

Oklahoma Lottery Commission Retailer Advisory Board (RAB) Minutes

Conference Room
Oklahoma Lottery Commission
3817 North Santa Fe
Oklahoma City, OK 73118

Wednesday, September 19, 2012
11 a.m.

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

Meeting was called to order by Ricky McCullough at 11:14 a.m. with roll call and attendance.

Board Members in attendance:

Raymond Pang, Flash Mart
Jennifer Williams, Dizzy B's
Mike Alberty, Snackers

Kenny Smith, Quick Stop
Tom Hudson, Stripes
Steve Woodley, The Filling
Station

Others in attendance:

Rollo Redburn, OLC	Ricky McCullough, OLC	Jay Finks, OLC
Mary Martha Ford, OLC	LaToshya Riley, OLC	Brandie Reisman, OLC
Sonia Horner, OLC	Bryan Colbert, SGI	Sheila Franklin, SGI
John Hayes, SGI		

2. Announcement of Filing of Regular Meeting Notice and Posting of the Agenda in Accordance With the Open Meeting Act.

Ms. Riley confirmed posting of the Regular Meeting Notice and the agenda, in accordance with the Open Meeting Act.

3. Approval of Minutes of the February 8, 2012 Regular Meeting.

Mike Alberty made a motion to approve the February 8 meeting minutes and Tom Hudson seconded the motion.

4. Update from Lottery's Executive Director.

Ricky introduced the new Oklahoma Lottery Executive Director, Rollo Redburn. Rollo Redburn was officially appointed by the Oklahoma Lottery Commission Board of Trustees to serve as the Executive Director for the Oklahoma Lottery

Commission, on June 19, 2012. Mr. Redburn explained that he is seeking to make the lottery more successful by increasing profitability for the beneficiary, education. He thanked the board members for creating lottery promotions with their stores and asked to help continue creating great ideas to help promote more sales for the Lottery's beneficiary.

5. Sales Update.

Ricky McCullough provided the state sales update. Ricky reported there are 1,956 active retailers, 28 second terminals and 108 active Player Central Terminals (PCTs). Our FY '13 YTD sales (week 11) were in excess of 40 million, and we exceeded our sales goal from last year. The current lottery product mix is: 46% instant sales; 35% Powerball® sales; 10% Mega Million® sales; 3% Hot Lotto; 2% Pick 3; 2% Cash 5 and 1% Pick 4. Mike Alberty, owner of Snackers in Muskogee, suggested to Ricky that he include a quarterly comparison of the budget.

6. Presentation of new OLC Scratchers

No announcement regarding of new OLC Scratchers.

7. Presentation of new OLC promotions

Brandie Reisman gave a Facebook presentation that illustrates the Oklahoma Lottery Commission is currently "Liked" by over 7,500 followers. She is the lottery's social media guru and helps bring current events, new scratchers and lottery promotions to the attention of our players. Players can go to <facebook.com/oklottery> to become "friends", ask lottery questions, win Powerball® tickets and other prizes through our Facebook promotions. The Oklahoma Lottery also has a Twitter account which also engages with players 18 years of age or older.

8. Discussion regarding FY' 13 Marketing Strategic Plan

Jay Finks is the Director of Marketing and Administration. Mr. Finks explained Powerball was up almost 20% at the current rate from last year, mainly because of high jackpot runs. We as a lottery must have a balance in games to properly manage available funds. The strategic initiatives for Oklahoma's gaming product is to make games more profitable by placing emphasis on Powerball, Mega Millions and instant \$1 and \$2 tickets. Every month, the Lottery will focus on \$1 and \$2 instant tickets for second chance drawings to extend the value of instant tickets. The second chance drawings will be online submissions. Kenny Smith stated he could see the benefit of online submissions because it eliminates postage and gives the player convenience. Raymond Pang, co-owner of Flash Mart, inquired about the percentage of players who participate with online submissions; Jay believed there are an

overwhelming number of players. Kenny asked if keeping Pick 4 was profitable, “it’s available, and the Lottery doesn’t advertise the game, plus a small group of players love it” said, Finks.

Mary Martha Ford, Director of Sales and Operations asked what the Board thought about rearranging the instant ticket category and Kenny Smith, owner of Quick Stop, Clinton, OK, stated that he was going to “flip” his instant tickets the next day.

Jay provided percentage overviews, both the impact of 35% revenue distribution and lottery sales:

REVENUE DISTRIBUTION:

Revenue Category	Percentage
Beneficiary	35
Prizes	53.7
Retailer & Vender	8.8
Lottery Operations	2.5

PERCENT OF SALES:

Gaming Category	Percentage
Instant Games	48
Powerball	35
Mega Millions	9
Hot Lotto	3
Pick 3	2
Pick 4	1
Cash	2

9. Discussion regarding impact of Vender RFP

Mr. Finks continued that the Co-op Program has been doing great with retailers as it has strengthened partnerships to purchase large signage at a lower cost. Moving forward, the Co-op program will be a program the Lottery will continue with retailers as we prepare for a new vender. The existing Powerball jackpot signs are failing, fading and becoming more extinct and with the new triple jackpot signs, most retailers have seen over a 20% in growth online sales. Mr. Finks continued stating the current vender contract with Scientific Games Inc. (SGI), will expire August 2013. The existing rate with SGI is 2.84% with an

annual expense to the vender of \$5.7 Million. SGI operates with 40 employees who assist with online game development, satellite and terminal maintenance, field team services and jackpot installation and maintenance. The Lottery is expected to pay a new rate of 4.0% or higher, that increase will result in the Lottery paying up to \$4.3 million dollars. Any new rate of 4% or higher will impact the Lottery to decrease operational costs. In addition, the marketing budget has already seen a -64% decrease, since FY 07-08. "We continue to focus to find the right balance of funding sources in order to mitigate the negative impact these costs can create on sales," said Finks.

10. Discussion and Possible Action regarding calendar year 2013 meeting dates for the Lottery Commission Retailer Advisory Board.

All Retailer Advisory Board Members will vote by email for the upcoming 2013 meeting dates for the months of February and September.

11. New Business.

No new business.

12. Adjournment.

Jennifer Williams made a motion to adjourn the meeting and Kenny Smith second the motion. The meeting adjourned at 1:50 p.m.