



STATE OF OKLAHOMA
OKLAHOMA LOTTERY COMMISSION
OFFICIAL MINUTES

June 23, 2020

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 March 10, 2020 at 1:30 p.m. The board 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 interior office window of the Oklahoma Lottery Commission at 3817 North Santa Fe Avenue, Oklahoma City, Oklahoma on June 22, 2020 at 12:30 p.m. The agenda was sent electronically to the Board members on June 19, 2020 and was posted to the website on June 22, 2020. The agenda is attached as Exhibit A.

AGENDA ITEM 1:

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:

Nevyle Cable
Tracey Yates
James Orbison
Ralph E. "Ted" Blodgett
Scott Eisenhauer

Board members absent were: Christy Rawlings

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

Others in attendance were:

- Rollo Redburn, Executive Director,
- Jay Finks, Deputy Director
- Mary Martha Ford, Director of Sale and Operations
- Scott Moulton, Operations Manager
- Amanda Everett, Assistant AG.
- Dan Williams, LegisOK

AGENDA ITEM 2:

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 June 23, 2020 board meeting, in accordance with the Open Meetings Act. Mr. Redburn 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. Blodgett moved that the reading of the minutes of the March 10, 2020 board meeting be waived and approved as published and distributed. Mr. Yates seconded the motion. The Chair ordered a roll call with the following results:

Roll Call Vote:

Mr. Cable	Yes
Mr. Yates	Yes
Mr. Orbison	Yes
Mr. Blodgett	Yes
Mr. Eisenhauer	Yes

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

THE MOTION PASSED.

AGENDA ITEM 4:

UPDATE FROM THE LOTTERY'S EXECUTIVE DIRECTOR:

Rollo Redburn, Executive Director, updated the Board about the following topics:

- \$20 ticket launch: The Oklahoma Lottery launched our very first \$20 price point ticket, "\$250,000 Cash Explosion" on December 24, 2019. Our initial sales projections were around \$15,000,000. It has been such a success that we now expect closer to \$37,000,000 in sales.
- 7-Eleven launch: We launched a new lottery partnership with 7-Eleven on February 23, 2020. This was a few years in the making and a lot of more recent (last two years) of heavy discussion and negotiation. We launched 108 stores in the OKC area simultaneously. Anticipated first year sales (FY2020 – partial year) were estimated to be \$9 million. Current projections are that they will be \$12 million for FY'2020. 7-Eleven is already our third top chain for average sales per store per week, behind Quik Trip (81 stores) and OnCue (61 stores).
- Legislative Review: the Lottery had 1 bill this year, HB3916. The bill would have allowed the Lottery to obtain necessary training and CLEET certification for the security staff and allow lottery customers to use any form of retail payment in the purchase of lottery products. The bill was amended in the Senate on the last day to remove the security provisions, and passed back to the

House. Amazingly enough, the bill was passed by the House and sent to the Governor prior to adjournment. The Governor signed it.

- Governor Stitt's Top 10 goal and application to the Lottery: the Lottery submitted our strategic plan last fall with three key performance measures (KPMs) indicating how the Lottery might be considered a Top 10 agency. Mr. Redburn indicated that gathering comparative data was difficult at best. We've discovered that information sent to the National Association of State and Provincial Lotteries (NASPL) and to LeFleurs' (an industry data gathering; information sharing; conference hosting entity), are somewhat problematic. Data sent may not be thoroughly verified by the sending entity; could be entered wrong; and will likely not be very timely or doesn't get submitted at all. For example, we are about to end FY'2020 and data for the year won't likely be available for 4-6 months and may not be complete or accurate.
 - KPM 1: Be in the Top 10 of US Lotteries for % increase in sales. The Oklahoma Lottery was number 1 in this category for the change from '17 to '18; number 14 for the change from '18 to '19; and number 2 for the cumulative change from '17 to '19. Because of the negative impact of CoVID-19 on industry sales in general, the introduction of 7-Eleven to our list of partners, the success of the newly introduced \$20 price point, and the positive impact on lottery sales from the temporary closing of casino locations, we expect our position to improve for 2020.
 - KPM 2: Be in the Top 10 of US Lotteries for % increase in profits to beneficiaries. Oklahoma was number 2 for the change from '17 to '18 and number 24 for the change from '18 to '19; and number 6 for the cumulative two-year change, '17 to '19.
 - KPM 3: Be in the Top 10 of US Lotteries for % increase in retail sales locations. Oklahoma was number 31 for the change from '17 to '18 and number 15 for the change from '18 to '19. We expect to be better for the change in '2020 because of the addition of 108 metro 7-Eleven stores, and even better for '2021 due to the impending addition of several hundred new locations in our agreement with InComm (Dollar General plus others).
 - Mr. Redburn also pointed out that our gaming partner, SG, just today sent some information indicating that the Oklahoma Lottery was leading the industry in payout growth and sales on a per capita basis. Mr. Redburn indicated that we would also take a look at per capita data to see if that could be a better comparison.
- Mr. Redburn updated the Board about the current gaming contract, reminding them that in the March board meeting, they approved entering into year 8 of the current contract with SG. He indicated that this contract was developed and entered into when we were still operating with the 35% minimum mandated profit requirement and that Mr. Finks was working with the State on how to release an RFP to see if we can get a better deal from the market; a way to make sure that we are getting appropriate equipment to help us expand our business models and continue to grow money earned for education. We are hoping to have new recommendations at the September meeting.
- Mr. Redburn then described the situation with the current office lease. The lease expired in June and the new building owners wanted to almost double what we are paying in rent. What has been negotiated to-date is a one-year contract that costs another \$2,000 per month in rent. Management is looking into other options for office space; and also hopes to have a recommendation in Sept.
- Mr. Redburn referenced the literature in the board packet that referenced the Lottery beneficiary contributions to date. The Lottery is expecting to reach the \$1 billion mark in total contributions to the state by the end of June 2020. By the time the FY end audit is completed, we will transfer the final 2020 funds to the State in September, achieving the \$1 Billion in transfers at that time.

