



STATE OF OKLAHOMA
OKLAHOMA LOTTERY COMMISSION
OFFICIAL MINUTES

March 21, 2017

The Oklahoma Lottery Commission, established pursuant to the provisions of the Oklahoma Education Lottery Act, Sections 701 et seq. of Title 3A of the Oklahoma Statutes, held a meeting March 21, 2017 at 1:30 p.m. The Meeting was held in the Conference Room of the offices of the Oklahoma Lottery Commission at 3817 North Santa Fe Avenue, Oklahoma City, Oklahoma. In compliance with the Open Meetings Act, 25 O.S. § 301 et seq., the agenda for this meeting was posted at the main and side building entrances, in addition to the main internet office window of the Centennial Business Building at 3817 North Santa Fe Avenue, Oklahoma City, Oklahoma on December 2, 2016 at 9:00 a.m. and was sent electronically to the offices of the Board members on December 2, 2016 and was posted to the website on December 2, 2016. The agenda is attached as Exhibit A.

AGENDA ITEM 1:

CALL TO ORDER. Chairperson David Ostrowe called the meeting to order at 1:30 p.m. The roll of Board members was called to establish quorum.

Board members present were:

David Ostrowe
Matthew Felty
Nevyle Cable
James Orbison
Jack Sherry
George R. Charlton, Jr.

Board members absent were: R. Deane Wymer

Based on the result of the roll call, the Chair declared a quorum was present.

Others in attendance were: Lyn Martin-Diehl, Assistant Attorney General; Jay Finks, Director of Marketing and Administration; and Krista Jenkins, Board Assistant. Others present were Mary Martha Ford, Scott Moulton, Bryan Colbert, Greg Fields, Audra Eccles, Mike Bell, Jamie Evans, and Brandie Reisman.

AGENDA ITEM 2:

ANNOUNCEMENT OF FILING OF REGULAR MEETING NOTICE AND POSTING OF THE AGENDA IN ACCORDANCE WITH THE OPEN MEETINGS ACT. The Chair called upon Ms. Jenkins to verify that proper public notice was made with regard to the March 21, 2017 regular meeting, in accordance with the Open Meetings Act. Ms. Peterman verified that all necessary steps had been taken to remain in compliance with the Act.

AGENDA ITEM 3:

READING AND APPROVAL OF MINUTES. (Exhibit B) Mr. Felty moved that the reading of the minutes of December 6, 2016 Regular meeting be waived and approved as published and distributed. Mr. Orbison seconded the motion. The Chair ordered a roll call with the following results:

Roll Call Vote:	Mr. Ostrowe	Yes
	Mr. Felty	Yes
	Mr. Orbison	Yes
	Mr. Cable	Yes
	Mr. Sherry	Yes
	Mr. Charlton	Abstain

THE RESULT WAS FIVE VOTES IN THE AFFIRMATIVE, NONE OPPOSED, AND ONE ABSTAINED.
THE MOTION PASSED.

AGENDA ITEM 4:

UPDATE FROM THE LOTTERY'S EXECUTIVE DIRECTOR: Mr. Finks gave a presentation regarding Legislative update in Mr. Redburn's stead, as Mr. Redburn was not present: HB 1837 has passed the Oklahoma House of Representatives and is moving to Committee in the Senate with a July 1, 2017 execution date if the bill passes; WAVE terminal rollout is completed; a system upgrade is in progress and the go live date is July 30, 2017.

AGENDA ITEM 5:

REPORT OF AUDIT AND FINANCE COMMITTEE: Mr. Cable met with the finance committee before the board meeting. Mr. Cable stated that the reports are great and we are on track with 54 million. Mr. Cable also indicated that he received the results of an internal procedural audit and was very pleased with the results. Mr. Ostrowe called for a vote to approve the Report of the Audit and Finance Committee. Mr. Orbison moved for the report to be approved. Mr. Charlton seconded. The Chair ordered a roll call with the following results:

Roll Call Vote:	Mr. Ostrowe	Yes
	Mr. Felty	Yes
	Mr. Orbison	Yes
	Mr. Cable	Yes
	Mr. Sherry	Yes
	Mr. Charlton	Yes

THE RESULT WAS SIX VOTES IN THE AFFIRMATIVE AND NONE OPPOSED.
THE MOTION PASSED

AGENDA ITEM 6:

SALES / REVENUE UPDATE: Mr. Finks gave a presentation regarding FY17 sales and the projected contribution to Education. Current sales are down vs prior year mainly due to a decline in instant sales Powerball is also down vs prior year as 2016 saw a world record jackpot that has not yet been repeated in 2017. The overall contribution to education is projected to not only meet the legislature's appropriation, but also come in slightly ahead of early projections.

AGENDA ITEM 7:

DISCUSSION AND POSSIBLE ACTION REGARDING CONTRACTS: Mr. Ostrowe opened the discussion for approval of the following contract renewals:

- a. 38th and Santa Fe, LLC (office space): Mr. Cable moved to approve the next year on the contract with 38th & Santa Fe, LLC effective June 1, 2017 for no more than \$130,000. Mr. Orbison seconded. The Chair ordered a Roll Call to approve.

