.

ITEM 11

Next Scheduled Special Meeting: May 26, 2005

The Chairman announced the next scheduled special meeting will be May 26, 2005 in the Governor's Blue Room.

ITEM 12

Adjournment

There being no further business, the Chairman asked if there was a motion to adjourn. Dr. Dzialo moved for adjournment and Mr. Riley seconded. Roll was called and all were in favor so the meeting was adjourned.

Submitted by:

Linda Dzialo, Secretary

Approved by:

James Orbison, Chairman

Linda Dzialo, Secretary