



# WASHINGTON'S LOTTERY COMMISSION MEETING MINUTES

April 20, 2023

Lottery HQ - Olympia, WA/Microsoft Teams

## Commission Member Attendees:

Judy Giniger, Chair  
Schuyler Hoss, Commissioner  
Rudy Mendoza, Commissioner  
Eileen Sullivan, Commissioner  
Fred Finn, Commissioner

## Lottery Staff Attendees:

Jim Bevan, SharePoint and Office Administrator	Josh Johnston, Acting Director
Dean Cloud, Customer Service Specialist	Wyatt Labaw, Lottery Security Specialist
Anquone Conyer, Support Services Manager	Lenee Otto, Finance Manager
Maria Douka, Chief Financial Officer	Derek Poppe, Director of Security & Licensing
Kim Ficek, Customer Service Specialist	Debbie Porter, Licensing Coordinator
Qwaidon Frederick, Customer Service Specialist	Tiffany Pringle, Legal Services Coordinator
Crystal Fischer, Chief Information Officer	Debbie Robinson, Director of Human Resources
Sue Fitzgerald, Fiscal Analyst	Ron Smerer, Director of Sales & Marketing
Gaylene Gray, Instant Product Manager	Stacy Sund, Merchandising Specialist
Shar Hawley, Org. Perf. & Planning Administrator	Kristi Weeks, Director of Legal Services
Jenna Johnson, Procurement Manager	Jenny Whiteside, Corporate Acct. Manager
Brian Minks, Corporate Accounts Manager	Shanelle Montano, Acting Executive Assistant
Cheryl Earsley, Promotion/Scratch Coordinator	John Iyall, Budget Manager

## Other Attendees:

Matthew Block	Dan Miller, Curator
Becky Bogard, IGT	Patrick Nesbitt, Kalispel Tribe
Kristie Christensen, Wunderman Thompson	Drew Scolaro, Scientific Games
Brent Ludeman, Gano and Associates	Shannon Struempf, IGT
Rebecca Kaldor, Washington Indian Gaming	Richard Pirtle, Community Member
Tom Kitts, Community Member	Rosina Depoe, Washington Indian Gaming
Eric Allen, Assistant Attorney General	Scott Battishill, Curator
Linda Edwards, Washington Indian Gaming	Xiamara Garza, Curator

## Call to Order of Public Rule Hearing:

8:35 a.m. – Chair Judy Giniger called the Lottery Commission Public Rule Hearing to order. She asked for a roll call of the Commissioners present at the meeting. In addition to Chair Giniger, Commissioners Eileen Sullivan, Schuyler Hoss, and Rudy Mendoza were confirmed in

attendance. She then asked for public comment, if any, regarding the proposed rules for chapter 315-42 – Cash Pop Game Rules.

**Public Testimony:**

Community Member, Richard Pirtle, voiced his opinion and his support of the proposed rules and asked a question about the game's prize structure Chair Giniger indicated the question was outside the scope of the rule hearing but Lottery staff would discuss that issue later. Mr. Pirtle left his contact information in the chat. The hearing concluded at 8:45 am.

**Call to Order:**

8:50 a.m. – Chair Judy Giniger called the Lottery Commission meeting to order. She asked for a roll call of the Commissioners present at the meeting. In addition to Chair Giniger, Commissioners Eileen Sullivan, Schuyler Hoss, and Rudy Mendoza were confirmed in attendance.

**Approval of Meeting Minutes:**

Chair Giniger entertained a motion to adopt the minutes of the February 16, 2023, Commission Meeting as presented.

Commissioner Sullivan **so moved**, and Commissioner Hoss **seconded**. Chair Giniger called for a vote for approval of the minutes of the February 16, 2023, Lottery Commission Meeting. Ayes were unanimous. **Motion carried.**

**Cash Pop Overview and vote:**

Acting Director, Josh Johnston gave an explanation about a new game, Cash Pop. Josh explained the prize structure, which answered Mr. Pirtle's question from the public testimony. Josh explained the projected earnings and outcome of the game. Commissioner Hoss asked if the Lottery had thought about going to the Legislature to change the laws about how often we can perform draws. Josh answered that it does come up from time to time but he believes we should be doing everything that we can within our existing authority before asking for additional authority. According to studies, Cash Pop should be a successful game for Washington's Lottery. Chair Giniger asked the Commissioners if they had any additional comments or questions. There were none.