Roll Call Vote:	Mr. Ostrowe	Yes
	Mr. Felty	Yes
	Mr. Orbison	Yes
	Mr. Cable	Yes
	Mr. Sherry	Yes

THE RESULT WAS SIX VOTES IN THE AFFIRMATIVE AND NONE OPPOSED.
THE MOTION PASSED.

- b. RSM US, LLP (external financial audit): Mr. Felty moved to approve the next contract year with RSM US, LLP for the year, which runs through 5/31/2018, at an amount not to exceed \$40,000. Mr. Sherry seconded. The Chair ordered a Roll Call to approve.

Roll Call Vote:	Mr. Ostrowe	Yes
	Mr. Felty	Yes
	Mr. Orbison	Yes
	Mr. Cable	Yes
	Mr. Sherry	Yes

THE RESULT WAS SIX VOTES IN THE AFFIRMATIVE AND NONE OPPOSED.
THE MOTION PASSED.

- c. Scientific Games International (gaming systems): Mr. Cable moved to continue the contract with Scientific Games International for the next contract year, which runs through August 8, 2018, at the current contract rate. Mr. Felty seconded. The Chair ordered a Roll Call to approve.

Roll Call Vote:	Mr. Ostrowe	Yes
	Mr. Felty	Yes
	Mr. Orbison	Yes
	Mr. Cable	Yes
	Mr. Sherry	Yes

THE RESULT WAS SIX VOTES IN THE AFFIRMATIVE AND NONE OPPOSED.
THE MOTION PASSED.

- d. Attorney General (legal counsel): Mr. Orbison moved to continue the contract with the Attorney General for the next fiscal year, which runs through 6/30/2018, at an amount not to exceed \$34,000. Mr. Sherry seconded. The Chair ordered a Roll Call to approve.

Roll Call Vote:	Mr. Ostrowe	Yes
	Mr. Felty	Yes
	Mr. Orbison	Yes
	Mr. Cable	Yes
	Mr. Sherry	Yes

THE RESULT WAS SIX VOTES IN THE AFFIRMATIVE AND NONE OPPOSED.
THE MOTION PASSED.

- e. BKD, LLP (internal controls audit): Mr. Cable moved to approve the next year of the contract with BKD CPA's and Advisors, at not more than \$65,000 per year. Mr. Felty seconded. The Chair ordered a Roll Call to approve.

Roll Call Vote:	Mr. Ostrowe	Yes
	Mr. Felty	Yes
	Mr. Orbison	Yes
	Mr. Cable	Yes
	Mr. Sherry	Yes

THE RESULT WAS SIX VOTES IN THE AFFIRMATIVE AND NONE OPPOSED.
THE MOTION PASSED.

- f. OMES (HR & payroll administration, IT services, accounting services): Mr. Felty moved to approve the proposed contractual agreement with the Office of Management and Enterprise Services for the next fiscal year, which runs through 6/30/2018, for an amount not to exceed \$80,000. Mr. Orbison seconded. The Chair ordered a Roll Call to approve.

Roll Call Vote:	Mr. Ostrowe	Yes
	Mr. Felty	Yes
	Mr. Orbison	Yes
	Mr. Cable	Yes
	Mr. Sherry	Yes

THE RESULT WAS SIX VOTES IN THE AFFIRMATIVE AND NONE OPPOSED.
THE MOTION PASSED.

- g. Wright McAfee CPA's (draw audit services): Mr. Sherry moved to renew the contract with Wright-McAfee and Company for the next contract year, running through 6/30/2018, at an amount not to exceed \$13,000. Mr. Felty seconded. The Chair ordered a Roll Call to approve.

Roll Call Vote:	Mr. Ostrowe	Yes
	Mr. Felty	Yes
	Mr. Orbison	Yes
	Mr. Cable	Yes
	Mr. Sherry	Yes

THE RESULT WAS SIX VOTES IN THE AFFIRMATIVE AND NONE OPPOSED.
THE MOTION PASSED.

AGENDA ITEM 8:

DISCUSSION AND POSSIBLE ACTION REGARDING CHANGES TO THE DATES OF UPCOMING MEETINGS: Mr. Ostrowe proposed the available dates for the June Board of Trustees meeting. The meeting date was moved to June 20, 2017 by general consent.

AGENDA ITEM 9:

New Business: No new business.

AGENDA ITEM 10:

ADJOURNMENT. The Board adjourned by general consent.

OFFICIAL MINUTES:

The action taken by the Oklahoma Lottery Commission on the items for consideration after motion duly made and seconded has been noted herein and made a part of these minutes. The Board caused the entire proceeding of the meeting, excepting any executive sessions, to be recorded on a digital audio recording device to be retained as a record in the office of the Board.

Minutes approved by Board of Trustees on June 20, 2017