

# OKLAHOMA LOTTERY COMMISSION

**Minutes of Meeting**  
**June 27, 2005**  
**10:00 am**

## **Members present:**

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

## **Others attending:**

Jim Scroggins, Executive Director of Lottery Commission  
Becky Wilson, Office of State Finance, Recording Secretary  
Rollo Redburn, Office of State Finance  
Gay Tudor, Office of the Attorney General  
Bobby Stem, GTech  
Ross Dalton, GTech  
Lauri Parker, GTech  
Pat Hall, Scientific Games  
Dave Hofstadter, Battelle  
Clayton Taylor, Intralot  
Angie Atavich, GIT/Capitol Network News  
Tim Martin, Oklahoma State Bond Advisor's Office  
Tony Thornton, The Oklahoman  
Barbara Hoberock, Tulsa World  
Joyce Leivas, DCS/Central Purchasing  
Jeff Packham, Journal Record  
Ken King, Treasurer's Office of State Finance  
Jody Harlan  
Gary Bush

The Oklahoma Lottery Commission met on June 27, 2005, at approximately 10:00 am, in the Governor's Large Conference Room, 2<sup>nd</sup> Floor of 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 June 14, 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 an update on the Interim Committee of Operations and Structures report. Mr. Paul noted that the areas of which the committee has been working are all covered by specific items on the agenda except for the project on rules, and we have no progress report on that other than we continue to be conscious of the fact that it is early on for us to do and the priorities of an RFP have overtaken that and the people that would be helping on rules are tied up on RFPs. But we will try to make some progress on rules in advance of the decision on outside counsel to support the office of the Attorney General because it's a little while before we move to that. Specific items under the agenda will cover what our committee has been doing.

## **ITEM 5**

### **Executive Director Report**

The Chairman asked Mr. Scroggins for the Executive Director Report. Mr. Scroggins passed out a Director's report to each Commission member, detailing things that have been done, what is being worked on, and what will be completed. Those items included RFPs and prospective retailers. Mr. Scroggins noted that the Commission met with Vance McSpadden of the Petroleum Marketers Association and also accepted an invitation to attend their board meeting on July 14. The Commission also met with Jim Brown of 7-11 Stores, as well as the Oklahoma Pharmacists Association. Mr. Scroggins also noted he has accepted an invitation to speak to the Wholesale Grocers Association trade show in September. On the organizational chart and hiring key employees, Mr. Scroggins said they are still working with Kristin Griffin on job descriptions and proposed salary ranges. Mr. Scroggins also made a few comments regarding the Texas Lottery and the four reasons it will never happen in Oklahoma.

## **ITEM 6**

### **Discussion and Possible Action Regarding Request for Proposals for Legal Services**

The Chairman asked Mr. Paul to give an update on the RFPs for legal services. Mr. Paul asked Mr. Redburn to give an update on the status and Mr. Redburn stated that there were 13 responses received and he will be giving the Committee copies of those responses after the meeting and he also had a draft evaluation sheet for each committee member. Mr. Paul noted the deadline for responses was this past Friday, June 24. There were 13 that met the deadline. After those are passed out to the Committee members, they will review those responses and bring a recommendation back to the Board.