AGENDA ITEM 5:

REPORT OF AUDIT AND FINANCE COMMITTEE:

Mr. Blodgett reported that the Lottery is meeting all the Lottery Trust Fund appropriations made by the state this year and that we are on track to exceed the sales goal of \$258 million. This should result in about \$14 million more than was appropriated being transferred to the State for appropriation next legislative session. Instant sales are up significantly due to the reasons Mr. Redburn explained (and Jay will cover later in the meeting); while draw game sales are way down because of the absence of larger jackpots in 2020.

AGENDA ITEM 6:

FY'2020 SALES AND PROFIT UPDATE:

Mr. Finks discussed the estimated results for FY'2020 (one-week to go). Sales projections for the remainder of FY20 indicate that we should exceed the budgeted sales of \$258 million by \$10 million; with a total of \$268 million in sales.

This is an amazing number considering that Draw game sales are expected to be way below budget: \$69.7 million vs. the budgeted number of \$102.4 million. Mr. Finks pointed out that this is due to the absence of jackpots. FY'2019 and '2020 Jackpots greater than \$300 million are compared as follows:

Jackpots greater than \$300 million

<u>Game</u>	<u>FY'2019</u>	<u>FY'2020</u>
PowerBall	18	4
MegaMillions	26	8

Mr. Redburn pointed out that the draw game results this year was something that no one in the industry anticipated or would have expected. To have such an absence of jackpots is unheard of, but certainly points out the need to be conservative in our future revenue and profit estimates. He pointed out that while management is comprised of pretty aggressive people, the need to be conservative is because if lottery funds come up short after the Legislature has appropriated them, our beneficiaries essentially have to absorb the losses because the Legislature is prohibited by law from "making up" the shortages.

Fortunately all the hard work to get 7_Eleven signed up and operating prior to the corona virus problems, as well as the introduction of the \$20 ticket in December helped Scratcher sales do better than budgeted. Estimated sales will be \$199 million vs. a budget of \$155.6 million. This puts overall sales at \$268 million vs. the budgeted amount of \$258 million.

Regarding profit, the state appropriated \$47.5 million based on an estimate of \$50 million for FY'2020. That appropriated amount will be completely funded by lottery contributions. The lottery budgeted contribution to Education was \$69 million because we were expecting to do much better than the \$50 million amount. The estimated final FY'2020 profit is \$64.2 million. That is slightly down from the FY'19 actual of \$67.5 million and lower than we budgeted. Considering the impact of the draw game sales, we are very happy with this number.

AGENDA ITEM 7:

FY'2021 SALES, BUDGET AND PROFIT OVERVIEW:

Mr. Finks discussed the estimated revenues and profit for FY'2021. He explained the difficulty in a normal year of making estimates but that because of the impact of CoViD-19 on our entire business model; our business partners; and our competition; coupled with the totally unexpected and unpredictable impact of the lack of larger jackpots in our multi-state games for an extended period of time, the estimates are difficult to be very confident in for FY'2021. Mr. Finks indicated that we would need to review the estimates in our upcoming board meetings to see if changes needed to be made as the environment changes in the next few months and during FY'2021.

Instant ticket sales were about \$3.6 million per week after the launch of the \$20 price point and launch of 108 7-Eleven stores in the metro area. Post CoViD sales were \$6.3 million a week and the past four weeks average sales are \$5.6 million. Draw games, as noted, are coming off the worst performing year in the history of the Oklahoma Lottery. While statistically, jackpots and game sales should bounce back with higher jackpots and better sales, clearly there is no guarantee that will happen sooner or later. Plus, we're not sure at this point about the longer-term impact of CoViD-19 on sales.

Our baseline strategy for FY'2021 is the following:

- Instant: budget a slight increase above pre-CoViD-19 levels (15%) which is an 8% increase above FY'2020.
- Draw: continue to budget this conservatively with a small, 2% increase above FY'2020.
- Budget sales goal, we will budget a 6% market increase and adjust if necessary in December if the market remains volatile.
- Retail network: aggressively pursue 7-Eleven Corporate's desire to start over-the-counter sales at their stores.
- Continue with our on-going project with InComm for in-lane sales at approximately 457 Dollar General Stores and 137 Family Dollar stores with an April / May 2021 launch with PowerBall and MegaMillions products. This had all been tentatively scheduled for the coming Fall, but corona virus set all that back a bit.
- Continue with expanded sales opportunities using self-service / vending equipment.
- With recent legislature approval, accepting all forms of retail payment is effective Nov. 1st.
- Introduction of a \$10 price point Scratcher game - \$10 Blowout – July 21st. This experimental game has only \$50 and \$100 prizes in it.
- Introduction of our second \$20 price point on September 29th.
- Grow our game count to 22 games available in better sales locations.
- Continue with an aggressive brand campaign and a strong beneficiary message pointing out the \$1 Billion in contributions to education since the inception of the Lottery.

Mr. Finks indicated that the FY'2021 sales goal is \$285 million (\$284,904,286) which should return a profit of \$65.7 million. Retailer commissions is expected to be \$18 million compared to the FY'2017 number which was \$10 million – increasing their lottery related earnings a lot. Gaming commissions are budgeted at \$12.7 million, at a rate of 4.25%; anticipating a new contract of some sort.

Mr. Finks explained that the operations and marketing budget is \$8,250,000. The total advertising and marketing budget is \$4 million or 1.4% of sales, including TV, radio, Digital and Outdoor advertising; agency services (with Saxum if approved later in the meeting) for account

management, creative services, media planning and buying, public relations, public affairs and political consultation. Advertising and marketing expenses also include media production, point-of-sale materials for retail, signage and dispensers, promotions, prizes and premium items. Lobbying services will only be used if approved by the Governor.

The administration budget consists of the following more detailed categories; %'s represent the percentage each category is in relation to the total \$4,262,000 administrative budget. Payroll and Benefits at 73% (including the cost of the FY2020 employee bonus program to be paid in July 2020 if approved by the Board); Administration, 10%; IT / Operations, 9%; Accounting and services, 6%; Security, 2%. Mr. Redburn pointed out that the agency has a 3% cap on non-marketing administrative expenses and Mr. Finks indicated that the agency is at 1.5%.