Kristi Weeks, Director of Legal Services, reviewed the Cash Pop Game rules. Chair Giniger entertained a motion to adopt the Cash Pop rules and authorize filing of the CR-103, with an effective date of October 1, 2023. Commissioner Sullivan **so moved**, and Commissioner Finn **seconded**. Ayes were unanimous. **Motion Carried.**

### **Director's and Deputy Director's Update:**

Acting Director, Josh Johnston began by talking about Mega Millions (MM) and the consortium that runs Mega Millions. Josh reported that the MM Directors voted to change the game to a \$5.00 game. The most fundamental change is that two types of jackpots are created, a single National jackpot and a separate State Jackpot for each participating state. Josh reviewed the prize structure of the new game. There are no launch dates determined for this change in the game. Josh reported that the current President of MM resigned and the MM consortium voted in Gretchen Corbin from Georgia as the Interim President, starting in July.

Josh shared that we have seen a five-fold decrease in thefts. He spoke about the training that the Lottery did with retailers to help prevent these thefts. Our losses over the last year have been greatly reduced.

Josh reported that we are planning to move out of our Federal Way office into the Southcenter Mall. This helps us start moving toward turning our offices from a cost center to a revenue center. The Lottery has been working very closely with the Department of Enterprise Services (DES) to get a letter of intent completed for this office space so that we can continue with the project. Josh also reported that we are moving our Yakima office to the Tri-Cities. The Tri-Cities is larger and more densely populated. This office is going into an area close to the Columbia Center mall. This project will require slightly more construction costs than the previously chosen location because it is a larger build-out.

We have three major Requests for Proposals (RFP's) that the Lottery is working on.

- Mobile App – the RFP process has closed and is in evaluation.
- Primary Scratch Vendor – In process of developing this RFP.
- Research Surveys – Rebidding this contract and folding in the Lottery Player Panel. RFPs out now for bidding.

Commissioner Hoss asked if the Mega Millions change in entry point pricing will change the power dynamic between Mega Millions and Power Ball. Josh answered that Mega Millions is considering raising the price point to become more competitive with Powerball and give players a wider range of options to choose from. Mega Millions is considering the change to intentionally differentiate the two major games. There was a discussion about Lottery Jackpot signs. The signs do not go up to one billion, and we will need to reevaluate to make sure that we can get prize information to our players. Randy Warick, Assistant Director of Sales and Marketing reported the marketing division is working diligently to make sure that our signs are able visible and can display what needs to be displayed.

### **Legislative & Legal Services Update:**

Kristi reported that since the last meeting we have processed fourteen requests for public records and/or information. None of these requests were notable. We received one new request for an Administrative Hearing due to a prize denial.

Kristi reviewed the Problem Gambling Prevalence Report. During the last Commission meeting Kristi was asked how this compares with other states. Washington has average numbers in problem gambling compared to other states.

Kristi talked about the current Legislative Session. Three out of our four Commissioners have been confirmed and the fourth commissioner is in the que for confirmation.

The Lottery had one Agency Request Bill, HB 1221, the Player Privacy Bill. There was not a single "no" vote on this bill and it was passed. One other bill passed that directly affects the Lottery, SB 5634. This would make the Problem Gambling Task Force into a permanent advisory committee and would also double our contributions to the state problem gambling account.

Chair Giniger congratulated the Lottery and Kristi on getting HB 1221 bill passed. Commissioner Hoss added that it is a real testament to the credibility of the Lottery that this bill was not challenged at all.

