



Together, we do good things.

**Debbs Potts Oregon State Lottery Commission Building**

500 Airport Road SE  
Salem, OR 97301

## **OREGON STATE LOTTERY COMMISSION MEETING Jan. 28, 2022**

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

**Director:** Barry Pack

Chair Saathoff called the Jan. 28, 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.

The Klamath Tribes Chairman, Donald Gentry, submitted a letter to the Commission to provide input on the Tribal Consultation Policy. The Klamath Tribes are pleased with the efforts and progress that Lottery has made in its development of the draft consultation policy and requested that new language be added to create meaningful consultation and improve the diplomatic process. Chair Gentry offered to help craft the new language, along with other Tribal Nations, and looks forward to working with the Lottery and strengthening the relationship between our governments.

### **B. COMMISSIONER COMMUNICATIONS**

Presenter: MardiLyn Saathoff, chair and Maulin Patel, commissioner

**Audit Committee update** – Commissioner Patel provided a brief Audit Committee update, which included an update on the Lottery's enterprise risk management activities and risk register, an overview of the completed Casino Prohibition Rule Program Assessment and the calendar year audit plan.

**Other communications** – Chair Saathoff shared that this is an important year, noting that the Commission has significant work ahead of it, including work related to the pandemic and ongoing work to build relationships with stakeholders, including the tribes and the legislature.

### C. DIRECTOR'S REPORT

Presenter: Barry Pack, director

#### **Lottery news**

Director Pack shared that Lottery participated in the State's Marine Toys for Tots Toy Drive in December. Overall, the 2021 campaign distributed over 34,000 toys and supported more than 4,000 children in the Salem area. Director Pack thanked the committee and everyone who participated.

Earlier this month Director Pack adopted a temporary administrative rule to pause applications for new Video Lottery retailers, new locations, and new installations at existing retailers due to temporary inventory issues, with the exception for certain tribally owned applicants. Updates will be posted on the Oregon Lottery retailer webpage as they become available. Director Pack noted that he will keep the Commission updated as Lottery evaluates the organization's available financial capital and inventory.

Oregon Lottery transitioned from Scoreboard to DraftKings for sports betting on Jan. 18. The transition to the DraftKings platform went smoothly and Lottery has received positive feedback from players.

**Winners** – Director Pack shared stories about the following winners:

- Jimmy W. won \$50,000 playing Powerball
- Brandi F. won \$70,000 playing a Ruby Red 7s Scratch-it
- Stephen L. of Pleasant Hill won a \$250,000 second chance drawing prize with his non-winning Cash Attach II ticket.

### D. MINUTES OF THE PREVIOUS MEETINGS, Exhibit 1

Presenter: MardiLyn Saathoff, chair

#### **Minutes of the Dec. 17, 2021 meeting**

The Commission reviewed the Dec. 17, 2021 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 Wilcox moved that the minutes of the Oregon State Lottery Commission meeting held Dec. 17, 2021 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, December 2021, Exhibit 2**

Ortega provided an overview of the financial statements and described expenses and variances in the operating statements, services and supplies, balance sheet, and capital outlay status report.

- Chair Saathoff asked about the capital outlay report and if Lottery anticipates spending the amounts budgeted for items other than the gaming product portfolio. Ortega replied that some of the budget will be used in this fiscal year, and some will move forward to the budget for the next fiscal year.

Chair Saathoff called for a motion.

Commissioner Ramirez moved that the Oregon State Lottery financial statements for the months ending Dec. 31, 2021 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.*

### **Mid-year budget rebalance, Exhibit 3**

Ortega described the review process and provided information on the overall categories of spending. Ortega also explained that \$7.2 million had previously been set aside for cancellation fees related to the SBTech contract and noted that the new contract with DraftKings releases those fees. Ortega noted that Lottery would like permission to transfer that money to reserves for other business needs.

- Chair Saathoff congratulated Lottery on the execution of the DraftKings contract.
- Chair Saathoff asked a clarifying question about the reduction of expenses that are project-related, and Ortega noted that the reduction of project-related expenses come from several different projects. Ortega shared that all projects and their related timelines were reviewed as part of this exercise. Director Pack added that as part of the process, Lottery looked at where each project is in implementation and some of the savings are timing differences and some of the smaller projects may be revisited and/or reprioritized as part of the FY23 budget process.

Chair Saathoff called for a motion.

Commissioner Patel moved that the Oregon State Lottery Commission approve the changes to the FY22 budget a presented today, including transferring \$7.2 million in cancellation fees previously reserved for the SBTech contract to a reserve account for future business needs.