Mr. Finks went on to explain the following categories in more detail showing the budgets for each category for FY'2018 through the FY'2021 recommendations:

- Payroll & Benefits: includes replacement of several existing vacancies and a concerted effort to invest in better paid and higher performing employees; building more depth through stronger talent; implement learnings from the CoViD-19 situation; re-evaluate current positions; explore some form of remote work where applicable.
- Administration: \$40,000 of savings has been created in this category from travel, legal fees, office supplies, etc. The cost increases in this category are related to rent paid for office expenses as we have a more costly contract for the current office space and in addition to possible costlier rent, we anticipate having moving expenses and some costs for furniture during the FY. The category includes AG consultation and collections; OMES services for payroll and HR, procurement and mailing services; national memberships; travel (very small this year); workers comp insurance; employee ads and employee appreciation functions.
- IT/Operations: FY'2020 was higher in cost as we are developing a stronger, redundant infrastructure, replacing servers. FY'2021 will include more of the same, license upgrades; potential costs for moving; as well as replacing the security system related to a move.
- Accounting: increases here are related to a new state requirement for an IT audit. We have had external IT audits performed the last several years, but the new state requirement limits the vendors to two pre-approved vendors, and the audit they have identified appears to be more robust and more costly. The other increase in this category is for depreciation.
- Security: the small increase here is for the addition of a leased car from the State.

Mr. Finks pointed out that looking ahead to the September board meeting we hope to have results and recommendations for a new gaming system contract; options for leasing of office space; discussion about a legislative strategy for the 2021 session; and a report on the rules revisions project ordered by Governor Stitt in his "Break the Tape" initiative.

AGENDA ITEM 8:

DISCUSSION AND POSSIBLE ACTION REGARDING THE HOLDING OF AN EXECUTIVE SESSION, PURSUANT TO TITLE 25, O.S. SECTION 397B.1 FOR THE PURPOSES OF DISCUSSING PERSONNEL ISSUES RELATING TO THE EXECUTIVE DIRECTOR:

Mr. Blodgett moved that the Board go into Executive Session pursuant to the agenda item #8. Mr. Orbison seconded the motion.

Roll Call Vote:

Mr. Cable	Yes
Mr. Yates	Yes
Mr. Orbison	Yes
Mr. Blodgett	Yes
Mr. Eisenhauer	Yes

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

THE MOTION PASSED.

Mr. Redburn indicated that Ms. Everett would need to stay as the Board's legal counsel and suggested that the Board ask him to remain and dismiss everyone else, reserving the right to invite others in as needed, until the Board reconvenes in open session.

AGENDA ITEM 9:

DISCUSSION AND POSSIBLE ACTION REGARDING THE EXECUTIVE SESSION:

The Board reconvened into open session on a motion made by Mr. Orbison and seconded by Mr. Eisenhauer.

Roll Call Vote:

Mr. Cable	Yes
Mr. Yates	Yes
Mr. Orbison	Yes
Mr. Blodgett	Yes
Mr. Eisenhauer	Yes

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

THE MOTION PASSED.

Mr. Yates moved to accept Mr. Redburn's announced retirement of November 1, 2020. Mr. Blodgett seconded.

Roll Call Vote:

Mr. Cable	Yes
Mr. Yates	Yes
Mr. Orbison	Yes
Mr. Blodgett	Yes
Mr. Eisenhauer	Yes

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

THE MOTION PASSED.

Mr. Blodgett moved to appoint Jay Finks as Mr. Redburn's replacement, to take office as the Executive Director of the Oklahoma Lottery Commission on Mr. Redburn's retirement, at an annual salary of \$185 thousand. Mr. Orbison seconded the motion.

Roll Call Vote:

Mr. Cable	Yes
Mr. Yates	Yes
Mr. Orbison	Yes
Mr. Blodgett	Yes
Mr. Eisenhauer	Yes

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

THE MOTION PASSED.

AGENDA ITEM 10a:

DISCUSSION AND POSSIBLE ACTION REGARDING FY'2021 SALES PROJECTIONS INCLUDING EMPLOYEE BONUS PROGRAM PARAMETERS.

Mr. Blodgett made the motion that the Board adopt FY'2021 Sales projections of \$284,906,286, including the 5% non-recurring employee bonus to be paid in July 2021 if goals are met and a possible augmentation of 2.5% if the goal is exceeded by 5%; the Board is to do a final approval in June of 2021. Mr. Yates seconded the motion.

Roll Call Vote:

Mr. Cable	Yes
Mr. Yates	Yes
Mr. Orbison	Yes
Mr. Blodgett	Yes
Mr. Eisenhauer	Yes

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

THE MOTION PASSED.

AGENDA ITEM 10b:

DISCUSSION AND POSSIBLE ACTION REGARDING FY'2021 OPERATIONAL EXPENSE BUDGET INCLUDING EMPLOYEE COMPENSATION.

Mr. Orbison made the motion that the Board approve the FY'2021 operational budget to include final approval of the 2020 bonus to be paid in July of 2020. The total FY'2021 operational budget

is \$8,262,000; the advertising and marketing budget is \$4,000,000. Mr. Eisenhauer seconded the motion.

Roll Call Vote:

Mr. Cable	Yes
Mr. Yates	Yes
Mr. Orbison	Yes
Mr. Blodgett	Yes
Mr. Eisenhauer	Yes

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

THE MOTION PASSED.

AGENDA ITEM 10c:

DISCUSSION AND POSSIBLE ACTION REGARDING FY'2021 ADVERTISING AND PUBLIC RELATIONS CONTRACT.

Mr. Yates made the motion that the Board approve the new contract with Saxum, with up to three renewals; not to exceed \$4,000,000 in FY'2021. Mr. Blodgett seconded the motion.

Roll Call Vote:

Mr. Cable	Yes
Mr. Yates	Yes
Mr. Orbison	Yes
Mr. Blodgett	Yes
Mr. Eisenhauer	Yes

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

THE MOTION PASSED.

AGENDA ITEM 11:

DISCUSSION AND POSSIBLE ACTION REGARDING APPOINTMENT OF BOARD OFFICERS FOR CY2020:

Mr. Redburn indicated that when we started 2020, Mr. Felty was chair of the Board of Trustees. He subsequently resigned his position on the board, thus his chairmanship and Mr. Sherry, as the Vice-Chair, became the chairman. He was elected by the Board as Chair in the March 2020 meeting and Mr. Cable was elected as Vice-Chair. Subsequent to that, Mr. Sherry received an appointment and confirmation to the State Board of Regents, relinquishing his position on the Lottery Commission Board of Trustees, and thus his Chair office. Mr. Cable, as Vice-Chair became the acting Chair until the board elects a new chair.

