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## Debbs Potts Oregon State Lottery Commission Building

500 Airport Road SE  
Salem, OR 97301

# OREGON STATE LOTTERY COMMISSION MEETING May 19, 2023

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

**Interim director:** Mike Wells

Commissioner Patel called the May 19, 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, Chair Saathoff is excused, and a quorum of commissioners is present.

Commissioners present at roll call: Commissioners Patel, Ramirez, and Wilcox.

## A. PUBLIC COMMENT

Commissioner Patel 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 reminded the Commission that the Oregon Legislature approves hundreds of millions of dollars in Lottery-backed bonds to be used for projects across the state and reported that Lottery recently received top bond ratings from Moody's (Aa2 stable), S&P Global (AAA stable), and Kroll (AAA). In recent years, Lottery-backed bonds have been used to fund projects across the state including the Oregon Coast Aquarium in Newport, Eugene's downtown Riverfront Park Development, the Woodburn Community Center, and the North Plains public works/emergency operations center, among many others.

Lottery is continuing to modernize many obsolete systems and after two years of planning and development, Lottery successfully launched the customer relationship management platform, Salesforce, this week. This phase of the project has moved Lottery's call center and technical services team to the new platform. Interim Director Wells thanked the staff for a job well done and noted that Lottery will continue to incorporate other lottery systems with Salesforce over the next few years.

Earlier this month, Lottery joined other state agencies in celebrating Public Service Recognition week. While all Lottery employees support Lottery's beneficiaries by providing public service to our state, Lottery honored three individuals with the Ambassador of Public Service award. Interim Director Wells highlighted the work of the three recipients: Bobby Bones, Chris Haskell and Kristina Sin. Interim Director Wells

congratulated the three ambassadors and thanked all Lottery employees for demonstrating a commitment to serving the public.

Lottery joined the Department of Education in honoring Zandra Jansma of the Three Rivers School District as the Education Support Professional of the Year. Jansma is the office manager at the Southern Oregon Success Academy and was praised for her efforts to go above and beyond to develop personal connections with students. Lottery supports this award by providing Jansma with \$5,000 and a commemorative plaque.

Lottery is sponsoring the Oregon Department of Veterans Affairs' Women Veterans conference this weekend. Women veterans from across the state will be celebrating their contributions, diversity, and the strength of their community.

### **Sales**

- Overall sales are down by about 1.2 percent compared to last year.
- Video Lottery sales are trending down by 5.2 percent compared to last year.
- Scratch-it sales are continuing to trend downward from the peak of the pandemic (-4.4 percent below last year) but remain ahead of 2020 (11.9%) and 2019 (19.5%).
- Jackpot game sales are up due to billion-dollar jackpots in July, November, and January. Powerball and Mega Millions are ahead of all previous years with Powerball sales ahead of last year by 32 percent and Mega Millions by 144 percent.
- Win for Life has a new marketing campaign which attributes to sales being up 17 percent when compared to the 13-week average prior to the campaign.
- Sports betting turnover is up 46 percent compared to last year.

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

- Robin R. of Hubbard won \$1,000 a week playing Win for Life.
  - Derek H. of Eugene won \$100,000 playing a 7's on Fire Scratch-it.
  - Charles K. of Hillsboro won \$50,000 playing Second Chance for the \$5 Stocking Stuffer Scratch-it.
- Commissioner Wilcox congratulated the winners of the Ambassador of Public Service award and thanked all Lottery staff for their service.

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

Presenter: Maulin Patel, Commissioners

The Commission reviewed the April 21, 2023, Oregon State Lottery Commission meeting draft minutes, which were circulated in advance of the meeting. There were no recommended changes.

Commissioner Patel called for a motion.

Commissioner Ramirez moved that the minutes of the April 21, 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 Patel, Ramirez, and Wilcox voting aye.*

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

Presenter: Kathy Ortega, chief financial officer

##### **Financial statements, April 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 noted that the variance in salaries, benefits and wages line item is due to the \$20 million PERS allocation for FY 23, which was received this month.

Commissioner Patel called for a motion.

