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Debbs Potts Oregon State Lottery Commission Building

500 Airport Road SE
Salem, OR 97301

**OREGON STATE LOTTERY COMMISSION MEETING
February 17, 2023**

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

Interim director: Mike Wells

Chair Saathoff called the Feb. 17, 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 live verbal comment or written public comment and confirmed with the clerk that no written public comment was received.

B. COMMISSIONER COMMUNICATIONS

Presenter: MardiLyn Saathoff, chair

Chair Saathoff shared that she presented information about the role that the Commission plays to the House Committee on Gambling Regulation earlier this week and thanked the staff for helping her prepare and attending the meeting with her.

C. DIRECTOR'S REPORT

Presenter: Mike Wells, interim director

Lottery news

Interim Director Wells shared that Janell Simmons, Lottery's chief human resources officer, is leaving Lottery and wished her well. Kristy Komes will serve as interim chief human resources officer.

- Chair Saathoff thanked Simmons for her service and wished her well.

Beginning next month, Lottery will be testing 100 new dual screen Video Lottery terminals as part of a field trial with SG Gaming/Light & Wonder. If successful, the new terminals will replace E-20 models, the oldest, lowest performing terminal.

Lottery has processed all applications for new Video Lottery locations that were on a waitlist when it paused processing applications in December 2021. Applications for new locations were accepted in

October and January, with the January applications currently being processed. Additionally, Lottery is awarding one additional terminal to its top 50 high-performing retail locations who have five or less terminals in the coming weeks, as a one-time option.

Sales

- Overall sales are about the same over this time last year, but the main jackpot sales are up \$44 million over the previous year due to high jackpots.
- Scratch-it sales are down by about 5.6 percent from last year.
- Video Lottery sales are down by 4.8 percent from last year.
- Sports betting activity during the Super Bowl was up from last year, with nearly 307,000 bets and wagers totaling \$5.3 million placed through DraftKings during the game.

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

- Kyle B. of Cottage Grove won \$100,000 playing Powerball.
- Bill F. of Nyssa won \$50,000 playing an “Aces of Spades” Scratch-it.
- Savanha H. of Mount Angel won \$25,000 from a Scratch-it Second Chance drawing.

D. MINUTES OF THE PREVIOUS MEETING, Exhibit 1

Presenter: MardiLyn Saathoff, chair

The Commission reviewed the Jan. 27, 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 Jan. 27, 2023, Oregon State Lottery Commission meeting be approved as final, as presented today. Commissioner Patel seconded the motion.

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

E. FINANCIAL REPORT

Presenter: Kathy Ortega, chief financial officer

Financial statements, January 2023, Exhibit 2

Ortega provided an overview of the financial statements and described expenses and variances in the operating statement, services and supplies, and balance sheet. Ortega noted that Chair Saathoff inquired about the variance in year over year net profit and shared that staff is looking into this and informed the commission that she will follow up with an email once the analysis has been completed.

Chair Saathoff called for a motion.

Commissioner Wilcox moved that the Oregon State Lottery financial statements for the month ended Jan. 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.

Mid-year budget review, Exhibit 3

Ortega described the budget review process and provided information on the overall categories of spending. Expense reductions were about \$10.5 million, much of which comes from elimination of some license game purchases and a correction for benefit assumptions of benefit calculations.

- Chair Saathoff asked a clarifying question about the status of the building security system project and Interim Director Wells noted that this is a timing issue due to the project moving at a slower pace than originally anticipated.

Chair Saathoff called for a motion.

Commissioner Ramirez moved that the Oregon State Lottery Commission approve the changes to the FY23 budget, 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.

F. Biennial Security Assessment, Exhibit 4

Presenter: Ken Magnus, cybercrime manager

Magnus provided background information of the biennial security review process and Sygnia Consulting Ltd., the vendor that conducted the assessment, along with a high-level overview of the findings. The scope of the assessment was broad and extremely in-depth, evaluating security risk across all of Lottery's operations. Sygnia provided Lottery with detailed findings and recommendations that will further enhance its current security, response, and resilience.

- Chair Saathoff appreciates the information and being kept informed of risks and asked if Lottery is aware of ongoing or attempted attacks. Magnus replied that Lottery is aware of these things.

G. Legislative update

Presenter: Kris Skaro, rules and policy analyst

Skaro provided an overview of the 2023 legislative session to-date, including background, information about the new House Committee on Gambling Regulation, Lottery's role, and a brief overview of bills Lottery is tracking. The largest group of bills that affect Lottery as a state agency or the Commission as a public body include human resources related bills, bills around public meetings laws and bills about public records and rulemaking. There are two main bills related to Lottery revenue that generally see movement late in the session; one related to distribution of forecasted revenues and one that approves projects for funding through the sale of lottery-backed bonds.

- Chair Saathoff noted that as representatives of the Lottery, Commissioners should remain neutral on pending legislation and Skaro confirmed that as part of the executive branch, state agencies should remain neutral. Lottery can provide objective background information but are not in an advocacy role.

Skaro noted that Lottery will be presenting to the Ways & Means Committee in April and will continue to track the bills and monitor the House Committee on Gambling Regulation meetings. Skaro noted that Lottery will continue to be responsive to the requests for information and will report back to the Commission periodically over the coming months.

- Commissioner Ramirez shared that he appreciates this information and finds it helpful.
- Chair Saathoff found the bill tracker report helpful and inquired about the purpose of the placeholder bills. Skaro replied the purpose of having placeholders is for legislators to have the ability to amend the bills in the future to do something different related to the specific topics. Chair Saathoff also asked a clarifying question about the purpose of HB 2261, which provides a fixed percentage of certain forecasted Video Lottery revenues to counties for economic development. Skaro noted this bill is a process change to move from forecasted sales to actual sales.

H. OTHER BUSINESS

No other business was presented.

The next monthly commission meeting is scheduled March 24, 2023.

The Oregon State Lottery Commission approved the minutes of the Feb. 17, 2023, Oregon State Lottery Commission meeting on March 24, 2023.

Alisa Zavala
Senior Executive Assistant
Lottery Director's Office

Approved by:

Commissioner MardiLyn Saathoff, Chair
Oregon State Lottery Commission

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