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Debbs Potts Oregon State Lottery Commission Building

500 Airport Road SE
Salem, OR 97301

OREGON STATE LOTTERY COMMISSION MEETING December 18, 2020

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

Director: Barry Pack

Chair Saathoff called the Dec. 18, 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, Commissioner Patel is excused, and a quorum of commissioners is present.

Commissioners present at roll call: Commissioners 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.

No public comment was received.

B. COMMISSIONER COMMUNICATIONS

Presenter: MardiLyn Saathoff, chair

Commissioner Telfer wished everyone happy holidays.

Chair Saathoff thanked the Lottery for its leadership and ability to weather the storms this year while caring for its employees, business partners and the needs of the state, and wished everyone happy holidays.

C. DIRECTOR'S REPORT

Presenter: Barry Pack, director

Lottery news

Director Pack shared that Lottery's former rules and policy manager Mark Hohlt recently passed away. Hohlt was a longtime employee who regularly provided updates to the commission before he retired in 2018.

Construction will soon begin in the Player Services area of the building to improve the winners claim process while maintaining public health standards. The inability to come to the Salem headquarters to claim prizes has been among the top complaints from players during the pandemic. A new door and walk-up window are being added, along with a secure drop box, and a new mobile app will be used to make an appointment to claim prizes in person. The scheduling app and new entrance will allow Lottery to control both the volume and flow of traffic through the player services area. The secure drop box can be used by players to safely submit their winning tickets with a completed claim form, instead of mailing their information to the office.

Sales update

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

- Video Lottery revenues were approximately six percent of what they were the prior year, with Video Lottery operating only in the seven counties not listed as “Extreme Risk.”
- Scratch-its sales are nearly 50 percent above last year’s revenue. Scratch-its have experienced a marked increase in response to Video Lottery closures.
- Jackpot games are experiencing positive sales growth this month as jackpot levels climb.
- In November, Scoreboard had more than 800,000 bets totaling more than \$25 million wagered.
- Overall revenue in FY21 is down about 12.5 percent from the previous year.

Winners

Director Pack shared stories about the following winners:

- Vanessa O. of Tigard won \$1 million playing Mega Millions

Director Pack thanked the commissioners for their service and shared that he appreciates their time and commitment to the Lottery and the state.

D. MINUTES OF THE PREVIOUS MEETING, Exhibit 1

Presenter: MardiLyn Saathoff, chair

The Commission reviewed the Nov. 20, 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 Wilcox moved that the minutes of the Oregon State Lottery Commission Meeting held Nov. 20, 2020 be approved as final, as presented today. Commissioner Telfer seconded the motion. *The motion passed by a 3-0 quorum vote, with Commissioners Telfer, Wilcox and Chair Saathoff voting aye.*

E. FINANCIAL REPORT, Exhibit 2

Presenter: Kathy Ortega, chief financial officer

Monthly financial statements, November 2020

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

- Chair Saathoff asked if the statements show the impact of the most recent shutdown and Director Pack pointed out that these statements show about two weeks of when the state was in a freeze. Director Pack added that the initial statewide freeze was from Nov. 17 through Dec. 2, after which the county by county risk assessment was in effect.
- Commissioner Telfer inquired about an item on the operating statement.
- Chair Saathoff asked if Lottery is on track with the business modernization efforts, based on the budget report and Ortega confirmed that projects are on track. Director Pack added that the report shows when expenses have been paid, not necessarily when the projects are completed.

Chair Saathoff called for a motion.

Commissioner Telfer moved that the Oregon State Lottery financial statements for the month ending Nov. 30, 2020 be approved for the record as presented today. Commissioner Wilcox seconded the motion. *The motion passed by a 3-0 quorum vote, with Commissioners Telfer, Wilcox and Chair Saathoff voting aye.*

F. RULEMAKING

Presenter: Kris Skaro, rules and policy analyst

OAR 177-010-0105, Restriction of Access to Lottery Premises, Exhibit 3

Skaro provided background information on the proposed rulemaking, noting that the proposed rule outlines the process for when Lottery needs to restrict a person's access to the Lottery for security concerns. The proposed rule explains the types of conduct that could lead to a person's access being restricted; requires written notice and an opportunity to appeal; and requires regular internal review of any restrictions. Skaro informed the Commission of the rulemaking process and noted that one written comment objecting to the rule was received. The comment noted that only a third party should be allowed to restrict a person's access to the Lottery. The rule was updated in response to this comment to allow a process to provide an avenue for an impartial, third-party review of Lottery's actions under the rule.

- Chair Saathoff asked a clarifying question about the comment that was received.

Chair Saathoff called for a motion.

Commissioner Wilcox moved that OAR 177-052 be amended as presented today, to be effective on Jan. 1, 2021. Commissioner Telfer seconded the motion. *The motion passed by a 3-0 quorum vote, with Commissioners Telfer, Wilcox and Chair Saathoff voting aye.*

Draft general rule updates related to prize claims/payment and trade show device regulation terminology: OAR 177-010; OAR 177-040; OAR 177-046; OAR 177-070; OAR 177-200, Exhibit 4

The Lottery recently conducted a review of all rules relating to prize claiming, validation, and payment and found four areas for improvement including clarifying how prizes can be claimed when Lottery is not open to the public for extended periods of time; correctly referencing the entities responsible for trade show device regulation; deleting an obsolete rule about charging retailers for prizes; and clarifying validation, ownership, claiming and prize payment provisions. The changes are intended to improve clarity, readability, and consistency with current practice and other rules. The Lottery will continue the rulemaking process that includes soliciting public comment and will report back to the Commission with an update and final proposed rule changes.

- Commissioner Telfer asked about the process that brought about this rule change and Skaro replied that the rule was reviewed to ensure consistency with other rules and divisions. Director Pack added that these rules were also reviewed to ensure that they reflect how Lottery wants to manage prize payments going forward to support how Lottery wants to do business during and after the pandemic.
- Commissioner Telfer asked if Lottery reviews all of its rules to ensure they are consistent with current practices and Skaro shared that reviewing the rules is an ongoing process.

G. OTHER BUSINESS

No other business was presented.

The next monthly commission meeting is scheduled Jan. 27, 2021.

The Oregon State Lottery Commission approved the minutes of the Dec. 18, 2020 Oregon State Lottery Commission meeting on Jan. 27, 2021.

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/.