### **Financial Report:**

Maria Douka, Chief Financial Officer, presented the third quarter financials for fiscal year 2023. As of March 31<sup>st</sup>, the Lottery's sales are \$81.5 million above this time last year. Our beneficiary contributions have increased by \$34 million. Total expenses came in at \$573 million this year. The Lottery totaled \$189.6 million dollars in beneficiary contributions this year. Maria reviewed the budget versus the actual costs incurred. Income exceeded the forecasted amount by 12.5 percent. Beneficiary contributions exceeded the forecast by 27 percent. Maria also reviewed our vendor expenses. Our net operating budget is \$199 million, which is 25.8 of our revenue. Maria reviewed our expenditure authority, which is at \$30.5 million. The Lottery has spent close to \$26 million dollars and will have the remaining amount to spend for the last quarter.

### **Sales & Marketing Update:**

Ron Smerer, Director of Sales and Marketing, began by sharing that we have hit the \$812 million mark at this time. We are projected to hit 1\$.025 billion if we continue our current trajectory. Ron reported that we are only down 2.9 percent this year from the previous year. This number was higher but has steadily decreased.

We have 162 Lottery vending machines that have just arrived. Those machines will start being put into Safeway stores next week. The existing Safeway machines will be refurbished and then distributed to retailers who have requested new machines. There is also a new kiosk in the Tacoma Mall.

Commissioner Hoss expressed concern that the Scratch games may suffer as a result of the larger jackpots from other games. Ron reported that we actually benefit from the larger jackpots because players will buy Scratch tickets at the same time as their Mega Millions and Powerball purchases.

Randy Warick, Assistant Director of Marketing, started by speaking about the recent Washington State Powerball winner. 4,112 pieces of coverage were done on the Powerball win. We also had 15 pieces of coverage published about the "Lucky Retailer List."

Randy reviewed examples of what they have made available on social media and the current promotions that are happening. Wunderman Thompson is working on the new Department of Imagination (DOI) Campaign. Marketing is also working on this year's Scratch Campaign. The product promotion team has shared that there were over 429,000 qualified wagers during the Ticket to Adventure promotion. There was an increase in the average spend with this promotion. The idea for this promotion came from the Lottery Player Panel.

Randy talked about the Washington Powerball winner. Fred Meyers was the selling retailer and they decided to donate their winnings back to the community foodbank. Kroger then awarded this Fred Meyers with \$10,000 for a party for their employees.

Randy talked about our new contracts with Major League Baseball related to the All-Star game being held in Seattle this year. In the past, there had been a fracture in our relationship with them, but Kathi worked extremely hard with Major League Baseball and the Mariners to secure new contracts this year. Josh expressed that he was very pleased with the prizes for this promotion.

Chair Giniger asked if there were any questions. There were no questions.

#### **Commission Report – Instant Ticket Artwork Review:**

Gaylene Gray, Instant Product Manager, presented new scratch ticket artwork for the Commissioners to review. The Commissioners did not have any questions or concerns about any of the presented artwork.

#### **Commission Business/Agenda Items:**

Chair Giniger asked if the Commissioners wished to bring anything forward for discussion, or if there were any topics the Commissioners wanted to recommend for the June meeting agenda.

**Public Comment:**

Chair Giniger asked if any members of the public wished to make comments or voice any concerns. Mr. Pirtle thanked the Commission and the opportunity to attend and participate in this meeting.

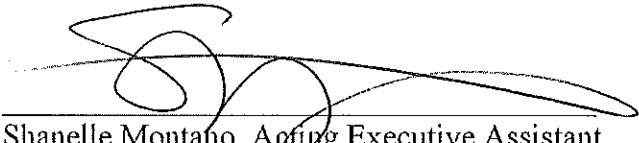
**Adjournment:**

11:03 a.m. – Chair Giniger adjourned the meeting.

The April 20, 2023, Lottery Commission Meeting Minutes were approved this 17 day of August, 2023.

Respectfully submitted,

  
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Judy Giniger, Commission Chair

  
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Shanelle Montano, Acting Executive Assistant