Mr. Blodgett moved to elect Mr. Cable as chairman. Mr. Yates seconded the motion. The Chair ordered a roll call with the following results:

Roll Call Vote:

Mr. Cable	Yes
Mr. Yates	Yes
Mr. Orbison	Yes
Mr. Blodgett	Yes
Mr. Eisenhauer	Yes

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

THE MOTION PASSED.

Mr. Redburn indicated that because Mr. Cable is no longer vice chairman the board would be required to nominate and elect a vice chairman.

Mr. Blodgett moved to elect Mr. Orbison as vice chairman. Mr. Yates seconded the motion. The Chair ordered a roll call with the following results:

Roll Call Vote:

Mr. Cable	Yes
Mr. Yates	Yes
Mr. Orbison	Abstained
Mr. Blodgett	Yes
Mr. Eisenhauer	Yes

THE RESULT WAS FOUR VOTES IN THE AFFIRMATIVE, NONE OPPOSED, AND ONE ABSTAINED.

THE MOTION PASSED.

AGENDA ITEM 12:

DISCUSSION AND POSSIBLE ACTION REGARDING APPOINTMENT TO BOARD COMMITTEES AND APPOINTMENT OF BOARD COMMITTEE CHAIRS FOR CY2020:

Mr. Redburn explained that there are vacancies on the two standing committees: Government and Citizens Relations Committee, chaired by Mr. Orbison with Ms. Rawlings as a member, and the Audit and Finance Committee, Chaired by Mr. Blodgett with Mr. Cable as a member. He also indicated that the Nominating Committee is down to two members, but it is used for making recommendations for new officers to the December Board meeting and it wasn't necessary to address that now. Mr. Redburn indicated that seats on the committees are to be recommendations of the Chair and have to be approved by the Board. He suggested that Mr. Yates, as Treasurer, might want to serve on the Audit and Finance Committee and that Mr. Eisenhauer might be willing to serve on the Government and Citizens Relations Committee. Mr. Yates indicated he was willing and Mr. Eisenhauer stated that his preference of the two would be the Government and Citizens Relations Committee.

Mr. Cable indicated that would be his recommendation. Mr. Blodgett made a motion to approve the recommendation and Mr. Orbison seconded the motion.

Roll Call Vote:

Mr. Cable	Yes
Mr. Yates	Yes
Mr. Orbison	Yes
Mr. Blodgett	Yes
Mr. Eisenhauer	Yes

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

THE MOTION PASSED.

AGENDA ITEM 12:

NEW BUSINESS:

Mr. Redburn stated that there was no new business.

AGENDA ITEM 14:

ADJOURNMENT:

Mr. Yates moved to adjourn. Mr. Eisenhauer seconded the motion. The Chair ordered a roll call with the following results:

Roll Call Vote:

Mr. Cable	Yes
Mr. Yates	Yes
Mr. Orbison	Yes
Mr. Blodgett	Yes
Mr. Eisenhauer	Yes

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

THE MOTION PASSED.

OFFICIAL MINUTES:

The action taken by the Oklahoma Lottery Commission on the items for consideration after motion duty made and seconded has been noted herein and made a part of these minutes.

EXHIBIT A – Board Meeting Agenda

Oklahoma Lottery Commission

MEETING AGENDA

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

June 23, 2020

1:30 PM

1. Call to order. Roll call and announcement of quorum.
2. Announcement of filing of meeting notice and posting of the agenda in accordance with the Open Meeting Act.
3. Approval of the Minutes of the March 10, 2020 Meeting.
4. Executive Director's report.
5. Report of the Audit & Finance Committee.
6. FY'2020 Sales and Profit Update.
7. FY'2021 Sales, Budget and Profit Overview.
8. Discussion and possible action regarding the holding of an executive session, pursuant to Title 25 O.S. section 307B.1 for the purposes of discussing personnel issues relating to the executive director.
9. Discussion and possible action(s) regarding the executive session.
10. Discussion and possible action regarding:
 - a. FY'2021 sales projections including employee bonus program parameters.
 - b. FY'2021 operational expense budget including employee compensation.
 - c. FY'2021 advertising and public relations contract.
11. Discussion and possible action regarding appointment of board officers for CY2020.
12. Discussion and possible action regarding appointment to board committees and appointment of board committee chairs for CY2020.
13. New Business.
14. Adjournment.

EXHIBIT B: Draft minutes from the March 10, 2020 Board Meeting

STATE OF OKLAHOMA
OKLAHOMA LOTTERY COMMISSION
OFFICIAL MINUTES

March 10, 2020

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 March 10, 2020 at 1:30 p.m. The board 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 interior office window of the Oklahoma Lottery Commission at 3817 North Santa Fe Avenue, Oklahoma City, Oklahoma on March 9, 2020 at 12:30 p.m. The agenda was sent electronically to the Board members on March 6, 2020 and was posted to the website on March 9, 2020. The agenda is attached as Exhibit A.

AGENDA ITEM 1:

CALL TO ORDER:

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

Board members present were:

- Jack Sherry
- Ralph E. "Ted" Blodgett
- James Orbison
- Nevyle Cable
- Tracey Yates
- Christy Rawlings

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

Others in attendance were Rollo Redburn, Executive Director, Jay Finks, Deputy Director and Amber Fox, Board Assistant. Others present were Brandie Reisman, Mary Martha Ford, Scott Moulton, Sylvette Olmeda, Isabelle Alfaro, Audra Eccles, and Liz Sawyer of the Oklahoma Lottery Commission; Jamie Evans of Scientific Games; John Van Pool of Citizen Potawatomi Nation; and Kirke Kickingbird and Zachary Stuart of Hobbs, Straus, Dean & Walker.

