

TRANSCRIPT OF PROCEEDINGS

BEFORE THE

TEXAS LOTTERY COMMISSION

AUSTIN, TEXAS

COMMISSION MEETING)
FOR THE TEXAS)
LOTTERY COMMISSION)

COMMISSION MEETING

AUGUST 06, 2020

10:00 a.m.

AT

TEXAS LOTTERY COMMISSION
611 East 6th Street
Austin, Texas 78701

CONDUCTED AS A
ZOOM WEBINAR

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APPEARANCES

CHAIRMAN: Robert G. Rivera

COMMISSIONERS: Cindy Fields
Mark A. Franz
Erik C. Saenz
Jamey Steen

GENERAL COUNSEL: Robert F. Biard

ASSISTANT GENERAL COUNSEL: Kyle Wolfe

ASSISTANT GENERAL COUNSEL: Tyler Vance

EXECUTIVE DIRECTOR: Gary Grief

CONTROLLER: Katheryn J. Pyka

PRODUCTS MANAGER: Robert Tirloni

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LANIER & MURPHY, LLP: Darlene Brown

BINGO DIRECTOR: Tom Hanson

BINGO ADVISORY COMMITTEE
CHAIRMAN: William Smith III

LOTTERY OPERATIONS
DIRECTOR: Ryan Mindell

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2 A. To deliberate personnel matters, including
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4 reassignment, duties, discipline, or
5 dismissal of the Executive Director, Acting
6 Charitable Bingo Operations Director and/or
7 Charitable Bingo Operations Director pursuant
8 to §551.074 of the Texas Government Code.

9 B. To deliberate the duties of the General
10 Counsel and/or the Human Resources Director
11 pursuant to §551.074 of the Texas Government
12 Code.

13 C. To receive legal advice regarding pending
14 or contemplated litigation or settlement
15 offers, or other legal advice, pursuant to
16 §551.071(1) and (2) of the Texas Government
17 Code, including but not limited to legal
18 advice regarding the following items:

19 Pending litigation regarding Fun 5's Scratch
20 Ticket Game #1592, including Tex. Supreme
21 Court Docket No. 18-0159 (Steele, et al. v.
22 GTECH Corp.) and Tex. Supreme Court Docket
23 No. 17-1010 (Nettles v. GTECH Corp. and Texas
24 Lottery Commission); and

25 State of Texas v. C.D. (On Petition for
Review to Texas Supreme Court - Docket No.
18-0808);

Legal advice regarding the Governor's March
13, 2020 COVID-19 state of disaster
declaration (as renewed thereafter) and
related Texas Lottery Commission matters,
Texas Government Code Chapters 466 (State
Lottery Act) and 467 (Texas Lottery
Commission), the Bingo Enabling Act, the Open
Meetings Act, the Public Information Act, the
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and general government law.

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P R O C E E D I N G S

THURSDAY, AUGUST 06, 2020

AGENDA ITEM NO. I

COMMISSIONER RIVERA: Good morning, everyone. This is Robert Rivera. And the meeting of the Texas Lottery is called to order. Today is August the 6th, and the time is 10:02. Before we get started let's do a role call. Commissioner Fields.

COMMISSIONER FIELDS: Here.

CHAIRMAN RIVERA: Commissioner Franz.

COMMISSIONER FRANZ: Here.

CHAIRMAN RIVERA: Commissioner Saenz.

COMMISSIONER SAENZ: Here.

CHAIRMAN RIVERA: Commissioner Steen.

COMMISSIONER STEEN: Here.

CHAIRMAN RIVERA: Okay. We have a quorum. Welcome everyone. We have a few changes on the Board today. Governor Abbott has named a new chairman and the Governor also appointed a new commissioner, Jamey Steen.

Commissioner Steen is from Houston and has been appointed for a term to expire in February 2025. We are extremely glad and happy to have Jamey join us, and would like to give him a chance to say a few words.

1 COMMISSIONER STEEN: Sure. Thank you,
2 Robert, I appreciate it. I'd just make a few brief
3 remarks. First, to say thank you to Governor Abbott
4 and the staff. I'm humbled and honored to be able to
5 serve this great state to which we all owe much.

6 I promise to be engaged, to work hard,
7 and perform my duties with the standard of character
8 that this agency, its mission, and its staff deserve.
9 Further, I pledge to do my part to promote and ensure
10 the integrity, security, honesty, and fairness in the
11 operation and administration of the Lottery and Bingo.
12 And lastly on a personal note, I look forward to
13 getting to know each and every one of you on this
14 journey. So, thank you.