Commissioner Wilcox moved that the Oregon State Lottery financial statements for the month ended April 30, 2023, be approved for the record as presented today.

Commissioner Ramirez seconded the motion.

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

#### **E. LOTTERY REVENUE FORECAST**

Presenter: Josh Lehner, economist, Office of Economic Analysis

Lehner provided information about the economic and revenue forecast, noting that this forecast shows an improved economic outlook in comparison to the last report. The presentation included information about Oregon's economy and recovery from the pandemic; employment outlook; inflation; changes to the revenue forecast for the State and Lottery; Video Lottery demographics; and Lottery resources and distributions.

#### **F. MAJOR PROCUREMENT**

Presenter: Kathy Stromberg, chief marketing officer

Stromberg reported that the Lottery will be requesting approval next month to enter into a major procurement with IGT Printing, Pollard Banknote and Scientific Games International, Inc, for the purpose of holding pricing firm for the purchase of Scratch-it ticket printing services and associated deliverables. These agreements will replace the current, but outdated, agreements which have been active for over 13 years and expire June 30, 2023. To address needed updates for specifications and requirements more efficiently, new contracts will be created. To ensure that there are no lapses in the current service with the vendors while negotiating new agreements, Lottery will execute an amendment to extend the current term for 90 days, or upon execution of the new agreements, whichever comes first. This major procurement will support Lottery's Scratch-it ticket vendor diversity for product development and will allow Lottery to maintain a competitive vendor pool, while also mitigating the impact of supply chain constraints and encouraging competitive pricing between vendors.

- Commissioner Ramirez confirmed the new contracts will not include major changes, but rather will clean up the contracts to make them more current.

#### **G. RULEMAKING**

Presenter: Kris Skaro, rules and policy analyst

##### **OAR 177-092: Scoreboard, Exhibit 4**

Skaro reminded the Commission that Lottery transitioned to the DraftKings platform in January 2022, after Lottery adopted new rules to govern it. Scoreboard rules were kept in place due to outstanding bets that remained on the Scoreboard platform, but all bets have now been settled and there are no current active player accounts on the platform. Lottery is proposing to repeal the Scoreboard rules to eliminate confusion between two sets of substantially similar rules applicable to digital sports betting.

Skaro will continue the rulemaking process and report back in July when the process is completed.

**OAR 177-040-0052: Non-Sufficient Funds, Exhibit 5**

Skaro informed the Commission that each week, Lottery does an electronic funds transfer from each Lottery retailer for the moneys owned to Lottery based on sales, less commissions, bonuses, or other credits owed to the retailer. Each week, there are a few retailers whose electronic funds transfers are returned for non-sufficient funds (NSF). When an NSF occurs, OAR 177-040-0052 provides the consequences, and does not allow contract termination for multiple NSFs provided the retailer pays the amount due, plus a fee, and posts a bond that is no less than twice the retailer’s weekly average transfer. A small number of retailers have repeated NSFs during the year, which creates significant administrative work for the Lottery and raises concerns that these retailers are not demonstrating financial responsibility, which is expected of Lottery retailers under ORS 461.300.

The proposed amendment will allow contract termination when a retailer’s weekly electronic funds transfer is returned for non-sufficient funds four times in a 12-month period. NSFs that are caused by a bank error or closure will continue to be excused under the rule. The director will retain the authority to make exceptions when circumstances warrant.

Skaro will continue the rulemaking process, including notifying all current retailers of the change, and report back in July when the process is completed.

- Commissioner Wilcox asked if NSFs typically come from one type of retailer and Skaro shared that it typically comes from Video Lottery retailers, which are mostly made up of bars and restaurants.

**H. COMMISSIONER COMMUNICATIONS AND OTHER BUSINESS**

No other communications or other business was shared.

The next monthly commission meeting is scheduled on June 23, 2023.

The Oregon State Lottery Commission approved the minutes of the May 19, 2023, Oregon State Lottery Commission meeting on June 23, 2023.

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Alisa Zavala  
Senior Executive Assistant  
Lottery Director’s Office

Approved by:

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Commissioner MardiLyn Saathoff, Chair  
Oregon State Lottery Commission

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