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Debbs Potts Oregon State Lottery Commission Building

500 Airport Road SE
Salem, OR 97301

OREGON STATE LOTTERY COMMISSION MEETING Dec. 15, 2023

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

Director: Mike Wells

Chair Saathoff called the Dec. 15, 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, Weller, 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, director

Director Wells shared that a staff member passed away unexpectedly earlier this month. Eskedar Mengistu has worked with Lottery since 2022 and was a member of the IT team. Director Wells extended his condolences to her family and friends.

- Chair Saathoff expressed her condolences for the unexpected loss.

Director Wells announced that Lottery's Chief Financial Officer, Kathy Ortega, is leaving the organization after 23 years of serving the citizens of Oregon. Director Wells shared his appreciation, noting that Ortega has been an integral part of Lottery and thanked her for her service.

- Chair Saathoff thanked Ortega on behalf of the commission and wished her luck on the next phase of her life.

Annual Tribal Relations Report, Exhibit 1

Director Wells reminded the Commission that each December, state agencies must prepare a report that summarizes the agency's activities to promote positive government-to-government relations

with Oregon's Tribes. Director Wells shared that Lottery's 2023 report was provided in the meeting materials and commented that Lottery looks forward to continuing the tribal engagement in 2024.

- Chair Saathoff acknowledged the hard work over the last few years to develop and improve relationships with the Tribes and asked what operational updates are included in the communications with the Tribes. Director Wells commented that Lottery has committed to sharing the strategic plan and allowing time for comments before it is approved and noted that Lottery will engage with the Tribes as opportunities arise. Chair Saathoff is hopeful that Lottery will be able to work with the Tribes as partners in the future.

Lottery news

Director Wells shared some highlights from throughout the organization over the past year, including:

- Launching D365, which replaced the financial system of record, and was a large, cross-departmental project.
 - Educating a legislative committee on how Lottery works through detailed presentations by staff on areas such as sports betting, Video Lottery, and responsible gaming.
 - Launching an asset management tool to inventory assets, which was one of the top three foundational technology projects for the fiscal year.
 - Filling 62 positions and transitioning to a protected leave management system, which included implementing Paid Leave Oregon.
 - Launching the use of Salesforce as a new tool to manage relationships and interactions with retailers. The retail channel team is developing and testing an OrderPad replacement solution to go live in January.
 - Reaching nearly 935,000 registered users for the Lottery mobile app and scanning more than 25 million unique tickets in the app this year.
 - Providing Responsible Gaming training to over 10,000 retail staff statewide.
- Chair Saathoff shared that she is impressed by the accomplishments this year, noting that it has not been an easy year.

Sales

- Scratch-it holiday tickets
 - The \$1 and \$2 holiday tickets are ahead of last year's sales by over seven percent.
 - The \$20 holiday Scratch-it game is leading all other seasonal price points.
 - The trend of players purchasing higher price point tickets continues, with the average ticket purchase at \$4.14.
- Powerball and Mega Millions have reached \$1 billion jackpots three times this business year, which accounts for their combined 20.4 percent increase over last year.
- Sports betting turnover (the amount wagered) is up 201 percent from last year.
- Video Lottery is down 1 percent from this time last year.

Winners – Director Wells shared stories about the following winners:

- Shawn C. of Albany won \$150,000 playing an Under the Mistletoe Scratch-it.
- Arthur H. won \$14,633.05 playing Big City 5's Diamonds Video Lottery.
- Eli P. of Portland won \$25,000 playing a Cash-A-Doodle Scratch-it.

Director Wells expressed his gratitude for the outpouring of support during his family's time of loss.

- Chair Saathoff shared what a great organization Lottery is, as a professional organization and as a family, and thanked everyone for creating that culture and atmosphere.

C. MINUTES OF THE PREVIOUS MEETING, Exhibit 2

Presenter: MardiLyn Saathoff, chair

The Commission reviewed the Nov. 17, 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 Nov. 17, 2023, Oregon State Lottery Commission meeting be approved as final, as presented today.

Commissioner Wilcox seconded the motion.

The motion passed by a 5-0 quorum vote, with Commissioners Patel, Ramirez, Weller, Wilcox, and Chair Saathoff voting aye.

D. FINANCIAL REPORT, Exhibit 3

Presenter: Jami Eglad, senior manager, accounting

Financial statements, November 2023

Eglad provided an overview of the financial statements and described expenses and variances in the operating statement, services and supplies supplemental schedule, and balance sheet, noting that variances will be reviewed and corrected during the mid-year budget review, if needed.

- Commissioner Weller asked if an adjustment needs to be made for the shift in accounting of the interest expenses and Eglad replied that the bottom line will stay the same, but the budget may be adjusted as part of the mid-year budget adjustment.
- Commissioner Weller asked about a credit on the facilities expenses on the services and supplies report and Eglad reported that this is due to the change in reporting for subscriptions under GASB 96, adding that this will be reviewed as part of the mid-year budget adjustment.
- Chair Saathoff shared a concern about the downward trend in Video Lottery revenues and noted that Lottery products and sports betting appear to have increased sales. Chair Saathoff asked if Lottery is expecting to see an increase in Video Lottery sales due to the holidays. Director Wells shared that the reasons for the downward trend are difficult to identify, but other lotteries are seeing the same trends. Assumptions are that this is tied to inflation and increased operational costs. Lottery is working on trying to understand what is driving this. Chair Saathoff asked that more information be provided in the future to help the Commission understand what is happening and if there are ways to improve the situation.

Chair Saathoff called for a motion.

Commissioner Weller moved that the Oregon State Lottery financial statements for the month ended Nov. 30, 2023, be approved for the record as presented today. Commissioner Ramirez seconded the motion.

The motion passed by a 5-0 quorum vote, with Commissioners Patel, Ramirez, Weller, Wilcox, and Chair Saathoff voting aye.

E. COMMISSIONER COMMUNICATIONS AND OTHER BUSINESS

Commissioner Ramirez requested an update on the Video Lottery terminal replacements and the effect on sales during an upcoming meeting.

Chair Saathoff expressed her appreciation to the Commission and Lottery and added that she is proud to be associated with it.

Chair Saathoff stated that the next monthly commission meeting is scheduled on Jan. 26, 2024 and adjourned the meeting.

The Oregon State Lottery Commission approved these minutes on Jan. 26, 2024.

Alisa Zavala, Senior Executive Assistant
Lottery Director's Office

Approved by:

Commissioner MardiLyn Saathoff, Chair
Oregon State Lottery Commission

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