15 CHAIRMAN RIVERA: Well, Commissioner
16 Steen, we are excited about having you on board. We
17 know that you bring an incredible amount of just a
18 lifetime of information across the state that will
19 appreciate -- continue to appreciate here for the
20 Lottery. And we know that you will have a tremendous
21 time ahead in your years of service, so we're very
22 fortunate to you.

23 And definitely I'm confident that your
24 parents are likewise proud of all that you have done to
25 get to this point and will do. This is definitely, you

1 know, something that you should be excited about, you
2 and your family, so congratulations for that.

3 We would also like to acknowledge the
4 departure of former chairman Winston Krause in his 11
5 years of loyal service to the Commission. We are most
6 grateful to Winston. I've asked for him to come back
7 whenever we are able to finally meet in person and
8 acknowledge his years of service. And until then, he
9 will be definitely still, you know, at least for me and
10 I know for our Lottery staff, you know, his guidance
11 will remain with us even though he's no longer the
12 chairperson.

13 So moving forward. This meeting is
14 being conducted remotely on Zoom pursuant to Governor
15 Abbott's temporary suspension of certain open meeting
16 laws during the COVID-19 disaster declaration. We
17 appreciate the public participation and your patience.

18 To go over a few ground rules, as stated
19 in the meeting notice, requests to provide public
20 comment were due to the General Counsel by 5:00 p.m.
21 yesterday. Second, your Zoom screen may have an option
22 to raise your hand and chat, but Commissioners and
23 staff will not be chatting with the audience members
24 during the meeting. Third, for the benefit of the
25 audience and our court reporter, every speaker will

1 please state their name before they speak. Also, the
2 Commissioners have authorized Commission staff to use
3 our electronic signatures as necessary on any orders or
4 other documents approved at this meeting.

5 AGENDA ITEM NO. II

6 CHAIRMAN RIVERA: The first item on the
7 Commissioner's training, including ethics,
8 administrative procedure, and open government laws.
9 Bob, this is your item. Commissioners, any discussion?

10 MR. BIARD: Thank you, Chairman. This
11 is Bob Biard, I'm the General Counsel. And whenever
12 there's a new Lottery Commissioner, this Agency has a
13 tradition of briefly reviewing the laws that govern the
14 Texas Lottery Commission at that Commissioner's first
15 open meeting.

16 Also, since 2013, the State Lottery Act
17 has required new appointees to complete a training
18 program before they may vote, deliberate, or be counted
19 as a member in attendance at a Commission meeting. The
20 training must provide the appointee with information
21 regarding the legislation that created the Commission,
22 the programs, functions, rules and budget of the
23 Commission, the results of the most recent formal audit
24 of the Commission, the requirements of laws relating to
25 open meetings, public information, administrative

1 procedure, and conflicts of interest and any applicable
2 ethics policies adopted by the Commission or the Ethics
3 Commission.

4 I want to state for the record that
5 prior to this meeting, Commissioner Steen had the
6 required training session to go over these items with
7 Governmental Affairs Director Nelda Treviño, Controller
8 Kathy Pyka, and me.

9 For purposes of today's meeting, I just
10 want to provide a brief overview of the highlights
11 regarding the ethics, procedural, and open government
12 laws governing the Commission.

13 At the training session, I provided a
14 document titled, "A Guide to Ethics Laws for State
15 Officers and Employees". This is a Texas Ethics
16 Commission publication and because the Texas Lottery
17 Commission has a number of more specific requirements,
18 we annotated it using blue ink to highlight provisions
19 specific to the Lottery Commission.

20 These Lottery-specific provisions are
21 generally more restrictive than the requirements that
22 apply to other state agencies. For instance, at this
23 agency there is a restriction against accepting
24 employment or payment from a person that has a
25 significant financial interest in the Lottery, which is

1 a defined term that includes vendors of Lottery goods
2 and services, including their officers and certain
3 employees, and licensed lottery retailers.

4 On the Bingo side that includes
5 commercial lessors, distributors, and manufacturers.
6 Interestingly, Chapter 467 of the Commission's
7 governing statutes does not prevent remuneration by
8 Bingo conductors, although a general statewide statute
9 would prevent that if it could reasonably be expected
10 to impair the officer's independence of judgement.

11 Also, with respect to accepting gifts,
12 while other agencies are subject to a de minimis
13 exception that allows agency members and employees to
14 accept gifts under \$50 in value, for instance, to cover
15 the cost of the meal, Lottery Commissioners and Lottery
16 employees are prohibited from accepting any gift which
17 is defined to include anything of value from a person
18 that has a significant financial interest in the
19 Lottery and certain persons associated with them or a
20 person who has won a Lottery prize exceeding \$600
21 within the last two years.

