



Together, we do good things.

**Debbs Potts Oregon State Lottery Commission Building**

500 Airport Road SE  
Salem, OR 97301

**OREGON STATE LOTTERY COMMISSION MEETING  
July 28, 2023**

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

**Interim director:** Mike Wells

Chair Saathoff called the July 28, 2023, Oregon State Lottery Commission meeting to order and 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 and confirmed with the clerk that no written public comment was received.

**B. DIRECTOR'S REPORT**

Presenter: Mike Wells, interim director

**Lottery news**

Interim Director Wells shared that along with several staff members, he attended the North American Association of State and Provincial Lotteries' Professional Development seminar last week. The seminar consisted of several professional development tracks related to core lottery business areas and included hot topics including the potential impacts of artificial intelligence and quantum computing on the lottery industry and its security. While there are many questions about this topic, and very few answers, Lottery will continue to monitor and learn about how it may be impacted.

During the seminar, Alex Hambelton, senior managers of Business Operations, was among those awarded a 2023 Power Award, an award that is presented in recognition of the significant contributions of employees through exceptional job performance. Interim Director Wells shared information about Hambelton's nomination and thanked him for his hard work.

- Chair Saathoff congratulated Hambelton for being awarded the 2023 Power Award.

Lottery has recently established a disaster recovery draw room in Bend, which will serve as a backup to the draw room at Lottery headquarters. The draw room is used for all Oregon Lottery raffle and promotional drawings, along with the secure accounting and processing of entries into the national drawing. If Lottery was unable to conduct the secure processes needed for each drawing, it could preclude Lottery from conducting internal drawings or delay a national game drawing. This backup location was chosen due to proximity to headquarters and because Lottery already had technology and equipment at

this location. Over a year went into planning and the draw room is now completed and operational. Interim Director Wells thanked the cross-functional team for this work to ensure that Lottery is prepared in the event of an emergency.

Earlier this month, a handful of employees partnered with SOLVE to clean up litter at Salem’s Riverfront Park in preparation for a racing event at the park.

- Chair Saathoff commended staff for going above and beyond their typical job duties and thanked Lottery for supporting the employees and these efforts.

### **Sales**

Interim Director Wells noted that a detailed sales report will be provided later in this meeting. Wells also shared that there was a \$1 billion Powerball jackpot last week and the current Mega Millions jackpot is estimated at \$940 million, noting that this is the third time in history both jackpot games were above \$500 million simultaneously. Oregon had seven \$50,000+ Powerball prize winners last Wednesday, when the large jackpot was won by someone in California.

**Winners** - Interim Director Wells shared stories about the following winners:

- Trina and Joe Y. of Portland won \$100,000 playing Powerball.
- Kristine M. of Bend won \$50,000 playing Second Chance.
- Richard L. of Eugene won \$16,920 playing Big City 5’s Diamond Video Lottery.

### **C. MINUTES OF THE PREVIOUS MEETING, Exhibit 1**

Presenter: MardiLyn Saathoff, chair

The Commission reviewed the June 23, 2023, 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 June 23, 2023, Oregon State Lottery Commission meeting be approved as final, as presented today. Commissioner Wilcox seconded the motion.

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

### **D. FINANCIAL REPORT, Exhibit 2**

Presenter: Jami Eglund, senior manager, accounting

#### **Preliminary financial statements, FY23/June 2023**

Eglund notified the Commission that the financial statements for FY23, and for the month ending June 30, 2023, are in preliminary format until the fiscal year books are closed. Eglund shared that Kathy Ortega will present the June financial statements at the August commission meeting for final approval.

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

- Commissioner Ramirez asked clarifying questions about what is driving some of the variances and Eglund noted that she will investigate and will provide that information to the Commission.

## E. MAJOR PROCUREMENT: IGT, A NEVADA CORPORATION, Exhibit 3

Presenter: Mike Wells, interim director

Interim Director Wells informed the Commission that next month, Lottery's Video Gaming Product Team will be seeking approval to enter into a major procurement with IGT, a Nevada Corporation, for the purpose of replacing 2,500 end-of-life video retailer terminals that facilitate day-to-day operations and communication between the Video Lottery Gaming System and Video Lottery Terminals. The replacement of the existing equipment with the i-LINK Ultra terminals will improve the user experience for the retailers and will support current and future version of Lottery's Video Lottery Gaming System. The purchase agreement will include video retailer terminals, spare parts, and warranty support.

- Chair Saathoff asked if the Department of Justice has reviewed the contract and Wells replied that he was unsure where procurement is in the contracting process at this time but will report back with that information.

