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Debbs Potts Oregon State Lottery Commission Building

500 Airport Road SE
Salem, OR 97301

OREGON STATE LOTTERY COMMISSION MEETING November 20, 2020

Lottery Commission: MardiLyn Saathoff, chair
Maulin Patel
Chris Telfer
Julie Wilcox

Director: Barry Pack

Chair Saathoff called the Nov. 20, 2020 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, Telfer, 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.

Kitty Martz wrote that Video Lottery terminals are disabled to attempt to curb the transmission of COVID19 and believes that Lottery failed to ensure that its players were safe. Martz commented that terminals are frequented by older adults and people with medical vulnerabilities, adding that players often do not wear masks while playing. Martz stated that Lottery did not use the data that shows if terminals are being disabled between players to verify that the machines are being sanitized, as required. Martz is concerned that the pressure to recoup revenue will eclipse the wellbeing of the players.

B. COMMISSIONER COMMUNICATIONS

Presenter: MardiLyn Saathoff, chair

Audit Committee update

Commissioner Patel provided a brief Audit Committee update, which included an update on the completed Visa Card Program review and open audit recommendations.

Other communications

Commissioner Telfer wished everyone a safe and happy Thanksgiving and Chair Saathoff echoed her sentiments. Commissioner Wilcox also echoed those sentiments and reminded people that weather conditions are changing throughout the state and asked people to use caution and drive safely.

C. DIRECTOR'S REPORT

Presenter: Barry Pack, director

Lottery news

Director Pack congratulated Field Sales Representative Moniquea Majors for winning the North American Provincial Lottery's Ott Brown Scholarship award. Majors won a scholarship to attend an upcoming NASPL Lottery Leadership seminar where she can develop her industry knowledge and leadership skills.

The 2020 Charitable Fund Drive recently concluded. Lottery raised nearly \$9,000 in the effort with other state agencies to help raise funds for Oregon charities. Director Pack shared that the holiday toy drive will be kicking off soon.

Director Pack informed the Commission that as part of the statewide freeze intended to slow the spread of COVID-19, Video Lottery terminals were temporarily taken offline this week. Director Pack shared that Lottery responded to the first shutdown by taking immediate steps to reduce operating expenses and slow down projects and other planned investments to bolster Lottery's financial position, fully expecting future shutdowns. Director Pack believes that the steps taken earlier this year will put Lottery in a position to weather this freeze.

Sales update

Director Pack shared the following sales information through the end of last week:

- Overall sales are down 2.4 percent from the previous year
- Video Lottery performing at or above last year's weekly sales for the past six weeks
- Scratch-its sales are more than 25 percent over last year's revenue
- In October, Scoreboard had more than 900,000 individual wagers that accounted for more than \$29 million. Gross revenue was \$2.7 million, with a 9.3 percent margin. The most popular sport was football, followed by soccer and baseball.

Winners

Director Pack shared stories about the following winners:

- George P. of Wimer won \$50,000 playing Second Chance with a Wild 10s Scratch-it
- Stefani W. of Heppner won \$77,000 playing Second Chance with a Hot 7s Scratch-it

D. MINUTES OF THE PREVIOUS MEETING, Exhibit 1

Presenter: MardiLyn Saathoff, chair

The Commission reviewed the Oct. 23, 2020 Oregon State Lottery Commission Meeting draft minutes, which were circulated in advance of the meeting, and recommended no additional changes to the record.

Chair Saathoff called for a motion.

Commissioner Telfer moved that the minutes of the Oregon State Lottery Commission Meeting held Oct. 23, 2020 be approved as final, as presented today. Commissioner Patel seconded the motion. *The motion passed by a 4-0 quorum vote, with Commissioners Patel, Telfer, Wilcox and Chair Saathoff voting aye.*

E. FINANCIAL REPORT, Exhibit 2

Presenter: Kathy Ortega, chief financial officer

Monthly financial statements, October 2020

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

- Commissioner Telfer inquired about the uncollectable debt and Ortega noted that the amount shown in the report is from the shutdown earlier this year and represents one large retailer. Ortega shared that there are tools to control exposure to risk, including requiring a retailer to post a bond or set up a payment plan. If these tools are unsuccessful, Lottery can terminate the contract with the retailer. Director Pack noted that during the closures earlier this year, Lottery waived the non-sufficient funds fee and offered payment plans to help the retailers and will be doing that again for this round of closures. Director Pack also shared that network line charges were waived for two months during the first round of closures and Lottery is looking into waiving some of these charges for this round of closures.
- Chair Saathoff asked if the payment plans were successful and Ortega noted that they were and believes that retailers value the relationship with the Lottery and will take the steps necessary to preserve the relationship. Director Pack shared that retailers appreciated the flexibility.
- Chair Saathoff noted that it looks like the budget is on track and Ortega agreed.

Chair Saathoff called for a motion.

Commissioner Wilcox moved that the Oregon State Lottery financial statements for the month ending Oct. 31, 2020 be approved for the record as presented today. Commissioner Telfer seconded the motion. *The motion passed by a 4-0 quorum vote, with Commissioners Patel, Telfer, Wilcox and Chair Saathoff voting aye.*

F. RULEMAKING, Exhibit 3

Presenter: Kris Skaro, rules and policy analyst

OAR 177-052, Second Chance

Skaro provided background information on the proposed rulemaking, noting that the updates to the rules reflect all current eligibility, entry and prize claiming requirements. The rule changes include specific reference to the ability to enter Second Chance via the mobile app, which is a feature that players have requested. Skaro informed the Commission of the rulemaking process and noted that one written comment with opposition to any changes to Second Chance rules was received.

Chair Saathoff called for a motion.

Commissioner Patel moved that OAR 177-052 be amended as presented today, to be effective on Dec. 1, 2020. Commissioner Wilcox seconded the motion. *The motion passed by a 4-0 quorum vote, with Commissioners Patel, Telfer, Wilcox and Chair Saathoff voting aye.*

G. OTHER BUSINESS

Chair Saathoff thanked everyone for their work, noting that it has been a difficult year, but that Lottery has done a good job weathering the circumstances. Chair Saathoff appreciates the continued empathy and seeking ways to meet the mandates and the needs of the State.

The next monthly commission meeting is scheduled Dec. 18, 2020.

The Oregon State Lottery Commission approved the minutes of the Nov. 20, 2020 Oregon State Lottery Commission meeting on Dec. 18, 2020.

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

Approved by:

Commissioner MardiLyn Saathoff, Chair
Oregon State Lottery Commission

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