22 The Lottery Commission does have an
23 exception to this gift prohibition for Commissioners
24 and employees to accept a gift that is given on account
25 of a relationship that is independent of, in your case,

1 your Commissioner status, such as kinship or a
2 personal, professional, or business relationship
3 independent of your Commissioner status. In those
4 cases, gifts are allowed. Also this agency does not
5 have the authority to accept gifts, so you cannot
6 accept gifts on behalf of the Commission.

7 Next, there is a restriction against
8 certain political fundraising activities that is unique
9 to the Lottery Commission. A Lottery Commissioner may
10 not, this is a quote, "directly or indirectly coerce,
11 attempt to coerce, command, or advise a person to pay,
12 lend, or contribute anything of value to another person
13 for political purposes." End quote.

14 There are two Attorney General opinions
15 that discuss this prohibition which applies only to the
16 Lottery Commission and I have provided those to
17 Commissioner Steen. This restriction, importantly,
18 does not prevent you personally from donating to
19 political candidates or causes. These are just a few
20 ethics points I wanted to highlight.

21 Next, with respect to procedural laws
22 under the Administrative Procedure Act, the Commission
23 has two key roles: first, to propose and adopt rules
24 relating to the Lottery and Charitable Bingo; and
25 second, to decide contested cases involving specific

1 licensees.

2 Agency rules are general statements of
3 policy or practice that apply generally to all persons.
4 When you propose rules, you're acting in a legislative
5 capacity and you may talk to anyone you wish in
6 connection with agency rules proposals.

7 However, you also have a judicial
8 function because you decide contested cases where the
9 legal rights and duties of particular licensees are
10 determined after an opportunity for hearing. At the
11 Lottery Commission contested cases usually involve a
12 licensee and the issue is usually whether to deny,
13 suspend, or revoke a license; and, on the Bingo side
14 only, whether to assess monetary penalties for
15 violations of the agency's governing statutes or rules;
16 or to approve settlements.

17 In contested cases, ex parte
18 communications are prohibited, which means you may not
19 communicate with any person or party to the case about
20 an issue of fact or law in the case unless all parties
21 have the opportunity to participate.

22 There is an exception to this
23 prohibition that allows you to communicate with agency
24 staff members that have not participated in the case to
25 use the agency's special skills or knowledge in

1 evaluating the evidence.

2 Cases are heard at the State Office of
3 Administrative Hearings, which we call SOAH, by an
4 independent administrative law judge who prepares a
5 proposal for your consideration. Although the proposal
6 is only a recommendation, the law protects the
7 impartial role of the judge by limiting the reasons why
8 the Commission may change the judge's recommendations.

9 There are three reasons. These are,
10 first, to correct a technical error, such as a wrong
11 name, address, date, or other uncontested fact. Two,
12 if the judge fails to properly apply the law, agency
13 rules, policies, or prior agency decisions. Or, three,
14 if the Commission decides to overrule a prior agency
15 decision relied on by the judge because it is incorrect
16 or because the Commission decides it should be changed.

17 Next, I want to briefly touch on
18 additional required training. A new commissioner is
19 required to complete the Attorney General's online
20 training on the Open Meetings Act and Public
21 Information Act within 90 days of taking the oath of
22 office. In this case, Commissioner Steen has already
23 completed these training sessions and provided the
24 completion certificates.

25 We discussed the Open Meetings Act and

1 Public Information Act in our training session and I
2 won't go into detail on them here.

3 There was also a special required
4 webinar training course on contract management that is
5 conducted by the Comptroller's Office, and you will
6 need to complete that soon, but there is no fixed
7 deadline for that training.

8 And the last thing I want to note is
9 that because the Lottery Commission is a five-member
10 board, three Commissioners are required for a quorum
11 and there must be at least three Commissioners present
12 to conduct business at an open meeting. This also
13 means that two Commissioners can meet and discuss
14 business without violating the Open Meetings Act, but
15 there's an important caveat to that.

16 The Attorney General and Texas courts
17 have said it would be a violation of the Open Meetings
18 Act to deliberately have a series of two Commissioner
19 meetings with different Commissioners to decide a
20 matter of public business outside of public meeting.
21 This is referred to as a walking quorum and is not
22 allowed.

23 Whether you are circumventing the Act,
24 however, it is a question of intent, which is always
25 going to be a fact question.

