



## WASHINGTON'S LOTTERY COMMISSION MEETING MINUTES

October 19, 2023

Lottery HQ – Olympia, WA/Microsoft Teams

### Commission Member Attendees:

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

### Lottery Staff Attendees:

Jim Bevan, SharePoint and Office Administrator	Josh Johnston, Acting Director
Anquone Conyer, Support Services Manager	Derek Poppe, Director of Security & Licensing
Lenee Otto, Acting Chief Financial Officer	Tiffany Pringle, Legal Services Coordinator
Kim Ficek, Customer Service Specialist	Debbie Robinson, Director of Human Resources
Crystal Fischer, Chief Information Officer	Ron Smerer, Director of Sales & Marketing
Gaylene Gray, Instant Product Manager	Kristi Weeks, Director of Legal Services
Shar Hawley, Org. Perf. & Planning Administrator	Shanelle Montano, Acting Executive Assistant
Jenna Johnson, Procurement Manager	Carrissa Glassburn, Business Analyst
Corey Emer, IT Architecture Specialist	Rita Hawkins, Security Administrative Assistant
Randy Warick, Assistant Director of Marketing	Wyatt LaBaw, Security Specialist
Shelly Renecker, Fiscal Analyst	Teresa Wood, Fiscal Analyst
Chris Rhodes, IT Customer Support Specialist	

### Other Attendees:

Becky Bogard, IGT	Emily Libby, Wunderman Thompson
Kristie Christensen, Wunderman Thompson	Dan Miller, Curator
Brent Ludeman, Gano and Associates	Drew Scolaro, Scientific Games
Madeline Geller, Curator	Shannon Struempfler, IGT
Rona Hoss, Community Member	Xiamara Garza, Curator
Aubrey Seffernick, Wunderman Thompson	Fred Finn, Former Commissioner
Scott Battishill, Curator	Scooter Churchill, Wunderman Thompson

### Call to Order:

8:32 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 August 17, 2023, Commission Meeting as presented.

Commissioner Mendoza **so moved**, and Commissioner Sullivan **seconded**. Chair Giniger called for a vote for approval of the minutes of the August 17, 2023, Lottery Commission Meeting. Ayes were unanimous. **Motion carried.**

**Approval of 2024 Commission Meeting Dates:**

Commissioner Sullivan suggested that we visit Spokane instead of Tri-Cities. We will discuss meeting locations offline. Schuyler **so moved** to approve the presented meeting dates; Commissioner Mendoza **seconded**. Commissioner Giniger called for a vote for approval of the 2024 Commission Meeting dates. Ayes were unanimous. **Motion Carried.**

**Recognition:**

Chair Giniger thanked Fred Finn, former Commissioner, for his service throughout the last almost 9 years. Chair Giniger presented Fred with a commemorative Scratch Ticket

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

Joshua Johnston, the Director, commenced the session by introducing Leah White-Noreen, our recently appointed HR and Support Services Director. Following this, Josh provided the group with an update on the ongoing Deputy Director recruitment, noting the substantial number of applicants received.

Continuing with the agenda, Josh relayed progress on the relocation of our Tri-Cities office from the Yakima Region, confirming that the project is proceeding as planned. While an exact date remains to be finalized, the anticipated move is expected in early winter.

Josh then addressed developments concerning the DOI Southcenter, highlighting the signing of an indemnity letter safeguarding the Lottery in the event of lease complications. Efforts are underway to conclude the final lease agreement.

In the realm of new initiatives, Josh shared details about the upcoming launch of our new game, Cash POP, scheduled to go live on Monday at 3 am. The download process to machines commenced on Monday, with the official launch scheduled at the specified time.

Shifting focus to Mega Millions, Josh discussed recent adjustments to the game's structure. Initially considering a double jackpot format, the consortium ultimately decided to implement a random multiplier while maintaining the \$5 price point. The starting jackpot will be increased, accompanied by higher odds. This modification marks a departure from the previous double and state jackpots.

Josh then announced the initiation of our strategic business plan, spanning from July 2024 to June 2026. The decision to commence this planning process earlier aims to facilitate enhanced collaboration within the agency.

Simultaneously, we are in the process of evaluating bids for our new scratch vendor, with the successful bidder set to be disclosed by the 30th of this month. Responding to inquiry from Dan Miller from Curator, it was confirmed that the double and state jackpots will indeed be phased out as part of the new plan.

Providing updates on ongoing audits, Chair Giniger reported positive progress on the Eide Bailey audit, with an upcoming audit by the state auditor's office. Commissioner Hoss commended the Lottery's commitment to integrity and transparency, expressing continued confidence in the organization's well-run operations, particularly through active participation in audits.

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

Kristi Weeks, Director of Legal Services, provided an update on the activities of the Legal Services department since the last meeting in August. During this period, the team processed an additional 24 requests for public records and received three new requests for Administrative Hearings. Notably, five of these hearings are concurrently taking place, representing a significant caseload. Chair Giniger sought clarification on whether any of these cases were BAPs, to which Kristi affirmed that all of them are Brief Adjudicative Proceedings (BAPs). One BAP involves a retailer denial seeking reimbursement following non-compliance with security protocols, while the remaining four pertain to prize denials. Kristi mentioned the decision to reprint the law book due to numerous changes in the legal landscape over the past two years.

Moving on to broader matters, Kristi provided an update on the National Council on Problem Gambling (NCPG) and the Lottery's Responsible Gambling efforts. She highlighted key sessions attended at the NCPG, emphasizing Washington's position in the middle regarding problem gambling and the commitment to doubling contributions next year to align with other states. Kristi shared insights from sessions on self-exclusion programs and the intersection of gambling with sustainability, ESG, and public health approaches.

Kristi extended an invitation for Commissioners to attend next year's NCPG conference in San Diego on July 18-19. Following this, she reviewed the Lottery's Responsible Gambling Initiatives. Chair Giniger inquired about the entity overseeing the Disordered Gambling Advisory Workgroup, and Kristi clarified that the Health Care Authority administers the program. Commissioner Hoss requested an estimate of the Lottery's standing after doubling its contribution, to which Kristi agreed and committed to providing a comparative chart post-meeting.

Chair Giniger expressed gratitude to Kristi for her comprehensive report.

### **Financial Report:**

Lenee Otto, Acting Chief Financial Officer, provided the Commissioners with an update on the Financial Comparison between FY23 and FY24. Notably, sales have shown a significant increase of 44 million compared to the previous year. This uptick in revenue is attributed to higher sales, but it is accompanied by increased vendor expenses. The augmentation in vendor expenses is a result of strategic investments in additional GT28 machines and the impact of higher jackpots on overall expenses. Additionally, the rise in bank interest rates has contributed to a higher net.

During her presentation, Lenee reviewed the Budget to Actuals, scrutinizing vendor expenses, sales, and operating budgets. Furthermore, she delved into the analysis of appropriated expenditures, affirming that the Lottery is on track for the fiscal year.

Commissioner Hoss observed a substantial increase in revenue and sought clarification on whether this could be attributed to enhanced efficiency. In response, Josh acknowledged that the Lottery has indeed achieved greater efficiency in its operations, particularly in staffing. He clarified that while certain games exhibit improved profit margins, overall operational efficiency is evident across the organization. Commissioner Hoss further emphasized the need to evaluate the long-term staffing requirements of the Lottery, considering the current trend of accomplishing more with fewer personnel. Josh acknowledged the impending challenge, acknowledging that the Lottery is nearing its operational capacity.

Chair Giniger interjected, linking the increased demand for revenue to legislative directives, suggesting a potential need to expand the workforce to meet these objectives. Josh concurred, recognizing the enthusiasm of the staff to push their limits in running the Lottery effectively. The discussion concluded with an acknowledgment of the dynamic challenges ahead and the commitment to strategic planning for sustained efficiency and growth.

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

Ron Smerer, Director of Sales and Marketing conducted a comprehensive review of our current year-to-date sales during the recent session. Presently, the figures demonstrate a positive trajectory for this juncture of the year, and there is optimism that the momentum will persist, potentially surpassing last year's record. Notably, sales across all products have shown an upward trend, positioning Washington as the second-highest state in the nation for year-over-year percentage increase.

