



STATE OF OKLAHOMA
OKLAHOMA LOTTERY COMMISSION
OFFICIAL MINUTES

September 21, 2021

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 board meeting on September 21, 2021 at 1:30 p.m. The board meeting was held at the Oklahoma Lottery Commission headquarters located at 123 Robert S. Kerr, Oklahoma City, Oklahoma. In compliance with the Open Meetings Act, 25 O.S. § 301 et seq., the agenda for this meeting was posted at all main entrances and posted on the Lottery website 24 hours in advance of the meeting.

Call to order:

Chairperson Nevyle Cable called the meeting to order at 1:30 p.m. The roll of Board members was called to establish quorum.

Board members present were:

Ted Blodgett	Nevyle Cable
Scott Eisenhauer	Jim Orbison
Christy Rawlings	Guy Sims

Board members not present were:

Tracy Yates

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

Others in attendance were:

Jay Finks, Executive Director
Joe Ashbaker, Assistant AG
Abby Morgan, OLC
Mary Martha Ford, OLC
Tiffany Mather, OLC
Shelby Owen, OLC
Isabelle Montgomery, OLC
Ricky McCullough, OLC
Jennifer Grigsby, Cabinet Secretary
David Oakley, Legis

AGENDA ITEM 1:

Announcement of filing of the board meeting notice and posting of the agenda in accordance with the open meetings act:

Mr. Cable asked if proper public notice was made regarding the September 21, 2021 board meeting, in accordance with the Open Meetings Act. Mr. Finks verified that all necessary steps had been taken to remain in compliance with the Act.

AGENDA ITEM 2:

Reading and approval of minutes:

Mr. Cable moved that the reading of the minutes of the June 22, 2021 board meeting be waived and approved as published and distributed with one change (Mr Cable needed to be shown as absent in the meeting). Mr. Eisenhower seconded the motion. The Chair ordered a roll call with the following results:

Roll Call Vote:

Yes: Blodgett; Cable; Eisenhower; Orbison; Rawlings; Sims

No:

Abstain:

The result was 6 votes in the affirmative, none opposed, and none abstained. The motion passed.

AGENDA ITEM 3:

Report of Audit and Finance Committee:

Mr. Blodgett reported on the Lottery's external financial audit conducted by RSM for the fiscal year 2021 and indicated that the Lottery was receiving a "clean" audit with no major findings. He also reported that all financial figures were deemed to fall in accordance with accounting principles generally accepted in the U.S. Mr. Blodgett did indicate that there was one finding related to annuity payments with a recommendation to strengthen the process surrounding any payments of this type. He relayed that the Lottery had already modified their procedures to remediate this finding.

AGENDA ITEM 4:

Executive Director report:

Jay Finks, Executive Director, covered several items...

Mr. Finks introduced some new members of the team:

Abby Morgan – Director of Marketing & Advertising

Shelby Owen – Project Manager

Isabelle Montgomery – Administrative Manager

Mr. Finks reviewed the final audited profit numbers for FY21:

FY21 Board of Equalization estimate:	\$55,473,684
FY21 Appropriation:	\$52,700,000
OLC Paid to State (by July 15):	\$55,473,684
FY21 Final Audited Profit:	\$80,235,984
Final Payment to State of OK (by Sept 30):	\$24,762,300

Sales & Profits Review:

- Current sales up 14% vs prior year
- Draw sales up 28% due to higher level jackpots from Powerball & Mega Millions vs prior year
- Instant sales up 9% vs prior year
- Mr. Finks discussed some of the challenges in the marketplace given higher than average gas prices and the impact that COVID-19 has had on retailers being able to be fully staffed
- OLC anticipates exceeding the FY22 appropriation by over \$25 million
- Reviewed a detailed profit model with 23% of sales being contributed to the Lottery's beneficiary

Legislative Review

- Provided information to the Board that the Lottery's plans on introducing bills in support of iLottery (the ability to sell Lottery tickets via the internet) and an enhancement to where the Lottery dollars are being allocated to annually to education. The goal of the enhancement would be to guarantee a \$60m appropriation on an annual basis and re0direct all remaining profit to a more tangible education source such as a Teachers Master Certificate Program.

Operations Review:

What's happened July – Sept?