AGENDA ITEM 2:

ANNOUNCEMENT OF FILING OF THE BOARD MEETING NOTICE AND POSTING OF THE AGENDA IN ACCORDANCE WITH THE OPEN MEETINGS ACT:

Mr. Sherry called upon Ms. Fox to verify that proper public notice was made regarding the March 10, 2020 board meeting, in accordance with the Open Meetings Act. Ms. Fox 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. Blodgett moved that the reading of the minutes of December 3, 2019 board meeting be waived and approved as published and distributed. Ms. Rawlings seconded the motion. The Chair ordered a roll call with the following results:

Roll Call Vote:

Mr. Sherry	Yes
Mr. Blodgett	Yes
Mr. Orbison	Yes
Mr. Cable	Yes
Mr. Yates	Yes
Ms. Rawlings	Yes

THE RESULT WAS SIX VOTES IN THE AFFIRMATIVE, NONE OPPOSED, AND NONE ABSTAINED.

THE MOTION PASSED.

AGENDA ITEM 4:

UPDATE FROM THE LOTTERY'S EXECUTIVE DIRECTOR:

Rollo Redburn, Executive Director, covered the Lottery's legislative agenda for FY20. The Lottery has one bill in legislation in FY20. The bill is to allow the Lottery to accept all forms of retail payments for the purchase of Lottery products and to have the Lottery's security personnel certified by the state as law enforcement personnel. This would enhance the Lottery's ability to gather information and present that to law enforcement and various courts about Lottery fraud issues. Right now, the Lottery has difficulty around the state because the Lottery is not law enforcement. The Lottery gets good cooperation for Oklahoma City proper. Oklahoma City has one detective that is assigned to help the Lottery. , Mr. Redburn is concerned that if this detective left the OKC-PD, the Lottery might be limited on the amount of assistance from OKC law enforcement. The bill has passed the House and has gone over to the Senate.

The Lottery has been working with a couple of the tribes for selling Lottery products at Tribal convenience stores on non-tribal lands. The Lottery now has two that have signed up. The Lottery is doing business with the Turtle Stop Grove LLC in Grove, Oklahoma that is a business of the Wyandotte Nation. The Lottery just recently turned on a lottery terminal at the Apache Market One in Lawton, Oklahoma, which is a business of the Fort Sill Apache Tribe of Oklahoma.

Regarding recruitment, 7-Eleven launched sales of Lottery products on Monday, February 24, 2020. All 7-Elevens launched the same day and the simultaneous launch went well. The Lottery had a few equipment issues on the first day. On the second day that number dropped considerably and on the third the Lottery was back to normal operating procedures. The first couple of days the Lottery had Lottery personnel and Scientific Games personnel standing by, ready to jump on the issues as soon as we heard about the problems.

The Lottery is also working with InComm, which is a nationwide business that works in many retail locations. The Lottery is talking to them about bringing on 750 new sales locations this fall to include Dollar General, perhaps CVS stores, and perhaps Dollar Tree stores. These stores would be operating under a new sales model. They would be selling “hang tags” at the checkout stand. Texas is the first to launch this kind of business model and launched in November. Arizona is launching sometime in the next couple of months. The Oklahoma Lottery is scheduled to launch in October.

The Lottery is working with other stores and chains about improving sales. The Lottery is working with Love’s, EZ Mart, Quik Trip, and OnCue to try and work out cooperative efforts to improve sales.

November 1, 2019 was the first day that players could start using debit cards. The Lottery does not have a count yet on the number of stores that are accepting cards, but the Lottery will work on getting the number. The Lottery continues to council retailers about the benefit of increased sales and the benefits they get from accepting debit cards. The new PCT-HDs that the Lottery put in 7-Eleven stores accept debit card transactions and any new machines after that will also accept debit cards.

Mr. Redburn referenced the literature in the board packet that referenced the Lottery beneficiary contributions to date. Through FY19 the Lottery contributed \$935.9 million to the state of Oklahoma for education programs. Through February 2020 the Lottery has contributed \$966.4 million. Right now, the Lottery is expecting to reach the 1 billion mark in total contributions to the state by July 2020. Mr. Redburn also pointed out the document in the packet titled “Lottery’s Making a Difference”. This document was prepared by the National Association of State and Provincial Lotteries (NASPL). It helps explain in general the contributions that Lotteries have made to beneficiaries all around the country. Since the first US Lottery in New Jersey in 1964, the 47 US Lotteries have generated more than \$1.5 trillion in sales, an average of 25.1%, \$502 billion, has been contributed to various state beneficiaries, \$886 billion has been awarded to players as prizes, and \$89 billion has been payed to Lottery retailers as commissions. The Oklahoma Lottery is 35th in sales of traditional games and 36th in total transfers to beneficiaries of the 45 US Lotteries, including the District of Columbia and excluding Mississippi, Puerto Rico, and the US Virgin Islands.

AGENDA ITEM 5:

REPORT OF AUDIT AND FINANCE COMMITTEE:

Mr. Blodgett met with the Audit and Finance Committee before today’s board meeting. Mr. Blodgett highlighted the financials. The draw game revenue is down, and the instant game revenue is up. The overall net income is down. The Audit and Finance Committee discussed the internal control audit performed by BKD.

Mr. Redburn pointed out that the Lottery is meeting all the appropriation requirements that the state made from the Lottery trust fund this year

AGENDA ITEM 6:

REVIEW OF THE SALES, REVENUES, BUDGET, AND OPERATIONAL UPDATES:

Mr. Finks discussed the sales projections for the remainder of FY20. The overall sales are 8.8% below this time in FY19. In FY19 Powerball and Mega Millions had two large jackpots and multiple smaller but sizable jackpots by this time of the year, but that has not happened in FY20.

FY20 BUDGET: \$258,000,000

FY20 PROJECTIONS: \$241,000,000

Vs. FY20 Budget: -7%

Vs. FY19: -4%

The Lottery was hoping to exceed \$100 million on draw games but if there is not a sizable run it will probably be more like \$80 million. In FY19 there were 63 draws above \$200 million and there have been 21 in FY20. When the jackpots are high, sales grow, and more people play. When more people are coming in the stores to buy tickets for a big jackpot, we find that they buy other Lottery products as well. FY20 has been a unique year for all Lotteries and it is anticipated that will correct itself over time. The Lottery will more than achieve the number that it has committed to the state for FY20.

