

OKLAHOMA LOTTERY COMMISSION

Minutes of Meeting

July 7, 2005

1:30 pm

Members present:

Mr. George R. Charlton, Jr.

Mr. Ron Norick

Mr. James Orbison

Mr. William Paul

Mr. Thomas Riley, Jr.

Members not present:

Ms. Cindy Ball

Dr. Linda Dzialo

Others attending:

Jim Scroggins, Executive Director of Lottery Commission

Becky Wilson, Office of State Finance, Recording Secretary

Rollo Redburn, Lottery Commission

Beverly Hughes, Lottery Commission

Jerry Havener, Lottery Commission

Gay Tudor, Office of the Attorney General

Pat Hall, Scientific Games

Angie Atauvich, GIT/Capitol Network News

Tim Martin, Oklahoma State Bond Advisor's Office

Jim Joseph, Oklahoma State Bond Advisor's Office

Tony Thornton, The Oklahoman

Jeff Packham, Journal Record

Kendal Kelly, Associated Press

Don Davis, Office of the Governor

Angie Bruss, KFOR-TV

Gary Bush

Franklin Jay Kivel

Rita Hall

The Oklahoma Lottery Commission met on July 7, 2005, at approximately 1:30 pm, in the Governor's Blue Room, 2nd 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 27, 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. Charlton so moved and Mr. Norick 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. Mr. Paul noted that the Interim Committee had been working on the hiring of legal counsel. They received 13 responses to the RFP which Mr. Redburn has copied and given to all Commission members. The Committee had a teleconference meeting on Friday, July 1 and went through some preliminary matters and agreed on a procedure narrow down the list. The Committee will be interviewing with those that make the final cut and anticipate doing that next Tuesday morning, July 12. We hope to have a recommendation to the full Commission at the meeting next Tuesday afternoon and to proceed from there.

ITEM 5

Executive Director Report

Mr. Scroggins noted that the Lottery staff has been working on responses to the questions received on the RFPs. He has also been working with Mr. Riley and Mr. Redburn on the FY-06 Budget. Mr. Norick asked if he had received major questions on the RFPs and Mr. Scroggins noted that it was nothing that couldn't be resolved, but they were meeting with DCS later in the afternoon to verify responses.

ITEM 6

Discussion and Possible Approval of Financing for the Lottery Commission

Mr. Riley updated the Board that himself, Mr. Redburn and Mr. Scroggins along with Mr. Joseph and Mr. Martin attended the Council of Bond Oversight meeting on June 30. The Council voted to approve the Lottery Commission's financing. Mr. Riley noted that he had received a letter in the mail signifying the Council's approval subject to 5 documents that they must receive back – Approval of Transaction by the Lottery Commission, Approval from the Attorney General's office, Approval from the State Bond Advisor's Office, Receipt of the Bond Council's opinion and Receipt of final documentation of the transaction. As stated before, there is a 30 day contest period after which no one can contest the financing. It was the best interest of the Commission to observe that period, but that delays the receipt of funding 32-33 days. The receipt of money affects Mr. Scroggins ability to build up staff in advance of commencement of the lottery and each day it is delayed, it runs the risk of \$800,000 in gross revenues per day for the lottery. Mr. Riley then noted he had a lender proposal and would recommend the Board approve the financing of this proposal in order to obtain funds. The Chairman noted that all members of the Board had received a copy of the proposal. Mr. Riley informed the Board that the proposal is from JP Morgan Chase Bank and for a \$10 million dollar revolving line of credit. Mr. Riley recommends that the Board accept the proposal from JP Morgan Chase. The Chairman suggested that a part of the motion should include that the intent of the Board is to pledge its revenues to the fullest extent allowed by the law and Mr. Riley concurred with his suggestion. Mr. Riley also noted it is important that we have a resolution authorizing the issuance of these notes and identifying the proceeds. Mr. Gary Bush then noted the Board needs to approve who the lender is, a cap on the basis points, a cap on the expenses, and a cap on the revenues that are going to be pledged. The Chairman would also need to have the ability as authorized by the Board to execute a certificate showing that we have come within those caps. Mr. Bush recommended the Board cap their expenses at \$10,000. Mr. Bush then handed out a copy of the Resolution to each Board member. He suggested the following changes: 1) On page 1, strike Governor's Large Conference Room and replace with Governor's Blue Room; 2) On page 2, Section 1, in the blank space, place \$10,000; 3) About half way through that paragraph, after "Note" put payable from and secured by the legally available revenues of the Commission; and 4) Strike Vice Chairman and replace with Treasurer in both Section 1 as well as Section 4. Mr. Riley motioned to adopt the resolution as changed and Mr. Charlton be appointed Acting Secretary to execute the document. Mr. Norick seconded. Ms. Wilson then called roll and all were in favor except Mr. Paul who has recused himself from this matter. The motion passed. A copy of the adopted resolution is attached to these minutes.

ITEM 7

Discussion, Possible Action and Possible Approval of FY-2006 Budget for the Lottery Commission

Mr. Riley noted he had sent each Board member a copy of the Budget. The Office of State Finance and the State Auditor require the budget to be turned in by June 30. After a brief discussion, Mr. Riley motioned the particular budget projection for year ended June 30, 2006 be approved for furnishing to the Office of State Finance and the State Auditor to meet the

legislative requirements of the Board. Mr. Paul seconded. Ms. Wilson then called roll and all were in favor so the motion passed.

ITEM 8

Scheduling of Next Special Meeting

The Chairman announced the next scheduled special meeting will be held Tuesday, July 12th at 1:30 pm in the Governor's Large Conference Room, 2nd Floor of the State Capitol.

ITEM 9

Adjournment

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

Submitted by:

George Charlton, Acting Secretary

Approved by:

James Orbison, Chairman

George Charlton, Acting Secretary