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Debbs Potts Oregon State Lottery Commission Building

500 Airport Road SE
Salem, OR 97301

OREGON STATE LOTTERY COMMISSION MEETING March 25, 2022

Lottery Commission: MardiLyn Saathoff, chair
Maulin Patel
Marty Ramirez
Julie Wilcox

Director: Barry Pack

Chair Saathoff called the March 25, 2022, Oregon State Lottery Commission meeting to order. Chair Saathoff stated for the record that the commissioners are attending today's meeting via a web meeting, Commissioner Patel is excused, and a quorum of commissioners is present.

Commissioners present at roll call: Commissioners Ramirez, Wilcox, and Chair Saathoff.

A. PUBLIC COMMENT

Chair Saathoff stated that members of the public had the opportunity to provide written public comment for this meeting and asked the clerk to read the comment that was received.

Voices of Problem Gambling Recovery shared concerns about the recently launched Big City Fives Diamond Jackpot Video Lottery game, specifically the game displaying credits instead of the dollar amount of the wager and the increase to the maximum per-spin wager. VPGR asked the Commission to shift the focus from player responsibility to offering harm-mitigating tools and to introduce new technology that capitalizes on safer betting and reduces the depth and breadth of addiction in Oregon.

Chair Saathoff thanked the public for the ongoing comments and suggestions.

B. COMMISSIONER COMMUNICATIONS

Presenter: MardiLyn Saathoff, chair

Audit Committee update – Chair Saathoff provided a brief Audit Committee update, which included a status update on the Lottery's biennial security review and open audit recommendations, the calendar year key performance metrics, and engagements and activities currently in progress.

C. DIRECTOR'S REPORT

Presenter: Barry Pack, director

Lottery news

Director Pack shared that Lottery participated in the 2022 State Employees Food Drive and raised \$9,226 for food banks throughout the state, which represents 27,678 meals.

The 2022 legislative session adjourned on March 4 and Director Pack noted that of the several gambling policy bills introduced, most did not pass, and none directly impact Lottery. Lottery anticipates some of these bills will be reintroduced next session. Some of the bills that passed affect Lottery's operations as a state agency and are being reviewed to ensure compliance.

Sales update – Director Pack shared the following sales information:

- Overall sales were strong, with all four sales weeks coming in above \$30 million.
- Video Lottery sales had its single greatest week ever the first week in March, with nearly \$29 million in revenue. Year-to-date, Video Lottery has generated over \$900 million in revenue.
- Scratch-it sales performed well over current forecast but is down year-over-year; largely because the prior year saw a shift to Scratch-it play when Video Lottery was shut down, and high Powerball and Mega Millions jackpots in January 2021, which drove sales.
- The St. Patrick's Day Raffle sold out, with the last ticket purchased on March 14.
- Since its mid-January launch, sports bettors on the DraftKings platform have wagered nearly \$87 million, resulting in a gross gaming revenue of nearly \$7.4 million. Top sports include basketball, ice hockey, soccer, and tennis.

Winners – Director Pack shared stories about the following winners:

- Bobby H. of Redmond won \$80,022 playing Keno
- Marc B. of Medford won \$50,000 playing Win for Life

Alternative compensation agreement: The Pit Stop Sports Bar & BBQ Grill, Exhibit 1

Under OAR 177-040-0025(4), the director, with approval of the Commission, can enter into an alternative compensation agreement for traditional Lottery retailers to support innovative business models that attract or retain retailers offering different sales styles.

The Pit Stop Sports Bar & BBQ Grill has partnered with GPN USA to fill a market demand for US-based draw game sales to Australian players, generating significant revenue. The commission structure under the 2020 Retail Contract reduces the commission rate for these types of retailers significantly. Lottery has no plans to enter this market space and does not wish to risk losing revenues that it would otherwise be unable to generate.

Director Pack recommended approval of an alternative compensation model, identical to the agreement offered to other retailers that have met the requirements, to protect and sustain this revenue stream.