DRAW SALES YTD: -37% vs. FY19

FY20 DRAW SALES BUDGET: \$102,400,000

FY20 DRAW SALES PROJECTIONS: \$80,000,000

Vs. FY20 Budget: -22%

Vs. FY19: -24%

DRAW SALES YTD:

Powerball:	FY19	FY20
Average Jackpot:	\$191 Million	\$121 Million
Draw Above \$200 Million:	30	10
Highest Jackpot:	\$750 Million	\$394 Million
Mega Millions:	FY19	FY20
Average Jackpot:	\$231 Million	\$122 Million
Draws Above \$200 Million:	33	11
Highest Jackpot:	\$750 Million	\$372 Million

Statistically, in a 10-11-month period there can be a poor stretch of big jackpots, but the big jackpots will come. In FY19 both Powerball and Mega Millions big jackpots came at the same time. The Lottery will make sales targets with instant games. Instant sales are doing fantastic and continue to grow.

INSTANT SALES YTD: +14.2% vs. FY19

FY20 INSTANT SALES BUDGET: \$258,000,000

FY20 INSTANT SALES PROJECTIONS: \$241,000,000

Vs. FY20 Budget: -7%

Vs. FY19: -4%

The Lottery had an aggressive FY20 instant sales budget and the Lottery hopes to exceed the budget.

FY19 SALES	TOTAL SALES FY20 BUDGET	FY20 PROJECTIONS
\$241,700,000	\$258,000,000	\$240,800,000

FY20 APPROPRIATION	EDUCATION CONTRIBUTION FY20 BUDGET	FY20 PROJECTION
\$47,500,000	\$69,000,000	\$62,000,000

The Lottery launched a \$20 instant ticket on December 20, 2019. The Lottery is averaging about \$1 million a week in sales of the \$20 ticket. The top prize \$250,000, by far the Lottery's biggest top prize.

The Lottery launched 108 7-Eleven stores two weeks ago. 7-Eleven has the Lottery's brand-new self-service machine and they are doing a self-service model only. They have a jackpot sign in the window, a 43-inch monitor over the counter that displays the Lottery's advertising, including the games, how much money has been given to beneficiaries, winners, etc. 7-Eleven committed advertising to this project including bus shelters, outdoor boards around the city, the banner on the 7-Eleven store front, the gas pumps, etc. The Lottery had two weeks of ambassador programs. The Lottery put a representative in almost every store. They ran promotions, taught people how to use the machines, passed out coupons, and other things to get the customers engaged. The Lottery also did a 7-Eleven branded ticket, 7-Eleven Cold Hard Cash. It is the first ticket that the Lottery partnered with a retailer. 7-Eleven committed \$250 thousand in non-merchandise prizes to the game and put them in the game, players can scratch and win a Big Gulp.

The Lottery had an aggressive goal of \$260,000 per week with a 75% lift, mirroring OnCue and Quik Trip and the Lottery is achieving that goal in the first two weeks. \$1 and \$2 tickets account for 35% of those sales, which is double what the Lottery is selling statewide. The Lottery is seeing new people trying the \$1 and \$2 ticket. The 7-Eleven Cold Hard Cash ticket is the fifth bestselling ticket. 7-Eleven stores in Oklahoma have recently been purchased by 7-Eleven corporate. 7-Eleven corporate is starting to put a digital dispensing unit in all their stores, and they would like the Lottery to participate. The equipment, to come from Scientific games, is called "Sci-Q". Using this equipment, the sales clerk rings up the tickets using a digital terminal and it dispenses the tickets. The unit counts the tickets, it is more secure and reduces theft. 7-Eleven loves self-service but wants to also sell over the counter and three to six months is the time frame that 7-Eleven has built for the Lottery.

Ms. Rawlings asked about the function of the machines and the sale of Lottery products.

Mr. Finks explained the loading of the machines and how the tickets appear on the screen. He also explained that the tickets are secure in the machines and described how the clerk would perform a sale. He stated that it provides better inventory control, real time sales data, bin status, and several other advantages.

The Lottery created a beneficiary marketing program and that campaign is currently running. The Lottery is about to hit \$1 billion in contributions to education and the Lottery is going to do more marketing around that including public relations and a more robust campaign. The law changed to

allow the Lottery to show students and teachers and the Lottery has a campaign that will be running this Spring.

The Lottery continues to work HB3916 as a modernization of our Lottery law. The Lottery is trying to get more investigative powers for our security team. Retailers have had Lottery tickets stolen and report that they feel that the police do not care. The Lottery can help facilitate investigation and prosecution of these cases. This law change would help do that. The Lottery is also looking to accept all forms of payment for lottery products (currently, only cash or debit card payment can be accepted). The bill passed the House floor last week and now it is on to the Senate.

AGENDA ITEM 7 a:

DISCUSSION AND POSSIBLE ACTION REGARDING THE FY21 CONTRACT FOR THE DRAWING AUDITOR WRIGHT, MCAFEE, & COMPANY:

Wright, McAfee & Company has provided the nightly drawing audit services since the Lottery launched. They participate with the Lottery's drawing officials nightly to ensure that the nightly draws are accurate and being reported correctly. The Lottery's security team also audits the draw and then BKD audits those audits. The current contract is very cost effective at \$12,775 annual / \$35 per night. Mr. Finks recommended that the board approve renewing year 2 of the 5-year contract for nightly draw auditing services not to exceed \$13,000.

Mr. Cable moved to approve the renewal of year 2 of the 5-year contract with Wright, McAfee, & Company for nightly draw auditing services not to exceed \$13,000. Mr. Blodgett seconded the motion. The Chair ordered a roll call with the following results:

Roll Call Vote:

Mr. Sherry	Yes
Mr. Blodgett	Yes
Mr. Orbison	Yes
Mr. Cable	Yes
Mr. Yates	Yes
Ms. Rawlings	Yes

THE RESULT WAS SIX VOTES IN THE AFFIRMATIVE, NONE OPPOSED, AND NONE ABSTAINED.

THE MOTION PASSED.

AGENDA ITEM 7 b:

DISCUSSION AND POSSIBLE ACTION REGARDING THE FY21 CONTRACT FOR THE EXTERNAL FINANCIAL AUDITOR RSM US, LLP:

The Lottery's current financial audit contract expires June 30, 2020. The new proposal is a 1-year contract with 4 renewable periods: \$53,200 - \$59,880 annual audit fees. RSM has been providing audits for the Lottery for a while and the Lottery recommends continuing the relationship with RSM. RSM reports to the Board and the Audit and Finance Committee. Mr. Finks recommended the board approve year 1 of a 5-year contract for external auditing services not to exceed \$55,000.