1 Commissioners, this is a very high-level
2 overview of some of the topics we covered with
3 Commissioner Steen. There is a lot of information in
4 the laws governing the Commission's activities, so
5 please feel free to contact me if you ever have any
6 questions about any of these laws or how they apply.
7 Thank you.

8 AGENDA ITEM NO. III

9 CHAIRMAN RIVERA: Perfect. Thank you,
10 Bob. Commissioners, any questions? Alrighty. Hearing
11 none. Next item is a report from the Bingo Advisory
12 Committee. Commissioners, let's see here, Trace Smith.

13 MR. SMITH: Yes, sir. Good morning,
14 Commissioners, staff, BAC members, general public. We
15 would like to first congratulate our new chairman,
16 Commissioner Rivera, on his new position and welcome
17 our new Commissioner Steen.

18 COMMISSIONER STEEN: Thank you.

19 MR. SMITH: We've -- you're welcome,
20 sir. We at the Bingo Advisory Committee have had a
21 busy year. We have also had a productive year. I am
22 pleased and proud to report that we have completed the
23 2020 Work Plan and look forward to the challenges of
24 the 2021 Work Plan outlined by the Commission.

25 The 2020 Work Plan was completed by

1 accomplishing the following: Assisting the industry in
2 bringing forward issues and new ideas to the Texas
3 Lottery Commission staff and commissioners. Giving
4 opinion and input to the Texas Lottery Commission staff
5 and commissioners on Bingo related bills passed in the
6 2019 legislative session. Assisting and giving input
7 on rulemaking and rule review to the Texas Lottery
8 Commission staff and Commissioners. And adding new and
9 diverse members to the Bingo Advisory Committee to
10 further the voice of Charitable Bingo in the state of
11 Texas.

12 With all of these items being fulfilled
13 and seeing the new work plan for 2021, we at the Bingo
14 Advisory Committee and the industry as a whole ask for
15 the Commissioners to vote to continue the Bingo
16 Advisory Committee for another year.

17 CHAIRMAN RIVERA: Okay. Commissioners,
18 any discussion? Okay. Hearing none. Is there a
19 motion to continue the BAC with the same members and
20 approve the 2021 work plan?

21 COMMISSIONER SAENZ: This is Erik. I
22 make a motion.

23 CHAIRMAN RIVERA: Okay.

24 COMMISSIONER FRANZ: Mark Franz, I'll
25 second.

1 CHAIRMAN RIVERA: Perfect. All in favor
2 say aye.

3 (Chorus of "aye's")

4 CHAIRMAN RIVERA: And it sounds like
5 that's 100 percent.

6 MR. SMITH: Thanks.

7 CHAIRMAN RIVERA: Good job. Good job,
8 Trace, thank you.

9 MR. SMITH: Thank you.

10 CHAIRMAN RIVERA: And we look forward to
11 a productive 2020 and 2021 moving forward.

12 AGENDA ITEM NO. IV

13 CHAIRMAN RIVERA: Next item is a Bingo
14 Rule proposal. Tyler, this is your item.

15 MR. VANCE: This is Tyler Vance,
16 Assistant General Counsel. Good morning,
17 Commissioners. I have for consideration today proposed
18 amendment to Bingo Rules 402.200, .300, .301, .400,
19 .401, .404, .408, .420, .450, .451, .502, .503, .511,
20 .601, .700, .702, and .703. This is a large packet of
21 rule amendments which is coming out of the agency's
22 quadrennial rule review process which involved several
23 meetings between the staff, the Bingo Advisory
24 Committee, and industry stakeholders. The
25 Commissioners adopted the rule review's recommendations

1 at the last Commission meeting, and today we are
2 proposing that we begin the process of implementing
3 those recommendations.

4 The proposed amendments include updates
5 and clarifications of certain terms, and removes
6 references and citations that are no longer applicable.
7 The proposal implements procedural guidelines related
8 to temporary suspensions that are required by the Bingo
9 Enabling Act, and implements procedural changes for
10 processing incomplete license applications that will
11 conserve limited staff resources.

12 The amendments also remove record
13 keeping requirements and other restrictions that we
14 found to be unnecessary to the Agency's purpose of
15 ensuring that Bingo is conducted fairly and that
16 proceeds go to charities.

17 Finally, the proposal will allow
18 organizations to use temporary on-demand licenses to
19 issue electronic gift certificates, and to accept and
20 award donated prizes. And these are all permissible
21 changes that the Bingo industry believes will help them
22 generate proceeds for charities.

