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**Debbs Potts Oregon State Lottery Commission Building**

500 Airport Road SE  
Salem, OR 97301

## **OREGON STATE LOTTERY COMMISSION MEETING Sept. 22, 2023**

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

**Interim director:** Mike Wells

Chair Saathoff called the Sept. 22, 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 and a quorum of commissioners is present.

Commissioners present at roll call: Commissioners Patel, 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 with his transition to director, the Assistant Director for Security position needs to be filled and reminded the Commission that this is a statutorily required position whose responsibility is to ensure the fairness, integrity, security, and honesty of all Lottery operations. The person that holds this position must have experience in law enforcement, computers, and leadership. Interim Director Wells announced that he has appointed Senior Security Manager Justin Hedlund into a job rotation for this position and shared his related experience.

More than 40 Lottery staff have spent this week surprising seventeen teachers in communities across Oregon who have been named Regional Teacher of the Year. Each of these teachers received a \$1,000 prize and four were announced as state finalists. Those four will be in the running for the Oregon Teacher of the Year, who will be named in early October and will receive \$10,000. The awards are especially meaningful in small communities, where our employee ambassadors have seen a ripple effect of support and gratitude. The annual Teacher of the Year Program is something Lottery does in partnership with the Oregon Department of Education, a Lottery beneficiary. Interim Director Wells thanked the staff that represented the organization and noted that he will have an update on the Teacher of the Year event next month.

- Commissioner Wilcox is proud that Lottery honors educators and thanked Lottery staff for participating.

- Chair Saathoff agreed with Commissioner Wilcox’s sentiments and welcomed Justin Hedlund.

Interim Director Wells noted that beginning in January, Commission meetings will be held the last Friday of each month unless it falls on a holiday weekend to allow for consistent planning and provide staff time to prepare for each meeting.

### Sales

- Overall sales are up by 4.3 percent over last year.
- Jackpot games are up from last year due to record jackpots:
  - Powerball is up almost 214 percent.
  - Mega Millions is up about 20 percent.
- Win For Life sales are up by almost 46 percent compared to last year due to marketing efforts a couple of months ago.
- Scratch-it sales remain the same as last year at this time and remain ahead of pre-pandemic levels.
- Video Lottery sales are down about 1.6 percent compared to last year at this time.
- Sports betting is trending up from last year following the start of the NFL season. Compared to last year, with turnover (amount wagered) is up 50 percent.

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

- Antwan R. of Beaverton won \$100,000 playing Second Chance.
- Matthew F. of Portland won \$17,416.40 playing Big City 5’s Video Lottery.
- Kelly B. won \$14,247.80 playing Video Lottery

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

Presenter: MardiLyn Saathoff, chair

The Commission reviewed the Aug. 31, 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 Aug. 31, 2023, Oregon State Lottery Commission meeting be approved as final, as presented today. Commissioner Wilcox seconded the motion.

*The motion passed by a 4-0 quorum vote, with Commissioners Patel, Ramirez, Wilcox, and Chair Saathoff voting aye.*

### D. FINANCIAL REPORT, Exhibit 2

Presenter: Kathy Ortega, chief financial officer

#### Financial statements, August 2023

Ortega provided an overview of the financial statements and described expenses and variances in the operating statement, services and supplies, and balance sheet. Ortega pointed out that the retailer commissions budget item is an estimate based on historical data and will be adjusted at the mid-year budget alignment if needed. Ortega noted that the network expense and recovery budget item is zero as the contract is still being negotiated.

- Commissioners asked about variances in the professional services budget and technical expenses, and Ortega noted that the variances are likely timing issues.
- Chair Saathoff asked about the process for forecasting the retailer commission rates and if Lottery reviews the process to fine tune it. Ortega shared that Lottery reviews the process regularly and as the year progresses, the expenses typically even out as the retailers move through the rate tiers.

- Chair Saathoff asked about Video Lottery sales being flat or down. Ortega does not have any definitive answers as to what is causing it but believes that it may be seasonality, or this may be the new normal. Interim Director Wells added that post-pandemic sales were very high, above the historical norm, and agreed with Ortega that the current trend is probably attributed to multiple factors. Chair Saathoff asked for future analysis if the trend continues. Interim Director Wells reported that the change in the way Lottery processes retailer contracts is not having an impact on sales.

Chair Saathoff called for a motion.

Commissioner Wilcox moved that the Oregon State Lottery financial statements for the month ended Aug. 31, 2023, be approved for the record as presented today.

Commissioner Ramirez seconded the motion.

*The motion passed by a 4-0 quorum vote, with Commissioners Patel, Ramirez, Wilcox, and Chair Saathoff voting aye.*

## E. Rulemaking

Presenters: Kris Skaro, rules and policy analyst

### **OAR 177-040-0051: Designated Employees and Payment of Prizes, Exhibit 3**

Skaro reported that the proposed amendment addresses the practice of retailers and employees purchasing winning tickets or cash slips from players. Lottery is concerned that players are being misled about prize claim requirements or are trying to avoid tax and debt offsets and would prefer that retailers not facilitate those activities. This conduct is partially addressed in rules, but Lottery was advised to state the prohibited conduct more clearly. Skaro will continue the rulemaking process, including notifying all current retailers of the proposed change, and report back in November when the process is completed.

- Commissioners asked about the penalties if retailers do not comply, and Skaro shared that the retailer could lose their contract. Interim Director Wells noted that there is a process where retailers are contacted and provided time to comply with the rules prior to contract termination. It is likely that clarifying language about progressive discipline will be added to the new retailer contract so retailers understand the process. Chair Saathoff confirmed that this only applies to retailers.

### **OAR 177-040-0055: Advertising Lottery Games and Inducements to Play, Exhibit 4**

Skaro reported that the proposed amendment will clarify that a Lottery retailer cannot use the word “lottery” or other terms Lottery has determined may negatively impact the fairness, integrity, security, or honesty of Lottery in their business name. Skaro will continue the rulemaking process, including notifying all current retailers of the proposed change, and report back in November when the process is completed.

- Chair Saathoff asked Lottery to look into establishing a trademark to prevent people from using the term “lottery.” Skaro replied that it is a common term, but the rule will help prohibit retailers from using it in their business names.
- Commissioner Patel asked if there are any current businesses this will apply to and asked how it will be enforced. Chair Saathoff added that this will apply only to Lottery retailers unless “Lottery” can be trademarked.

## F. COMMISSIONER COMMUNICATIONS AND OTHER BUSINESS

Presenter: MardiLyn Saathoff, chair

No commissioner communications or other business was presented.

The next monthly commission meeting is scheduled on Oct. 27, 2023.

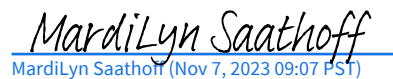
The Oregon State Lottery Commission approved these minutes on Oct. 27, 2023.



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Alisa Zavala, Senior Executive Assistant  
Lottery Director's Office

Approved by:



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MardiLyn Saathoff (Nov 7, 2023 09:07 PST)  
Commissioner MardiLyn Saathoff, Chair  
Oregon State Lottery Commission

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