



Memo

Date:	March 18, 2022
To:	Oregon Lottery Commissioners
From:	Barry Pack, director
Subject:	Request for approval of an alternative compensation agreement

The Pit Stop Sports Bar & BBQ Grill (The Pit Stop Sports Bar & BBQ Grill, LLC), a retailer of traditional Lottery Products has requested Lottery approve an alternative compensation model as allowed under OAR 177-040-0025(4). This portion of Lottery's administrative rules allows for the director, with approval of the Commission, to enter into an alternative compensation agreement for Traditional Lottery retailers (not Video Lottery) to support innovative business models that attract or retain retailers offering different sales styles.

You will recall, Lottery entered into such an agreement with *Produce Row Cafe* (Hop House, LLC) and the *Independent Sports Bar & Grill* (Broadway on Deck, LLC) in October of 2020 when sales of Traditional Lottery products topped \$2.5 million in the fiscal year. *The Pit Stop Sports Bar & BBQ Grill* has partnered with GPN USA (<https://gpnw.net.au/>) for several years in a unique business model for US-based draw game sales to Australian players, generating significant revenue for the Oregon Lottery and its beneficiaries. This year, sales at *The Pit Stop Sports Bar & BBQ Grill* have crossed over the \$2.5m threshold (see sales history chart below).

I request approval to enter into an alternative compensation agreement with *The Pit Stop Sports Bar & BBQ Grill* identical to that offered to *Produce Row Cafe* and the *Independent Sports Bar & Grill*. Under this agreement, retailers are compensated at the standard 8% of weekly gross sales, until their sales reach \$2.5 million. From then on, compensation is 10% of gross weekly sales through the remainder of the fiscal year. At the end of the fiscal year, or at a mutually agreed upon time, the Lottery will "true-up" the first \$2.5 million worth of sales and compensate the retailers an additional 2% for those sales. If the retailers' combined revenues do not reach \$2.5, they will be compensated at 8% for the entire year.

I recommend approval of this alternative compensation model to protect and sustain this revenue stream. Please let me know if you have questions or would like additional information.



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Sales History:

