



## WASHINGTON'S LOTTERY COMMISSION MEETING MINUTES

August 15, 2024

Lottery HQ – Olympia, WA/Microsoft Teams

### Commission Member Attendees:

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

### Lottery Staff Attendees:

Joshua Johnston, Director	David Seeley, Warehouse Operator
Cassandra Villegas, Deputy Director	Lenee Otto, Finance Manager
Leah White-Noreen, Director of Human Resources	Nikki Holien, Policy Coordinator
Kristi Weeks, Director of Legal Services	Derek Poppe, Director of Security and Licensing
Todd Steben, Director of Finance	Kathi Patnode, Marketing Operations Manager
Randy Warick, Director of Sales & Marketing	Jim Bevan, SharePoint and Office Administrator
Kathi Patnode, Assistant Director of Marketing	Jenny Whiteside, Corporate Acct. Manager
Rita Hawkins, Executive Assistant	Linda Su'a, Graphic Designer Senior
Tiffany Pringle, Legal Services Coordinator	Paulette Miller, Security & Licensing Admin. Assistant
Gaylene Gray, Instant Product Manager	Chelsey Sok, Human Resources Specialist 3
Shar Hawley, Director of Org. Perf. & Planning	Crystal Fischer, Director Information Services
Jenna Johnson, Procurement Manager	Alex Satterlund, Internal Control Auditor
Carissa Glassburn, Gaming Vendor Liaison	Anquone Conyer, Support Services Manager
Wyatt LaBaw, Investigator	Hilary Elkins, Budget Manager
Cody LaCourse, Procurement & Supply Specialist	Kim Ficek, Customer Services Specialist
Debbie Porter, Licensing Coordinator, Investigator	
Chris Rhodes, Helpdesk Lead	

### Other Attendees:

Eric Allen, Assistant Attorney General	Shannon Struempf, IGT
Rebecca George, WIGA	Becky Bogard, IGT
Rosina DePoe, WIGA	Aubrey Seffernick, Kalispel Tribe of Indians
Kristie Christensen, VML	Drew Ellis, Catena Media
Emily Libby, VML	Jonathon Sanchez, member of the public
Scooter Churchill, VML	Linda Edwards, WIGA
Madeline Geller, Curator	Thomas Kitt, IGT
Dan Miller, Curator	
Xiamara Garza, Curator	

### Call to Order:

8:30 a.m. – Chair Judy Giniger called the Lottery Commission meeting to order.

Chair Giniger began the meeting by asking for a commissioner roll call. In addition to Chair Giniger, Commissioners Schuyler Hoss, Eileen Sullivan, and Rudy Mendoza confirmed their attendance.

**Approval of Meeting Minutes:**

Chair Giniger entertained a motion to adopt the minutes of the June 20, 2024 Commission Meetings as presented.

Commissioner Hoss **so moved**, and Commissioner Sullivan **seconded**. Chair Giniger called for a vote for approval of the minutes of the June 20, 2024 Lottery Commission Meeting. Ayes were unanimous.

**Motion carried.**

**Approval of CR 101:**

Kristi Weeks, Director of Legal Services, began by summarizing that Mega Millions is undergoing a significant game change and will require a change of Washington's Lottery rules. Today, Ms. Weeks is asking for Commission approval to file a CR101 with the Code Advisor's Office. This filing notifies the public that Washington's Lottery is looking into rule changes. Once approved by the Commission to file the CR101, Ms. Weeks will begin the drafting those rules and will present them for the Commissioners' review at the next meeting.

Chair Giniger asked the Commissioners if they have any questions and, hearing none, Chair Giniger entertained a motion to adopt the CR101 to open the rule process for the proposed Mega Million game change.

Commissioner Hoss **so moved**, and Commissioner Sullivan **seconded**. Chair Giniger called for a vote for approval of the CR101 to open the rule process for Mega Millions. Ayes were unanimous. **Motion carried.**

**Director's Update:**

Director Joshua Johnston welcomed the Commissioners and before beginning his presentation, talked briefly about the Mega Millions game change, and thanked the Commission for their approval to begin the rulemaking process.

Director Johnston continued with exciting news; for the second year in a row, Washington's Lottery has not only broken our sales records, closing the year at \$1.03 billion, but has also broken our contribution record, reaching \$255 million for our beneficiaries. Director Johnston commended the team for reaching this remarkable achievement, especially with many challenges facing the lottery industry. Washington is one of a handful of lotteries in the country to have year over year sales growth, whereas many lotteries have slid backwards. The ones that did not offered something new to players, for example, online gaming or sports betting. Washington did not; however, we did launch a new game, Cash POP, which did help. Cash POP contributed about \$40 million dollars to our sales numbers.

Next, Director Johnston talked about our newly completed strategic business plan for 2024-2026, Director Johnston pointed out copies are in front of the Commissioners and are also available online through our website.

Director Johnston continued his update and announced he has been nominated and elected to be the lead director for the Mega Millions Consortium. Director Johnston said there is a good amount of work required, but he takes to heart the vision laid out before us which is to be an industry leader.

Finally, as Director Johnston mentioned during the June meeting, the management team planned a few days away to engage in team building and focusing on what we call 'First Team.' First team is a concept

for executive leadership teams to have a commitment to the executive team first. This provides stability for the entire organization, because committing to the executive team means we have a level of trust between each other that trickles down through the organization. This concept allows us to overcome disagreement, adapt to change more easily, and guide the agency towards success. In addition, we have asked for more information to come before the team, not because we want to take a heavier hand in decision making, but because we want to make sure that all the executive leadership team members have the same information and can be shared out with staff. Lastly, we have changed the name of the executive team, from the Management Team to the Executive Leadership Team or ELT. Director Johnston said this is a subtle change, but words are important, this update demonstrates the role of ELT within the organization as a leadership team focused on the strategic direction and stability of the organization.

Commissioner Hoss commented that, at this time last year, when the organization first hit a billion dollars, he was impressed that the organization could flex so quickly to accommodate this dramatic growth and not be overwhelmed by it. He continued saying that at times, during dramatic growth, stresses occur in the systems, and they can become overloaded. The team here at Washington's Lottery has handled and managed any stresses beautifully. The entire Commission also took a few moments to congratulate Director Johnston on becoming the lead director for Mega Millions.

**Deputy Director's Update:**

Next, Deputy Director Cassi Villegas began by announcing some new and exciting personnel updates. Randy Warick is our new Director of Sales and Marketing and Kathi Patnode is our new Assistant Director of Marketing. Deputy Villegas expressed her excitement and congratulated both Randy and Kathi on their new positions.

Deputy Villegas continued and shared that our Director of Security and Licensing, Derek Poppe, has been working on updates to the licensing guidelines. Director Poppe has been working to provide a crosswalk that will tell us actions we should take against a retailer or applicant, depending on what we see in their application, or if they are out of compliance with our WACs, RCWs, or contracts. These guidelines will allow us to streamline the process and to create more consistency. A draft of the licensing guidelines will be presented to ELT and then finalized and shared with the Commission.

Commissioner Giniger asked if there are any policy or process changes with this update.

Deputy Villegas clarified it is just an internal tool that will be used to determine actions, so they don't have to search through all the WACs or rely on individual interpretation. Deputy Villegas commented that she had a sneak peak and believes it will be a helpful resource and easy to use.

During our meeting in April, Deputy Villegas shared an update about our cashless operation services and debit card refunds. Washington's Lottery chose to transfer responsibility of debit card refunds to IGT. This shift will save us money and assist us in managing workloads. Deputy Villegas was pleased to say this process has been fully implemented, and since being in the hands of IGT, we have seen a reduction in refunds. Deputy Villegas contributed the success to several factors, including a dedicated team, specifically thanking and acknowledging Dylan Reinhold, one of our fiscal analysts, for the work he did on the project and the leadership he demonstrated.

Deputy Villegas continued with her next topic, full-time employee (FTE) analysis and decision package. Washington's Lottery has grown significantly over the past few years, and we have not expanded our

FTEs to keep up with that growth. We have asked each division director to complete an analysis of current FTE workloads that considers the growth of the agency, our strategic initiatives, and future changes that are on the horizon. The FTE analysis is not only being used as a critical part of informing a potential upcoming decision package, but it will support the transition to a new governor next year.

Finally, Deputy Villegas shared, as part of the One Washington project, we are working on a long-overdue redesign of our business-related policies and processes with the help of new technology. This update will transition all Washington State agencies to a single financial system of record using a cloud-based enterprise resource planning tool. This transformation will modernize administrative functions such as finance, procurement, budget, human resources and payroll. The first phase, which will convert the state's financial reporting system to Workday, is set to go live on July 1, 2025. Deputy Villegas stressed what a huge undertaking this project is and while we currently have the resources needed, we have requested funding for additional FTEs for the One Washington project. We will keep everyone informed as we continue to make progress on the project.

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

Kristi Weeks started her presentation by sharing that Washington's Lottery has processed 11 new formal or informal requests for records or information since our last meeting in June. Ms. Weeks also shared that we received no new requests for administrative hearings or lawsuits.

Next, Ms. Weeks updated the Commission on the Mido Lottery courier case. Ms. Weeks shared Mido Lottery did not appeal the dismissal of their lawsuit to the Court of Appeals, but they still have the option to go back to the Gambling Commission and exhaust their administrative remedies, which was the reason why it was dismissed. Ms. Weeks said they have not taken any action at this time, but there is no timeline for it, so we will wait and provide updates as available.

Ms. Weeks continued, sharing that during the last Strategic Business Plan, she had been tasked with drafting the first Corporate Social Responsibility (CSR) Plan for the lottery. During this process, Ms. Weeks learned that like a good strategic business plan, a good CSR plan needs to be written by the people who will use it, rather than by just one person. Ms. Weeks explained while researching different formats and styles, she took inspiration from other lottery and lottery industry plans before putting together her list of 10 recommendations. She said her number one recommendation is, "Recognize that much of what could be considered CSR work is already being done by Washington's Lottery. We just have not formally established a CSR plan or otherwise acknowledged this work as being CSR yet." This means we do not need to completely reinvent the wheel, because we already have a solid foundation. Ms. Weeks will oversee this process through to completion and the Commissioners can expect to hear more about this project over the next year.

Next, Ms. Weeks shared a few takeaways from her time at the National Council of Problem Gambling (NCPG) annual conference. The first was that 11 lotteries were sponsors and several of them presented as well, which was a big difference from previous years. Another trend mentioned frequently was sports wagering among young men. Ms. Weeks also saw that there continues to be a post-pandemic surge in using technology to aid in problem gambling awareness and treatment; several session topics discussed using AI, mobile apps, and remote access as treatment tools. Additionally, NCPG is actively lobbying Congress in support of the Gambling Addiction Recovery, Investment, and Treatment (GRIT) Act, which would provide the first federal money dedicated to problem gambling, addiction, and research. Ms. Weeks provided the Commission with the GRIT Act fact sheet so they can read more about it.

Lastly, Ms. Weeks concluded that our responsible gambling program is in a good place and that while our verification at the implementation level expires this fall, we are currently preparing to submit our application for the final level, sustaining. Ms. Weeks is confident that when we do submit, we will be successful. We are just waiting to receive instructions from NCPG.

Commissioner Hoss said he is pleased with the resources and support to problem gambling. Commission Giniger thanked Ms. Weeks and moved on to the next presentation.

**Financial Report: FY 25 Quarter 1:**

Director of Finance, Todd Steben, presented next, to review the financial performance for our year to date through May 31, 2024. Mr. Steben began with a note reminding the Commission these numbers are subject to minor adjustments as we close the fiscal year this month.

Mr. Steben took us through a series of slides showing financial comparisons between FY23 and FY24, budget to actuals, sales and operating profit by product, and more. Mr. Steben highlighted record sales in FY24 at 102.5% vs. FY23 and increased contributions to beneficiaries, contributing \$255 million.

Mr. Steben concluded his presentation explaining we are under budget for the fiscal year and the biennium as of today. We are also within our appropriation authority and we're managing that very actively. Mr. Steben is pleased with our financial report and asked if there are any questions.

Commissioner Hoss thanked Mr. Steben for his in-depth report and commented that the contributions to the general fund have gone up considerably over time. Commissioner Hoss asked if there was an opportunity, moving forward to provide additional funds to our beneficiaries instead of the general fund?

Director Johnston provided clarity, saying, the general fund contribution works based on Powerball sales. Once we reach the \$102 million in Powerball sales, we then shift our distributions and start contributing money from Powerball sales into the general fund. Director Johnston also said any change to this contribution formula would require a change in statute.

Commissioner Hoss thanked Director Johnston for his response and followed up with another question: Washington's Lottery gives roughly \$51 million back to people who sell our tickets. Do we have any information on geographic locations or a level of specificity to be able to know, this community received this amount?

Mr. Steben responded that currently he is working on analysis of sales activity by zip code, by county, and by city respectively. We are absolutely able to derive either a community map or heat map of where those investments are located.

Ms. Weeks mentioned she provides this type of information when she meets with legislators. It is additional work for the Sales and Market team as well as the graphics team, but a map of districts, amounts of sales, retailer commissions, and level of prizes in that district are all included. This really helps show the level of benefit their community receives each year.

Deputy Director Villegas also said we are looking at a tool that can cover all of our needs at once, so are looking at what information needs to go into a trifold or pamphlet related to all those data points, sales,

commissions, prizes, that help show a person, whether a legislator, elected official, or community member the impact the Lottery has had on their community. Deputy Villegas said we have also started working with the Washington Student Achievement Council (WASAC) on pulling additional data.

Commissioner Giniger asked if it is also possible to capture data for when a retailer receives a selling bonus and gives money back to the community?

Randy Warick responded, saying yes, we capture that data when it is shared with us.

Commissioner Hoss concluded by asking about the vacant, unfunded positions listed on the final slide.

Director Johnston said we are funded a little differently; we are self-funded, so we ask for an increase in our spending authority, rather than an increase in appropriation. We hang on to these FTE positions so we can ask just for spending authority rather than asking for both spending authority and FTE positions. Thankfully we did, because we do fund some direct Lottery to consumer sales positions, for example our kiosk employees.

The Commission thanked Mr. Steben for his presentation and introduced Shar Hawley as our next presenter.

#### **2022-2024 Strategic Business Plan Results:**

The Director of Organizational Performance and Planning, Shar Hawley was excited to share the results of our 2022-2024 Strategic Business Plan with the Commission. Ms. Hawley began with some initial outcome results, sharing we had 25 initiatives, 13 of those were completed on time or 52%. Six other initiatives were also completed, however not on time, and five initiatives will be carried over to our current strategic plan.

Ms. Hawley also touched on highlights, such as the Regional Office move from Yakima to Tri-Cities; launch of Cash POP; the pilot program to expand debit payments for DOI, office, kiosk, and event sales; prepaid debit for prize payments pilot program; substantial work on DEIB; and more. Ms. Hawley offered to share her presentation with the Commissioners and answer any additional questions if they would like to see a more detailed list of results from each initiative.

Chair Giniger thanked Ms. Hawley for her presentation and commented on the huge range of activities being accomplished.

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

Randy Warick began the Sales and Marketing update by highlighting the current sales numbers. Mr. Warick mentioned that while the goal of \$987 million in sales for FY25 is possible, we currently are a little bit behind schedule due to lack of high jackpot; however the two Hit5 jackpots helped. Mr. Warick continued, emphasizing that Scratch is sitting at 97% and continues to do well. Also, the event and promotions teams have been working on ideas to continue to grow our sales numbers.

Next Kathi Patnode took over to share the great coverage our PR partner, Curator, has earned since our last meeting. Ms. Patnode highlighted that since June, we secured more than 3 billion impressions for the Washington's Lottery brand, in large part due to our winner stories receiving national recognition. Ms. Patnode continued her presentation, sharing stories about big wins, our retailers, beneficiaries, unclaimed winnings, high jackpots, and more.

Next Ms. Patnode shared the great work that the team developed with our advertising agency partner, VML. With football season starting, all broadcast spots and social media posts are promoting our Seahawks Scratch ticket. Ms. Patnode showed the Commission the web ad, digital shorts, and spots featuring two Seahawk Legends, Richard Sherman and Kam Chancellor. Ms. Patnode noted that although the Seahawks Scratch ticket just launched this week, local TV stations have already aired news about it, touching on the fun promotion details, and even giving a shoutout to the adjacent high jackpots and how ticket sales will help our beneficiaries.

Ms. Patnode then went on to show beneficiary social media posts developed, which received positive engagement from our followers. She also put a spotlight on the most popular social media posts recently, which included a recap of our recent Warehouse Dash promotion, news about our winners, and our games and puzzles.

### **Scratch Artwork**

Gaylene Gray took over to share a Scratch ticket update. Ms. Gray showed the Commission several tickets, including holiday themed tickets, which features lots of creative winter designs and includes a peppermint scented game. Ms. Gray also highlighted the core games that we are restocking and introduced a new game, a \$1 ticket, called 'I'm a big dill.'

Chair Giniger thanked Ms. Gray and commented how many games we have coming out.

Ms. Gray provided one last comment, remarking Halloween themed tickets launch next week and to be on the lookout.

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

Commissioner Giniger asked the Commissioners about any new topics or agenda items they wish to include on the agenda for the upcoming meeting. There were no new topics added.

### **Public Comment:**

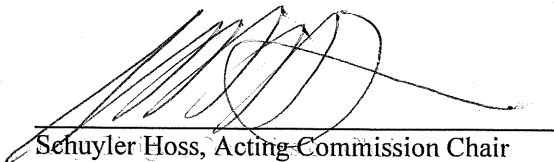
Commissioner Giniger moved on to public comment, asking if anyone in person or online would like to speak. Hearing none, Commissioner Giniger thanked everyone for their time.

### **Adjournment:**

Commissioner Giniger thanked everyone for their time and participation. Chair Giniger adjourned the meeting at 10:45am

The ~~August~~ August 15, 2024, Lottery Commission Meeting Minutes were approved this 17<sup>th</sup> day of October, 2024.

Respectfully submitted,

  
Schuyler Hoss, Acting-Commission Chair

  
Rita Hawkins, Executive Assistant