23 The Agency has received two written
24 comments related to these proposed amendments. One
25 from Stephen Fenoglio and one from Steve Bresnen, both

1 of whom generally support the rule package and look
2 forward to the public comment period where they will
3 suggest some minor changes.

4 In addition to the usual public comment
5 process, the staff has already scheduled a public
6 hearing for these amendments, which will be on
7 September 6th (sic - should be 9th) and will also be
8 available on Zoom.

9 And, with that, staff recommends that
10 you propose these rule amendments as written, and I am
11 available for any questions you may have.

12 CHAIRMAN RIVERA: Thank you, Tyler.
13 Commissioners, any discussion? Okay. Is there a
14 motion to publish the rule proposal for public comment?

15 MR. BIARD: Mr. Chairman, this is Bob
16 Biard. Let me -- excuse me for interrupting. We do
17 have one member of the public who has requested to
18 comment live with us today and that is Kim Kiplin, who
19 is here on behalf of the Texas Veterans of Foreign
20 Wars.

21 CHAIRMAN RIVERA: Okay.

22 MR. BIARD: So, I think that if we can
23 get our technical team to turn on Kim Kiplin's mic, she
24 can make some brief comments.

25 CHAIRMAN RIVERA: Okay. Kim, whenever

1 you're ready.

2 MS. KIPLIN: Thank you. Chairman Rivera
3 and Commissioners, good morning. My name's Kimberly
4 Kiplin. I'm an attorney here in Austin and I'm
5 commenting today on the behalf of the Department of
6 Texas Veterans of Foreign Wars.

7 Just a little bit of background. The
8 VFW is the oldest major veterans service organization
9 in the United States. Its mission is to support the
10 veterans and their families.

11 The 2.4-million members of the VFW and
12 its auxiliaries are located in about 8500 VFW posts
13 around the world. And while the VFW is a national
14 organization, the work of the VFW posts is really
15 conducted through its local post and programs to
16 support veteran service members and their families.

17 In Texas we have 306 local posts that
18 serve the mission of the VFW, and of those 306 over 50
19 conduct charitable bingo. Charitable bingo is an
20 important fundraising activity for the VFW. Local VFWs
21 are conducting charitable bingo in order to raise funds
22 to support veterans and their families in times of
23 need.

24 In 2019, VFW posts in Texas either
25 conducting at their local post or as part of the unit

1 distributed over \$1.9-million to support our veterans
2 and their families in our local communities. The Texas
3 VFW did participate in the 2019-2020 rule review
4 process and in the meetings with stakeholders and
5 agency staff, and the proposed rule amendments that are
6 being presented to you today for your consideration to
7 publish for public comment are a product of those
8 earlier meetings and discussions.

9 And we really appreciated the
10 opportunity to provide comments on the rule review and
11 to participate in those meetings. And staff was very
12 open and very receptive to the suggestions and
13 recommendations offered during those meetings and many
14 of those suggestions and recommendations have been
15 incorporated into the proposed rule amendments before
16 you today.

17 And we do support the proposed
18 rulemaking in the large part, in the main, however, we
19 are -- we really are not supportive of amending Section
20 402.702, Disqualifying Convictions, to include Texas
21 Penal Code Chapter 22, Assaultive Offenses, in its
22 entirety, in the list of the offenses in the rule that
23 are identified that directly relate to the fitness of a
24 new or renewal applicant.

25 Some of the assaults in Chapter 22 are

1 Class C misdemeanors. And we really are concerned that
2 a broad application of Chapter 22 will impact our
3 combat veterans that are now entering civilian life
4 where the veteran unemployment rate is well over 25
5 percent, and they may be struggling with, you know,
6 PTSD or depression and perhaps may act out
7 inappropriately by imbibing too much and then getting
8 into trouble.

9 And the VFW wants these young men and
10 women to be able to work in charitable bingo and bring
11 in a little income for their families and be useful to
12 other veterans.

13 We think being part of working bingo at
14 a local post helps them get into an organized system
15 where there are rules that they know they must follow
16 and they can follow.

17 Really appreciate the opportunity to
18 provide comment today. We look forward to commenting
19 on the proposed amendments during the comment period
20 and working with the Commission Bingo Director Tom
21 Hanson, Tyler Vance, and staff on this matter and other
22 matters that impact the VFW's bingo charitable
23 fundraising activities.

24 I'm happy to answer any questions and I
25 really do appreciate your time this morning. Thank

1 you.

2 CHAIRMAN RIVERA: Kim, thank you so
3 much. We are definitely grateful for your ongoing
4 commitment to Bingo, to our veterans. I know that you
5 represent an incredible amount of important folks
6 across the state. And so, thank you for taking the
7 time to participate not only on this Zoom meeting, but
8 obviously, all of the leading up work to this moment.