Mr. Blodgett moved to approve the new contract and year 1 -year the new contract with RSM US, LLP for external auditing services not to exceed \$55,000. Mr. Orbison seconded the motion. The Chair ordered a roll call with the following results:

Roll Call Vote:

Mr. Sherry	Yes
Mr. Blodgett	Yes
Mr. Orbison	Yes
Mr. Cable	Yes
Mr. Yates	Yes
Ms. Rawlings	Yes

THE RESULT WAS SIX VOTES IN THE AFFIRMATIVE, NONE OPPOSED, AND NONE ABSTAINED.

THE MOTION PASSED.

AGENDA ITEM 7 c:

DISCUSSION AND POSSIBLE ACTION REGARDING THE FY21 CONTRACT FOR THE EXTERNAL AUDITOR OF INTERNAL CONTROLS BKD CPAS & ADVISORS:

The Lottery's current internal controls audit contract expires June 30, 2020. The new proposal is a 1-year contract with 4 renewable periods: \$36,000 - \$40,000 annual audit fees; does not include IT audits. BKD has been providing audits of special events, promotional drawings, accounting, security, claims, and marketing. Mr. Finks recommended that the board approve year 1 of a 5-year contract with BKD CPAs & Advisors for internal auditing services not to exceed \$40,000.

Mr. Blodgett moved to approve the contract and year 1 of the contract with BKD CPAs & Advisors for internal auditing services not to exceed \$40,000. Ms. Rawlings seconded the motion. The Chair ordered a roll call with the following results:

Roll Call Vote:

Mr. Sherry	Yes
Mr. Blodgett	Yes
Mr. Orbison	Yes
Mr. Cable	Yes
Mr. Yates	Yes
Ms. Rawlings	Yes

THE RESULT WAS SIX VOTES IN THE AFFIRMATIVE, NONE OPPOSED, AND NONE ABSTAINED.

THE MOTION PASSED.

In reference to the FY21 IT Audit:

Senate bill 584: Effective November 1, 2019, required that any state agency with information technology systems that is not consolidated under the Information Technology Consolidation and

Coordination act or that is otherwise retained by the agency shall additionally be required to have an information security audit conducted by a firm approved by the Information Services Division that is based upon the most current version of the NIST Cyber-Security Framework. These services are anticipated to be available through the approved third-party firms on Statewide Contract 1042. Costs for these engagements will be required to provide the funding and appropriate subject matter experts to successfully complete the audits within the allocated time.

Due Date: October 31, 2020

Estimated Cost: Maximum of \$25,000

AGENDA ITEM 7 d:

DISCUSSION AND POSSIBLE ACTION REGARDING THE FY21 CONTRACT FOR THE OFFICE LEASE/KCDS HOLDINGS:

The Lottery's current office space, utilities, and parking contract expires June 30, 2020. The building was sold to new landlords January 2020. The new landlord's original proposal included an average of \$60,000 more per year. The Lottery's counter proposal was \$12,000 - \$24,000 more per year with conditions. The new landlord's counter proposal required the state to "float" cash for building improvements. The building services are already falling below standards. Pending board approval, the Lottery's next steps would be to continue to negotiate with the landlords, actively look for new space, work with Scientific Games to identify potential space for both companies to lease collectively, and bring the board a new proposal if the potential deal falls outside of recommendations #1 & #2. Mr. Finks recommended the board approved the following:

Recommendation #1: Board approves Lottery to re-negotiate the lease for a one-year term not to exceed an additional \$1,000 per month.

Recommendation #2: Board approves the Lottery to re-negotiate the lease for one-year with 4 renewals not to exceed an additional \$2,000 per month.

Mr. Blodgett moved to approve the Lottery re-negotiating the lease for a one-year term not to exceed an additional \$1,000 per month or the Lottery re-negotiating the lease for one-year with 4 renewals not to exceed an additional \$2,000 per month. Mr. Yates seconded the motion. The Chair ordered a roll call with the following results:

Roll Call Vote:

Mr. Sherry	Yes
Mr. Blodgett	Yes
Mr. Orbison	Yes
Mr. Cable	Yes
Mr. Yates	Yes
Ms. Rawlings	Yes

THE RESULT WAS SIX VOTES IN THE AFFIRMATIVE, NONE OPPOSED, AND NONE ABSTAINED.

THE MOTION PASSED.

AGENDA ITEM 7 e:

DISCUSSION AND POSSIBLE ACTION REGARDING THE FY21 CONTRACT FOR THE GAMING SYSTEM VENDOR SCIENTIFIC GAMES:

Scientific Games provides instant and draw game lottery services including field sales and services, IT development, IT printing and shipping, operations, communications, and game development. The current contract was 1 year (August 2013 – August 2014) with 9 renewable options. It includes 3.99% of sales, 1% bonus based on incremental sales, and additional contract options (LIMS, SFA, and printing and licensing options). Mr. Finks recommended that the board approve renewing the Scientific Games contract for FY21 (August 2020 – August 2021) for year 8.

Mr. Cable moved to approve the renewal of the Scientific Games contract for FY21 (August 2020 – August 2021) for year 8. Mr. Blodgett seconded the motion. The Chair ordered a roll call with the following results:

Roll Call Vote:

Mr. Sherry	Yes
Mr. Blodgett	Yes
Mr. Orbison	Yes
Mr. Cable	Yes
Mr. Yates	Yes
Ms. Rawlings	Yes

THE RESULT WAS SIX VOTES IN THE AFFIRMATIVE, NONE OPPOSED, AND NONE ABSTAINED.

THE MOTION PASSED.