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

**F. TRIBAL CONSULTATION POLICY (draft), Exhibit 4**

Presenter: Matt Shelby, senior manager of community & corporate engagement

Shelby reminded the Commission that Lottery has been drafting a Tribal Consultation Policy and shared that the key goals of the policy are to strengthen understanding, relationships, and communication channels; build trust, increase transparency, and make time and space for engagement and input; and include Tribal impact in the calculus of “maximum profit commensurate with the public good.” Shelby noted that the policy provides clearly defined roles, responsibilities and commitments and provides a framework for building and maintaining the government-to-government relationship, adding that the benefit will be provided in the person-to-person, government-to-government sharing, learning and engagement. Shelby shared the steps that have been taken to develop the policy, including the key additions and edits based on consultation with the tribes, and stated that while the policy is almost complete, the work will be ongoing and unique to each tribe.

- Chair Saathoff appreciates the work that has been done on this policy and the relationships and noted that it may be difficult to balance the desire to work with the tribes and the constitutional mandate that Lottery operates under.
- Chair Saathoff asked if there is a corresponding commitment from the tribes and Shelby shared that each tribe has their own compact and there is a desire for two-way communication between Lottery and the tribes. Shelby is not concerned about tribal participation and noted that all parties recognize that they may not be able to come to an agreement but will seek to share and understand.
- Chair Saathoff asked if other stakeholder groups will expect the same treatment that Lottery is giving to the tribes and Shelby replied that the difference between an interest group and the tribes is that the tribal consultation is sovereign to sovereign, which is more than an external community stakeholder.

**G. STAFF UPDATES**

Presenters: Tina Erickson, lottery products portfolio manager; Kerry Hemphill, sports betting products manager; Sar Richards, video gaming products manager; Kathy Stromberg, corporate affairs officer

Stromberg shared some highlights from 2021, including statistics on public perception, games, mobile app, responsible gaming and problem gambling, and operational activities.

- Chair Saathoff was pleased with these metrics and asked if this information is shared with the legislature and Stromberg confirmed that the information is shared with several stakeholder groups.

Erickson provided an overview of the performance of Scratch-its, Keno, and jackpot games, including second quarter business year sales and transfer information. Erickson reported

that Scratch-it sales were down 6.9 percent year over year but are still above forecast and shared highlights of the holiday Scratch-it campaign and a new gifting Scratch-it ticket. Keno revenues were up 18.3 percent year over year and jackpot game sales have increased with climbing jackpots being a contributing factor.

Richards provided a quarterly report on Video Lottery, reporting that sales reached \$301.1 million this quarter, which is roughly a 102 percent increase year over year. Richards noted that sales are up drastically since Lottery was severely impacted by COVID last year. Some of the growth was attributed to new game launches and terminal replacements at retailers.

- Chair Saathoff reiterated the fact that game launches are important to sales and meeting the forecast and Richards commented that the team is very focused on game content and launches.

Hemphill shared information about the performance of Scoreboard, noting that with the transition to the DraftKings platform on Jan. 18, the next update will include both Scoreboard and DraftKings information. Hemphill explained the transition process to the new platform and noted that Scoreboard will remain active, but only until open future wagers that were placed before the transition have been settled. Hemphill shared that the shift to DraftKings will provide more marketing and promotional focus, along with additional betting functionality.

Hemphill reported that gross gaming revenue was \$9.5 million and turnover at over \$103 million with a 9.13 percent margin for the second quarter. These numbers were the result of over three million bets placed from almost 35,000 unique active players. The number of bets, turnover, unique active player count, and gross gaming revenue were all the highest on record for Scoreboard, compared to previous periods. Turnover for the period increased \$23.2 million year over year, and the increase is attributed to the return of a more traditional sports schedule, including the full return of both NFL and NBA. Football and basketball were the top sports of the quarter.

- Commissioner Ramirez asked if the transition to the DraftKings platform went smoothly, and Hemphill replied that it did and noted that communications to the players began about a week before the transition to help with expectations and questions. The team is continuing to work through customer questions and assisting customers with the transition. Commissioner Ramirez congratulated the team on the transition.

## **H. OTHER BUSINESS**

No other business was presented.

The next monthly commission meeting is scheduled Feb. 18, 2022.

The Oregon State Lottery Commission approved the minutes of the Jan. 28, 2022 Oregon State Lottery Commission meeting on Feb. 18, 2022.

---

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

Approved by:

---

Commissioner MardiLyn Saathoff, Chair  
Oregon State Lottery Commission

DRAFT

*OSL Commission meeting exhibits are available at [www.oregonlottery.org/about/how-we-operate/commission-and-director-info/](http://www.oregonlottery.org/about/how-we-operate/commission-and-director-info/).*