9 And I know that, you know, all your
10 comments and insight are literally years in the making.
11 So thank you. Do we have any Commissioners' comments
12 or questions? Okay. Tyler, would you like to address
13 Kim's point at all?

14 MR. VANCE: Yeah. Sure. So, the law of
15 Chapter 53 allows all occupational licensing agencies
16 to treat certain offenses as directly related to the
17 occupation and to -- based on a conviction or a
18 deferred adjudication for those offenses to institute
19 some kind of discipline or possibly deny a person for a
20 license.

21 And the Commission has that list of
22 offenses that it's deemed directly related to bingo in
23 two different places. One of them are -- is a
24 published kind of narrative guideline and then the
25 other one is in the rules, which is just a list of

1 chapter by chapter in the Penal Code of which offenses
2 are directly related.

3 And in the guidelines, we've included
4 crimes against persons, including assaults, assault
5 with family violence, things of that nature, on the
6 grounds that a bingo hall can sometimes become a
7 contentious place. And, therefore, people who have a
8 history of not handling confrontations very well,
9 should possibly be more restricted.

10 And the issue here is that the
11 guidelines include that as a directly related offense,
12 but the rules do not. It appears just to be an
13 oversight. And so, this proposed amendment was to
14 square those two.

15 But it's really up to the Commissioners
16 to decide which kinds of offenses are directly related
17 to the conduct of bingo. And that's what's at issue
18 here is whether or not you think that assault and
19 assault-related offenses should be treated as directly
20 related to bingo and therefore give Tom and the Bingo
21 staff the authority to discipline and/or deny folks
22 with assault-related convictions.

23 CHAIRMAN RIVERA: Okay. Tyler, thank
24 you so much.

25 MS. KIPPLIN: Mr. Chairman, may I

1 respond?

2 CHAIRMAN RIVERA: Please.

3 MS. KIPLIN: So just a little bit of
4 background. In the earlier iteration of the Bingo
5 Enabling Act, it really disqualified folks on
6 misdemeanors that had -- that were misdemeanors
7 involving moral turpitude. And moral turpitude is
8 something that really is, you know, considered by a
9 court. But in the -- in those case law some assaults
10 are -- were not considered misdemeanors in moral
11 turpitude, and therefore were not disqualifying
12 convictions. For example, an assault of a man on a
13 man.

14 So my concern is in just incorporating
15 the entire chapter that we're not really looking at the
16 individual offense. And I just want to put on the
17 record that just because somebody may have been, for
18 example, in a bar fight and picked up a misdemeanor,
19 that doesn't necessary -- should not necessarily be a
20 bar from them working in a bingo hall. Especially
21 where they're in, for example, the VFW, where the VFW
22 is trying to offer a community and help these young men
23 and women assimilate into civilian life. So I --
24 that's the concern we have is just a broad, broad
25 brush.

1 CHAIRMAN RIVERA: Thank you. Any
2 comments or thoughts from Commissioners? Alrighty. Is
3 there a motion to publish the rule proposal for public
4 comment?

5 COMMISSIONER FRANZ: This is Mark Franz.
6 I'll move to publish the proposed rule amendments in
7 the Texas Register.

8 COMMISSIONER SAENZ: This is Erik. I
9 second it.

10 COMMISSIONER FIELDS: Okay. I'll
11 second.

12 CHAIRMAN RIVERA: Okay. All in favor
13 say aye.

14 (Chorus of "aye's")

15 CHAIRMAN RIVERA: Okay. It sounds like
16 that's 100 percent.

17 AGENDA ITEM NO. V

18 CHAIRMAN RIVERA: Next item is the
19 Commission's comprehensive business plan. Ryan, this
20 is your item.

21 MR. MINDELL: Good morning, Chairman and
22 Commissioners. For the record my name is Ryan Mindell.
23 I'm the Lottery Operations Director.

24 Commissioners, each of you have a copy
25 of the 2019 Annual Report and the 2020-2021

1 comprehensive business plan. The 2019 Annual Report
2 contains a summary of the agency's sales and revenue
3 results along with performance highlights from fiscal
4 year 2019.

5 Next is the 2020-2021 comprehensive
6 business plan which conforms to the statutory
7 requirements from sunset legislation. The
8 comprehensive business plan contains key performance
9 factors. It captures measures of agency efficiency and
10 performance, as well as targets or projections for
11 those factors.