AGENDA ITEM 7 f:

DISCUSSION AND POSSIBLE ACTION REGARDING THE FY21 CONTRACT FOR THE GAMING SYSTEM: ISSUANCE OF NEW RFP:

The current gaming system contract was built in 2013-2014 and after 4 years the Lottery law changed. The Lottery has been on a high trajectory but is still under a contract that was built under a different business environment. The Lottery thinks it is time to put the contract back out to bid not only to maximize the value that the Lottery is getting but also to save the Lottery money and for more equipment. The Lottery does not have any more self-service machines and the Lottery is close to exhausting the capital. The Lottery can continue to pay for equipment separately or the Lottery could work that into a longer-term contract and get that absorbed into the contract. There is an opportunity for the Lottery to go to an RFP and receive bids and evaluate those bids for additional value for the state. The more money the Lottery saves the state, the more money to education. As the Lottery business has ramped up, so has the need for additional equipment and services.

CONDITION:

Gaming Terminals & Peripherals: All gaming terminals were replaced in December of 2016 with newly refurbished equipment

Self-service Gen2 (PCT): All PATs (Gen2) were replaced in 2015 with PCTs
Self-service Gen3 (HD): Being introduced into marketplace (7 Eleven) in late February 2020
Wireless Communications (Statewide): Upgraded over past 2 years to stronger wireless systems (4G) vs 3G / SAT system
Back Office Gaming System: Upgraded to newest "Gaming Management System" in 2017
Lottery in Motion Monitors: System and hardware launched in 2018

The equipment has a long-life span and the Lottery does not have an infrastructure that is old and decaying and needing to be replaced. Instead of putting out an RFP to replace everything, the Lottery can put out an RFP for equipment it needs. Mr. Finks recommended that the board approve the Lottery launch an RFP in the next 30 – 45 days. The Lottery would come to the June board meeting with an outline of the evaluation process of the bids and a recommendation.

Mr. Blodgett moved to approve that the Lottery move forward with an RFP and a recommendation at a future meeting. Ms. Rawlings seconded the motion. The Chair ordered a roll call with the following results:

Roll Call Vote:	Mr. Sherry	Yes
	Mr. Blodgett	Yes
	Mr. Orbison	Yes
	Mr. Cable	Yes
	Mr. Yates	Yes
	Ms. Rawlings	Yes

THE RESULT WAS SIX VOTES IN THE AFFIRMATIVE, NONE OPPOSED, AND NONE ABSTAINED.

THE MOTION PASSED.

AGENDA ITEM 8:

DISCUSSION AND POSSIBLE ACTION REGARDING THE APPOINTMENT OF THE FY20 BOARD OFFICERS:

Mr. Redburn indicated that Mr. Felty resigned as board chairman in January 2020. He also stated that Mr. Orbison was reappointed. Mr. Redburn explained that Mr. Sherry becomes the chairman until the board elects a new chair. He stated that the board would be required to nominate and elect a chairman.

Mr. Blodgett moved to elect Mr. Sherry as chairman. Mr. Orbison seconded the motion. The Chair ordered a roll call with the following results:

Roll Call Vote:	Mr. Sherry	Yes
	Mr. Blodgett	Yes
	Mr. Orbison	Yes
	Mr. Cable	Yes
	Mr. Yates	Yes
	Ms. Rawlings	Yes

THE RESULT WAS SIX VOTES IN THE AFFIRMATIVE, NONE OPPOSED, AND NONE ABSTAINED.

THE MOTION PASSED.

Mr. Redburn indicated that because Mr. Sherry is no longer vice chairman the board would be required to nominate and elect a vice chairman. He stated that anyone on their list was eligible. He noted that if the board elects Mr. Orbison or Mr. Blodgett, then the board would be required to nominate and elect their replacement. Mr. Orbison indicated that he is a believer in seniority and suggested Mr. Blodgett, or Mr. Cable be elected as vice chairman. Mr. Blodgett nominated Mr. Cable for vice chairman.

Mr. Blodgett moved to elect Mr. Cable as vice chairman. Mr. Sherry seconded the motion. The Chair ordered a roll call with the following results:

Roll Call Vote:

Mr. Sherry	Yes
Mr. Blodgett	Yes
Mr. Orbison	Yes
Mr. Cable	Abstained
Mr. Yates	Yes
Ms. Rawlings	Yes

THE RESULT WAS SIX VOTES IN THE AFFIRMATIVE, NONE OPPOSED, AND NONE ABSTAINED.

THE MOTION PASSED.

Mr. Redburn indicated that because Mr. Cable is treasurer the board would be required to nominate and elect a treasurer. He asked Mr. Sherry if he would like to ask anyone to volunteer. Mr. Sherry asked who would like to be treasurer. Mr. Yates indicated that he would be willing to serve as treasurer.

Mr. Cable moved to elect Mr. Yates as treasurer. Mr. Blodgett seconded the motion. The Chair ordered a roll call with the following results:

Roll Call Vote:

Mr. Sherry	Yes
Mr. Blodgett	Yes
Mr. Orbison	Yes
Mr. Cable	Yes
Mr. Yates	Abstained
Ms. Rawlings	Yes

THE RESULT WAS SIX VOTES IN THE AFFIRMATIVE, NONE OPPOSED, AND NONE ABSTAINED.

THE MOTION PASSED.

AGENDA ITEM 9:

DISCUSSION AND POSSIBLE ACTION REGARDING THE APPOINTMENT OF THE FY20 BOARD COMMITTEES AND THE APPOINTMENT OF FY20 BOARD COMMITTEE CHAIRS:

Mr. Redburn indicated that because Mr. Sherry is chairman, he would be required to appoint a member to the Government and Citizens Relations Committee. He stated that Mr. Orbison is the chairman and Ms. Rawlings is a member. Mr. Redburn explained that Mr. Sherry could wait to appoint a member until the board has a new member appointed by the Governor. Mr. Sherry indicated that he would wait to appoint a member.

AGENDA ITEM 11:

ADJOURNMENT:

Mr. Blodgett moved to adjourn. Ms. Rawlings seconded the motion. The Chair ordered a roll call with the following results:

Roll Call Vote:

Mr. Sherry	Yes
Mr. Blodgett	Yes
Mr. Orbison	Absent
Mr. Cable	Yes
Mr. Yates	Yes
Ms. Rawlings	Yes

THE RESULT WAS SIX VOTES IN THE AFFIRMATIVE, NONE OPPOSED, AND NONE ABSTAINED.

THE MOTION PASSED.

OFFICIAL MINUTES:

The action taken by the Oklahoma Lottery Commission on the items for consideration after motion duty 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.