Ron proceeded to provide insights into the performance of Lottery-owned locations, showcasing key establishments such as kiosks in prominent areas including SeaTac Airport, Tacoma Mall, Vancouver Mall, and the upcoming Alderwood Mall location. Responding to a query from Chair Giniger regarding the comparatively lower performance of the Spokane DOI, Ron explained that

the mall in Spokane experienced a significant loss of stores during the COVID-19 pandemic, resulting in diminished foot traffic. However, efforts are underway to revitalize the Spokane Mall by attracting new stores and increasing visitors.

Subsequently, Randy Warick, Assistant Director of Sales and Marketing, presented an overview of our Public Relations highlights. He introduced the newly launched game, Cash POP, showcasing video teasers, broadcast spots, and out-of-home billboards to the Commissioners. Randy also reviewed the promotional efforts for the Seattle Kraken Scratch ticket, including advertising on gas station TV, and provided an update on our Jackpot out-of-home bulletins. These bulletins will undergo a modification to feature all-red lights for enhanced visibility.

Randy concluded his presentation by outlining the Lottery's social media strategy and previewing upcoming initiatives in this domain. The detailed review provided a comprehensive overview of our sales and marketing efforts, highlighting achievements and strategies for sustained growth.

#### **Commission Report – Scratch Products:**

Gaylene Gray, Lottery Product Manager, delivered a comprehensive presentation on Scratch Products, addressing a previous request for further insights into our Scratch games. She highlighted that Scratch experienced a peak during the pandemic, although current figures indicate a slight decline from that peak while still surpassing typical levels. Gaylene provided a detailed review of sales, forecasting that \$10 tickets are expected to outpace \$5 tickets.

During the presentation, Gaylene systematically examined all Scratch games, explaining their respective price points, themes, features, and print options. Chair Giniger sought clarification on the term "trunk stock," and Gaylene clarified that this refers to inventory carried by DSRs (District Sales Representatives) to promptly supply retailers without the need for retailers to place specific orders and wait.

Gaylene proceeded to articulate the rationale behind incorporating licensed games, emphasizing player engagement, promotional opportunities, brand strength, and the potential to reach new players. Subsequently, she provided an overview of print vendors and disclosed that the Lottery is currently in the midst of evaluating responses to the RFP for Scratch tickets. The complexity of the process was underscored, with each bidder submitting responses exceeding 400 pages, necessitating a thorough review to select a successful bidder.

Chair Giniger expressed gratitude to Gaylene for explaining the intricacies of Scratch games, and Commissioner Mendoza extended appreciation for the comprehensive breakdown of Scratch products. The presentation offered valuable insights into the Lottery's approach to Scratch products and the ongoing evaluation process.

**Commission Business/Agenda Items:**

Chair Giniger inquired with the Commissioners regarding any specific topics they wish to include on the agenda for the upcoming meeting. It was noted that there will be no meeting in December, as mutually agreed upon by the Commissioners and Josh. Commissioner Hoss extended congratulations to all attendees and expressed gratitude to Fred Finn for his service and educational contributions.

**Public Comment:**

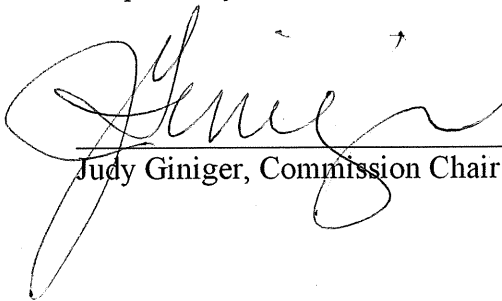
Chair Giniger asked if any members of the public wished to make comments or voice any concerns. There was no public comment.

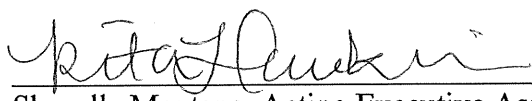
**Adjournment:**

10:08 a.m. – Chair Giniger adjourned the meeting.

The October 19, 2023, Lottery Commission Meeting Minutes were approved this 18<sup>th</sup> day of April, 2023.

Respectfully submitted,

  
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Judy Giniger, Commission Chair

  
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for Shanelle Montano, Acting Executive Assistant