- Chair Saathoff noted that these types of requests are not unexpected and is encouraged that the commission structure is working well.

Chair Saathoff called for a motion.

Commissioner Wilcox moved that the Oregon State Lottery Commission approve the alternative compensation agreement, as presented today.

Commissioner Ramirez seconded the motion. *The motion passed by a 3-0 quorum vote, with Commissioners Ramirez, Wilcox, and Chair Saathoff voting aye.*

D. MINUTES OF THE PREVIOUS MEETINGS, Exhibit 2

Presenter: MardiLyn Saathoff, chair

Minutes of the Feb. 18, 2022, meeting

The Commission reviewed the Feb. 18, 2022, Oregon State Lottery Commission meeting draft minutes, which were circulated in advance of the meeting. There were no recommended changes.

Chair Saathoff called for a motion.

Commissioner Ramirez moved that the minutes of the Oregon State Lottery Commission meeting held Feb. 18, 2022, be approved as final, as presented today. Commissioner Wilcox seconded the motion. *The motion passed by a 3-0 quorum vote, with Commissioners Ramirez, Wilcox, and Chair Saathoff voting aye.*

E. FINANCIAL REPORT

Presenter: Kathy Ortega, chief financial officer

Monthly financial statements, February 2022, Exhibit 3

Ortega provided an overview of the financial statements and described expenses and variances in the operating statements, services and supplies, and balance sheet.

Chair Saathoff called for a motion.

Commissioner Wilcox moved that the Oregon State Lottery financial statements for the months ending Feb. 28, 2022, be approved for the record as presented today. Commissioner Ramirez seconded the motion. *The motion passed by a 3-0 quorum vote, with Commissioners Ramirez, Wilcox, and Chair Saathoff voting aye.*

F. RULEMAKING

Presenter: Kris Skaro, rules and policy analyst

OAR 177-045-0035: Temporary Pause on Video Lottery Retailer Locations, Exhibit 4

Skaro reminded the Commission that in December, Director Pack adopted a temporary rule to pause applications for new Video Lottery retailers due to a lack of Video Lottery terminal inventory. Lottery is working to resolve inventory issues and develop a comprehensive, long-term equipment management strategy going forward but recommends keeping the rule in place. Skaro will begin the rulemaking process and bring it to the Commission in May.

- Commissioner Ramirez asked if Lottery has an idea of when the supply chain issues will loosen. Director Pack noted that the issues that need to be resolved to loosen the pause include supply chain issues, which should correct itself as the market rebounds; long-term funding strategies for replacement of the Video Lottery terminals; and some policy decisions that will be brought to the Commission for consideration and input as Lottery develops the long-term strategy. Director Pack anticipates that this will continue through the end of the fiscal year and will be reevaluated after the long-term strategy discussions have occurred.
- Chair Saathoff feels that Lottery needs to develop the long-term equipment management replacement strategy or the Lottery’s revenues will begin to erode over time.

Skaro also reminded the Commission that Director Pack adopted temporary rules in December to allow Lottery to finalize the contract with DraftKings and move to their platform, which it did on January 18. Skaro shared that there are not many substantive changes to the game and noted that Lottery will be moving into the permanent rulemaking process and will provide an update at the April meeting.

G. OTHER BUSINESS

No other business was presented.

The next monthly commission meeting is scheduled April 29, 2022.

The Oregon State Lottery Commission approved the minutes of the March 25, 2022, Oregon State Lottery Commission meeting on April 29, 2022.



Alisa Zavala
Senior Executive Assistant to the Commission
Lottery Director’s Office

Approved by:



MardiLyn Saathoff (Apr 29, 2022 15:30 PDT)
Commissioner MardiLyn Saathoff, Chair
Oregon State Lottery Commission

OSL Commission meeting exhibits are available at www.oregonlottery.org/about/how-we-operate/commission-and-director-info/.