12 This document to me is the single best
13 source of information about our lottery activities,
14 both about what we've done in the past and what we're
15 planning to do in the future. I'd also like to note
16 the significant work across the agency, across many of
17 our divisions, that goes into preparing this report.

18 And with that, I'm happy to respond to
19 any questions you may have prior to your consideration
20 of the plan today.

21 CHAIRMAN RIVERA: Okay, Commissioners,
22 any discussion? Okay. Is there a motion to approve
23 the plan?

24 COMMISSIONER FIELDS: So moved. Cindy.

25 CHAIRMAN RIVERA: Second?

1 COMMISSIONER STEEN: Jamey. Seconded.

2 CHAIRMAN RIVERA: Perfect, thank you.

3 All right. All in favor say aye.

4 (Chorus of "aye's")

5 CHAIRMAN RIVERA: Okay. Is that
6 everyone? Okay. 100 percent.

7 Agenda Item No. VI

8 CHAIRMAN RIVERA: Next item is adoption
9 of Lottery rule amendments. Kyle, this is your item.

10 MR. WOLFE: All right. Thank you, Mr.
11 Chairman and Commissioners. For the record, I'm Kyle
12 Wolfe, Assistant General Counsel.

13 Item VI in your notebooks contains a
14 proposal to adopt amendments to 21 of the Commission
15 rules in Title 16, Chapter 401 of the Texas
16 Administrative Code. These amendments are the result
17 of the quadrennial rule review that was adopted at the
18 last Commission meeting and the proposed amendments
19 were published in the Texas Register on June 26th.

20 The amendments will simplify and update
21 the rules to conform to industry best practices and
22 they update and clarify certain terms to conform usage
23 of those terms throughout the rules.

24 The amendments move the draw game
25 "playslip" and "entry of play" provisions from specific

1 draw game rules to the definitions rule and the general
2 draw game rule with language that will apply
3 consistently to all draw games.

4 The amendments also move general
5 provisions regarding authorized promotions and retail
6 incentives from individual draw game rules to the
7 general draw game rule, and for consistency purposes
8 the amendments update the various game trademarks and
9 definitions of "playboard." The amendments to the
10 standard penalty chart and the suspension and
11 revocation of license rule update and clarify lottery
12 enforcement policy and practice, and the amendments
13 also remove certain outdated requirements from the
14 licensing and retailer rules.

15 Finally, the amendments included repeal
16 of Rule 401.322, the Texas Triple Chance Draw Game
17 Rule, because that draw game is no longer offered. And
18 references to the Lotto Texas Winner Take All were also
19 removed from Rule 401.305, the Lotto Texas Draw Game
20 Rule, because that promotion was never implemented.

21 We received no public comment from these
22 amendments, so the staff recommends that the Commission
23 adopt the proposed amendments. And if you have any
24 questions, I'd be happy to answer them.

25 CHAIRMAN RIVERA: Okay. Thank you,

1 Kyle. Commissioners, any discussion? Okay. Is there
2 a motion to approve the amendments?

3 COMMISSIONER STEEN: This is Jamey. So
4 moved.

5 COMMISSIONER FRANZ: Mark will second.

6 CHAIRMAN RIVERA: Perfect. All in favor
7 say aye.

8 (Chorus of "aye's")

9 AGENDA ITEM NO. VII

10 CHAIRMAN RIVERA: All right. Next item
11 is a report on Lottery sales and revenue. Kathy and
12 Robert, your item.

13 MS. PYKA: Good morning, Chairman and
14 Commissioners, my name is Kathy Pyka, Controller for
15 the agency. With me presenting this morning is the
16 Commission's Products Manager Robert Tirloni.

17 Mr. Chairman, if we have a second, we'll
18 allow for them to display the PowerPoint.

19 CHAIRMAN RIVERA: Sure.

20 MS. PYKA: There we are. So, Robert and
21 I will be presenting from the PowerPoint emailed by
22 Mary Beth to each of you on Tuesday of this week. The
23 PowerPoint is also being displayed this morning and our
24 presentation will begin with the data on slide 2.

25 Comparative sales through the week

1 ending August 1, 2020 are presented at the bottom of
2 the slide. Total Fiscal Year 2020 sales through this
3 48-week period are \$6,125,000,000, which is an increase
4 of \$293,000,000, or 5 percent over the \$5,832,000,000
5 in sales for the same period last fiscal year.

6 Commissioners, when we met in June, our
7 total year-over-year increase was \$56,000,000. Better
8 summarized, over the past 8-week period, the year-over-
9 year total sales increase has grown by \$236,000,000.
10 Fiscal Year 2020 scratch ticket sales reflected on the
11 second orange bar are \$5,070,000,000 which is a
12 \$562,000,000 increase over Fiscal Year 2019.