## F. STAFF UPDATES

Presenters: Jen Bagger, supervisor, retail channel products supervisor; Sar Richards, manager, video gaming products; and Kerry Hemphill, manager, sports betting products

### Lottery products

Bagger provided a quarterly update on Scratch-its, Keno, Jackpot games, and Raffle.

- Scratch-it sales for the quarter were over \$38.3 million and for the year were \$157.5 million, which was a decrease of 3.4 percent year-over-year. Bagger provided information about the average ticket price and the \$20 Pharaoh's Tomb ticket, which offers new technology and a unique prize structure.
- Keno sales were \$26.8 million for the quarter, which is down just 7.7 percent year-over-year, and \$108.8 million for the year, which is a decrease of 2.6 percent. The largest 8 spot jackpot this quarter was \$63,324.
- Jackpot sales were \$29.8 million for the quarter, a year-over-year increase of 17.4 percent, with higher jackpot levels for Mega Millions and Oregon's Game Megabucks jackpots contributing to the increase in sales.
  - Powerball sales for the quarter were \$12.6 million and for the year were \$75.7 million. The top Powerball jackpot this quarter was \$251 million.
  - Mega Million sales for the quarter were \$8.2 million and for the year were \$55.4 million. The top Mega Millions jackpot this quarter was \$476 million.
  - Oregon's Game Megabucks sales for the quarter were \$9 million with for the year were \$32 million. The top Oregon's Game Megabucks jackpot this quarter was \$32 million.
  - The Win For Life Promotion yielded strong results with quarterly sales of almost \$2 million. Total sales during the eight-week campaign were almost \$1.1 million and resulted in two lifetime winners, receiving \$1,000 a week or \$52,000 a year for the rest of their lives. More information about this campaign will be presented in a future meeting.

### Video Lottery

Richards provided a quarterly update on Video Lottery, noting that sales were down about three percent this quarter at \$296.8 million. The dip in sales is attributed to lower tax refund volume than was expected by the Office of Economic Analysis, and higher interest rates and increased credit card debt reduced disposable income. This dip in sales has also been seen in casinos and by other lotteries. Richards shared that due to the Kascada field trials, there have not been as many new game releases this quarter as to not interfere with the performance of the field trial terminals. The first game launch this quarter was in June and there are plans to launch a popular game that will help boost sales in the fall and winter. The Kascada field trial is going well, and the staff is going through the process of due diligence and will make a recommendation to the executive team.

### Sports betting

Hemphill shared that the sports betting product had just under \$150 million in dollars played/turnover for the fourth quarter. This quarter saw the end to the NBA and NHL seasons and the quieter sports schedule began. As a result, the volume was relatively flat in comparison to the third quarter, but the results improved and posted a positive increase in gross gaming revenue with year-over-year comparisons remaining positive. Hemphill reported that popular sports this quarter were basketball and baseball and provided additional sales information related to the individual sports.

Year-over-year growth included:

- Number of unique active players up 48 percent, which equates to roughly 19,000 additional customers placing a wager
- Number of bets placed up 49 percent
- Turnover up 28 percent
- Gross Gaming Revenue up 64 percent

Hemphill shared some winner stories and reported that the first quarter of FY24 will include baseball, soccer, and football.

- Chair Saathoff asked how this product contributes to the overall portfolio of Lottery products and if there are specific targets. Hemphill replied that Lottery is still learning about the product and refining it, so it has not set those targets yet. Lottery will look at that in the future and will report back to the Commission.

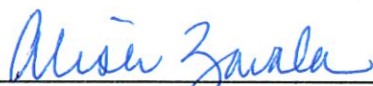
### G. COMMISSIONER COMMUNICATIONS AND OTHER BUSINESS

Presenter: MardiLyn Saathoff, chair

**Audit Committee update** – Chair Saathoff provided a brief overview of the June 26 Audit Committee meeting, which included an update on the Lottery’s enterprise risk management activities and risk register and audit engagements that have been completed.

The next monthly commission meeting is scheduled on Aug. 31, 2023.

The Oregon State Lottery Commission approved the minutes of the July 28, 2023, Oregon State Lottery Commission meeting on Aug. 31, 2023.



Alisa Zavala, Senior Executive Assistant  
Lottery Director’s Office

Approved by:



MardiLyn saathoff (Sep 11, 2023 08:23 PDT)  
Commissioner MardiLyn Saathoff, Chair  
Oregon State Lottery Commission

OSL Commission meeting exhibits are available for one year on the [Oregon Lottery’s website](#).