## **ITEM 7**

### **Discussion and Possible Action Regarding Start-up Financing for the Commission**

The Chairman asked Mr. Riley to give an update on the start-up financing. Mr. Riley updated the Board that the Committee had discussions last week with two of the five lenders that were chosen. In both cases, the lenders asked for additional information, schedules and projections for the first year's operation. Mr. Riley anticipates further discussions being held with the lenders within the next 48 to 72 hours. Mr. Riley then updated the Board on the June 30 meeting for the Council of Bond Oversight. There will be several members of the lottery staff as well as Mr. Riley and Tim Martin appearing to answer any questions and to get their permission to go forward. Mr. Riley then informed the Board that there is a 30 day waiting time period through the Attorney General's office. Ms. Tudor from the Attorney General's office then noted that as soon as a decision is made, to let Lynn Rogers of the AG's office know and he will review it and expedite it from his end as quickly as possible. Mr. Riley then asked if there was a statutory requirement to wait the 30 day period after they start. Ms. Tudor said yes. She then referred the matter to Gary Bush. Mr. Bush said that a typical process is that a transcript is provided to Lynn Rogers and he reviews it, writes a letter to the Commission saying that he has approved it, and 30 days after the date of that letter is when you can close and receive official payment. The reason there is a 30 day period is that anytime during that 30 days someone wants to contest, they can file a lawsuit. After 30 days, it cannot be contested. Mr. Bush did say that you can approve a bond issue without all the details ironed out subject to the pricing of the loan. The Chairman mentioned that the Commission cannot run out of money. Mr. Riley then suggested the Board meet 48 hours after the vendor has been chosen. The Chairman then asked Mr. Bush if the Board is required to wait 30 days. Mr. Bush then answered that the Board is not required to wait 30 days, but it would be subject to an external lawsuit during the 30 days. Mr. Riley then noted that given the information received, as soon as the Committee is able to make a recommendation to the Commission, that a meeting be held. The Chairman then asked for availability of Board members to meet later in the week. The dates were then decided of meetings being held either Friday, July 1 at 11:00 or Tuesday, July 5<sup>th</sup> at 2:00. The Board would be notified of the exact date, time and location.

## **ITEM 8**

### **Proposed Executive Session to discuss Requests for Proposals for game services and vendors pursuant to 25 O.S. 307(B)(7), 52 O.S. 24A.10(B)(1) and OAC 580:15-2-7**

The Chairman asked if there was a motion to hold an Executive Session Meeting to discuss Requests for Proposals for game services and vendors. Dr. Dzialo so moved 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 9**

### **Discussion and Possible Action on Requests for Proposals for game services and vendors discussed in Executive Session**

The Executive Session was concluded and members of the public were allowed back in the room. Mr. Paul then motioned to approve the forms of the 2 RFPs – one for instant and one for online lottery services and that the Board recommend to the Department of Central Services the issuance of both RFPs. Mr. Riley seconded. The Chairman reminded the Board and members of the public that the RFPs would remain confidential until they are posted on the website of DCS. Mr. Scroggins noted that the corrections would be made as the Board discussed, a hard copy would be delivered with the requisition to DCS, and DCS will put an electronic version on the website. Ms. Wilson then called roll and all were in favor so the motion passed.

## **ITEM 10**

### **Discussion and Possible Action Regarding Budget Projections, Expenditures and Approval of Budget**

The Chairman then asked Mr. Redburn to update the Board on the Commission's budget. Mr. Redburn said they are still working on a budget and will hopefully have a budget by the next meeting. He then noted the University of Oklahoma has a business management department that is interested in getting retailer information and putting it into a database and keep it up to date. They will cross-reference all the retailers with the database. There would not be a RFP, but an interagency agreement. The estimated cost for OU to get started is less than \$10,000. Mr. Redburn also noted that the Commission is contracting with the Office of State Finance by using their HR and Accounts Payable divisions. Those services are estimated at about \$132,000 a year. Mr. Riley motioned to approve up to \$10,000 for the OU retailer setup and Mr. Norick seconded. Ms. Wilson then called roll and all were in favor so the motion passed.

## **ITEM 11**

### **Scheduling of Next Special Meeting**

After brief discussion, it was decided that the next scheduled special meeting will be held either Friday, July 1st at 11:00 am or Tuesday, July 5th at 2:00 pm. If neither of those meetings are held, the Board would hold their regular monthly scheduled meeting on July 12th at 1:30 in the Governor's Large Conference Room.

**ITEM 12**

**Adjournment**

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

Submitted by:

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Linda Dzialo, Secretary

Approved by:

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James Orbison, Chairman

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Linda Dzialo, Secretary