- Launched HD and SciQ test program in OnCue
- Launched SciQ test program in 7-Eleven
- Eliminated Super Retailer program and launched remote claims process at OLC Winner Center
- Launched additional draw days for Powerball and Lucky For Life
- Implemented automated draw system
- Employee challenges – Loss of team member; COVID

What's on the calendar October – December?

- Corporate expansion
 - On Cue – 40 stores with HD's and SciQ
 - 7-Eleven – 120 stores with SciQ
- Walmart – 12 store HD program execution
- \$50 ticket launch; \$3m top prize
- Launch of a new website; digital offerings
- BKD Internal Risk Assessment
- Backup site move to TX1

AGENDA ITEM 5:

Discussion and possible action regarding the FY23 estimate to the Board of Equalization:

Mr. Finks discussed in detail the requirement of the Lottery to report to the Board of Equalization the estimated profit number for FY23. Mr. Finks recommended a profit number of \$60 million to match the current Legislative effort to modify the profit transfer to education.

Mr. Orbison and Mrs. Rawlings inquired about the process of confirming that Lottery monies contributed were not supplanted by the Legislature. Mr. Finks reviewed the annual process that OMES undergoes to ensure that situation does not happen.

Mr. Cable motioned that the board accept the \$60 million figure as the estimate for FY23. Mr. Blodgett seconded the motion. The Chair ordered a roll call with the following results:

Roll Call Vote:

Yes: Blodgett; Cable; Eisenhower; Orbison; Rawlings; Sims

No:

Abstain:

The result was 6 votes in the affirmative, none opposed, and none abstained. The motion passed.

AGENDA ITEM 6:

Discussion and possible action regarding the holding of an executive session, pursuant to Title 25 O.S. section 307B.1 for the purposes of reviewing Executive Team performance and compensation:

Mr. Cable motioned that the board move into executive session per agenda item #6. Mr. Blodgett seconded the motion. The Chair ordered a roll call with the following results:

Roll Call Vote:

Yes: Blodgett; Cable; Eisenhower; Orbison; Rawlings; Sims

No:

Abstain:

The result was 6 votes in the affirmative, none opposed, and none abstained. The motion passed.

Mr. Cable invited Mr. Finks and Mrs. Grigsby to stay for the discussion.

AGENDA ITEM 7:

Discussion and possible action regarding the executive session:

The meeting reconvened with a motion to leave the executive session by Mr. Cable. The motion was seconded by Mrs. Rawlings.

Roll Call Vote:

Yes: Blodgett; Cable; Eisenhower; Orbison; Rawlings; Sims

No:

Abstain:

The result was 6 votes in the affirmative, none opposed, and none abstained. The motion passed.

Based on the discussion in the executive session the board took the following action regarding the executive team compensation and performance:

Mr Blodgett motioned the Executive Director receive a 20% one-time bonus (calculated from current salary) effective immediately based on his performance in FY21. Mr. Sims seconded the motion.

Roll Call Vote:

Yes: Blodgett; Cable; Eisenhower; Orbison; Rawlings; Sims

No:

Abstain:

The result was 6 votes in the affirmative, none opposed, and none abstained. The motion passed.

Mr Blodgett motioned the Executive Director receive a salary increase to \$196,100 effective November 1, 2021. Mr. Orbison seconded the motion.

Roll Call Vote:

Yes: Blodgett; Cable; Eisenhower; Orbison; Rawlings; Sims

No:

Abstain:

The result was 6 votes in the affirmative, none opposed, and none abstained. The motion passed.

Mr Blodgett motioned the Executive Director be granted the authority to issue an up-to 20% bonus (effective immediately) to his FY21 Executive Team (Mary Martha Ford and Tiffany Mather) on a prorated basis based on their FY21 performance. Mr. Cable seconded the motion.

Roll Call Vote:

Yes: Blodgett; Cable; Eisenhower; Orbison; Rawlings; Sims

No:

Abstain:

The result was 6 votes in the affirmative, none opposed, and none abstained. The motion passed.

AGENDA ITEM 8:

New business:

Mr. Finks stated that there was no new business.

AGENDA ITEM 9:

Adjournment:

Mr. Cable moved to adjourn. Mrs. Rawlings seconded the motion.

Roll Call Vote:

Yes: Blodgett; Cable; Eisenhower; Orbison; Rawlings; Sims

No:

Abstain:

The result was 6 votes in the affirmative, none opposed, and none abstained. The motion passed.