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Debbs Potts Oregon State Lottery Commission Building

500 Airport Road SE
Salem, OR 97301

OREGON STATE LOTTERY COMMISSION MEETING May 20, 2022

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

Director: Barry Pack

Chair Saathoff called the May 20, 2022, Oregon State Lottery Commission meeting to order. Chair Saathoff 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 for this meeting and asked the clerk to read the comment that was received.

No public comment was received.

B. COMMISSIONER COMMUNICATIONS

Presenter: MardiLyn Saathoff, chair

No communications were shared.

C. DIRECTOR'S REPORT

Presenter: Barry Pack, director

Lottery news

Director Pack shared that after more than two years, the Lottery office has fully reopened to staff, noting that with many people continuing to work remotely, the building is not nearly as busy as it was before the pandemic.

Director Pack shared that Lottery staff completed a Gallup Employee Engagement Survey last month and noted that the survey is the first step to understanding and improving Lottery employees' experience. Staff will be reviewing the results to gain insights and build action plans to address areas where the survey identified gaps in engagement.

The Lottery's Executive Team met for a two-day offsite work session to develop recommended business objectives, plans and associated budget for FY23 and are updating the financial models and identifying policy choices for the Commission to evaluate during the budget work session next month.

Sales update - Director Pack shared the following product sales information:

- Overall sales this month were strong, with all weeks topping more than \$30 million in revenue.
- Video Lottery recently passed \$1.1 billion in revenue for FY22, nearly four percent over forecast. Video Lottery has seen a 54 percent increase over this time last year when statewide closures were still a significant part of the annual picture.
- Scratch-its have generated more than \$146 million in revenue this year, more than three percent above forecast.
- The major jackpot games recently passed \$100 million in revenue for the year, approximately one percent under forecast.
- Keno is just shy of \$100 million this year, almost two percent over forecast and nearly 14 percent over this time last year.
- In the past four weeks, over 1.3 million sports bets were wagered for a total turnover of nearly \$43 million and over \$4.7 million in gross gaming revenue. Basketball, particularly the NBA Playoffs, is responsible for nearly half of this past month's activity.

Winners - Director Pack shared stories about the following winners:

- Janetta U. won \$100,000 playing a Hot Dice Crossword Scratch-it
- Mike B. of Eagle Point won \$50,000 playing an Electric Dice Scratch-it
- Thomas S. of Tillamook won \$150,000 playing a Seasons Greetings Scratch-it
- Sharon P. from Wood Village won \$57,162.90 playing Keno

D. MINUTES OF THE PREVIOUS MEETINGS, Exhibit 1

Presenter: MardiLyn Saathoff, chair

Minutes of the April 29, 2022, meeting

The Commission reviewed the April 29, 2022, 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 Oregon State Lottery Commission meeting held April 29, 2022, 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

Monthly financial statements, April 2022, Exhibit 2

Ortega provided an overview of the financial statements and described expenses and variances in the operating statements, services and supplies and balance sheet. Ortega explained that after last month's commission meeting, where Lottery asked for an increase to the budget for FY 22 PERS liability charges, Lottery received information that the amount that was originally planned to accrue for the next fiscal year will be lower than anticipated, and Lottery now has a credit of \$9.7 million, which is a preliminary amount. Ortega noted that Lottery has made the adjustment and reversed the previous entries for the accruals that were made.

- Chair Saathoff noted that she would like more information on the fluctuation and Ortega noted that she will report out once she has a better understanding.

Chair Saathoff called for a motion.

Commissioner Patel moved that the Oregon State Lottery financial statements for the month ending April 30, 2022, be approved for the record 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. RULEMAKING

Presenter: Kris Skaro, rules and policy analyst

OAR 177-045-0035: Temporary Pause on Video Lottery Retailer Locations, Exhibit 3

Skaro reminded the Commission that Lottery is working to resolve inventory issues and develop a comprehensive, long-term equipment management strategy going forward, but in the short term, Lottery would like to continue the pause on processing applications for new Video Lottery retailer locations and requests for new installations at existing retailers. There is currently a temporary rule in place and Lottery would like to keep that rule while staff continues the strategic planning. Skaro reminded the Commission of rulemaking process and noted that no public comment was received.

Chair Saathoff called for a motion.

Commissioner Wilcox moved that OAR 177-045-0035(T) be repealed and OAR 177-045-0035 be adopted as presented today, to be effective June 1,

2022. Commissioner Ramirez seconded the motion. *The motion passed by a 4-0 quorum vote, with Commissioners Patel, Ramirez, Wilcox, and Chair Saathoff voting aye.*

OAR 177-010; 046; 092; 093: Sports betting rules, Exhibit 4

Skaro reminded the Commission that this rulemaking has been presented at several meetings since September of last year. Skaro shared the rulemaking process and noted that Lottery has completed the rulemaking process and did not receive any public comment related to these rules.

Chair Saathoff called for a motion.

Commissioner Ramirez moved that OAR 177-010, 046, 092,093 be adopted, amended, and repealed as presented today, to be effective June 15, 2022, upon the expiration of the temporary rules. Commissioner Wilcox seconded the motion. *The motion passed by a 4-0 quorum vote, with Commissioners Patel, Ramirez, Wilcox, and Chair Saathoff voting aye.*

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

Skaro reported that Lottery is considering amending the Non-Sufficient Funds rule to provide a timeline for retailers to provide documentation if a bank error caused a retailer's payment to come back with non-sufficient funds when Lottery processes its electronic transfer each week. The current rule prescribes activities that must occur after a non-sufficient funds notice is received and excuses those that are caused by a bank error if documentation is provided. The current rule distinguishes between a first and second non-sufficient funds, but there has been some confusion when a retailer receives a second non-sufficient funds before they have provided documentation of a bank error for the first non-sufficient funds. Other activities in this rule must be completed within five working days, so Lottery is considering requiring the documentation of a bank error be submitted within five working days. Additionally, the rule will continue to have a process where a retailer can request an exception for unusual circumstances. Lottery will begin the rulemaking process for the proposed rulemaking and will report back when the process is complete.

- Commissioner Ramirez asked what triggers the beginning of the timeline and Skaro replied that we notify the retailer as soon as we're notified and that would trigger the timeline.
- Chair Saathoff asked how retailers will feel about this and Skaro replied that it is in everyone's interest to resolve the non-sufficient funds issue as soon as possible since Video Lottery terminals can be disabled if it is not taken care of.

G. OTHER BUSINESS

No other business was presented.

The next monthly commission meeting is scheduled June 24, 2022.

The Oregon State Lottery Commission approved the minutes of the May 20, 2022, Oregon State Lottery Commission meeting on June 24, 2022.

Alisa Zavala
Senior Executive Assistant to the Commission
Lottery Director's Office

Approved by:

Commissioner MardiLyn Saathoff, Chair
Oregon State Lottery Commission

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OSL Commission meeting exhibits are available at www.oregonlottery.org/about/how-we-operate/commission-and-director-info/.