13 With four weeks remaining in the fiscal
14 year, we have already exceeded the \$5-billion mark and
15 have set a new record for scratch ticket sales
16 surpassing the \$4,846,000,000 record set just last
17 fiscal year. With a growth rate of 12 1/2 percent over
18 last fiscal year, the Commission has continued to
19 report double digit increases over Fiscal Year 2019
20 sales. We have now had 29 weeks of scratch sales over
21 \$100-million this fiscal year as compared to eight
22 weeks last fiscal year.

23 Scratch ticket sales amount to 82.8
24 percent of total sales through this period as compared
25 to 77.3 percent last fiscal year.

1 Our Fiscal Year 2020 draw sales
2 reflected on the second blue bar are \$1,054,000,000,
3 which is a \$269,000,000 decrease, or 20 percent under
4 the \$1,323,000,000 figure reported for last fiscal
5 year.

6 The draw game sales decline is twofold.
7 Earlier in the year it is clearly attributed to the
8 \$1.6-billion Mega Millions jackpot, as well as the
9 \$750-million Powerball jackpot that occurred in October
10 of Fiscal Year 2019.

11 More recently due to COVID-19 our multi-
12 state jackpot sales have continued to reflect lower
13 than normal sales attributed to smaller incremental
14 jackpot rolls.

15 Robert will now provide an overview of
16 detailed sales as outlined on slide 3.

17 MR. TIRLONI: Thank you, Kathy. For the
18 record, I am Robert Tirloni, Products Manager for the
19 Commission. Good morning, Mr. Chairman, and good
20 morning, Commissioners.

21 CHAIRMAN RIVERA: Morning.

22 MR. TIRLONI: So, on slide 3 we're
23 comparing fiscal year '20 to fiscal year '19 through
24 this past Saturday, August 1st. So, I'll kind of start
25 towards the bottom of the slide where it says Draw

1 Games Total in orange colored font. You'll see that
2 we're experiencing a deficit of just over \$269-million.
3 So let's dive in to see where that's coming from.

4 If we look up towards the top of the
5 slide in the white font, we have the jackpot portion of
6 our portfolio and you can see the deficits we're
7 experiencing for Mega Millions, and its two add-on
8 features, Megaplier and Just the Jackpot.

9 And you can also see the deficits we're
10 experiencing for Powerball and the add-on feature for
11 Powerball, PowerPlay. Again, this is because of a lack
12 of jackpots in fiscal '20 compared to fiscal '19 and
13 it's also due to lower starting jackpots as a result of
14 COVID.

15 So if you look at just those two games,
16 we're experiencing about a \$304-million decrease year
17 over year.

18 We are seeing some good news for our own
19 in-state games. Our Lotto Texas game is up three and a
20 half million dollars, and its add-on feature is also up
21 by \$3-million. We also have a very healthy Lotto Texas
22 jackpot right now, it's over \$30-million for the
23 drawing this Saturday. So, we're hoping that that game
24 continues to roll and we can continue to see good sales
25 from that product.

1 The last game in the Jackpot category is
2 Texas Two Step, another one of our in-state games, and
3 it's almost even. It's down slightly just \$100,000.
4 So the Jackpot category as a whole is down about \$298-
5 million.

6 We are seeing good performance, though,
7 from our Daily games. So those are represented kind of
8 in the middle of the slide in the blue font. So,
9 you'll remember we added the Fireball feature to both
10 Pick 3 and Daily 4 about 15 to 16 months ago and that
11 feature is helping those games to perform well this
12 fiscal. Pick 3 is up a little over \$16-million year
13 over year and Daily 4 is up \$9-million year over year.
14 So, we're very pleased with those results.

15 All or Nothing is also experiencing
16 year-over-year gain of just under \$4-million. Cash 5
17 is down slightly, \$400,000. But all told, the Daily
18 Game portion of the portfolio is doing well, and it is
19 up almost \$29-million at this point in the fiscal year.

20 As Kathy mentioned, our Scratch product
21 continues to have stellar sales results. We're up a
22 little over \$562-million.

23 So all told, if you're looking at the
24 portfolio as a whole, we have sold over \$6.1-billion,
25 and that is a \$293-million gain.

1 Speaking of our scratch tickets, if we
2 could advance two more slides, I wanted to share some
3 information with you. This is our new family. It's
4 called the Extreme Cash Family. And you're getting a
5 preview. This family will start on September 7th. And
6 we have games offered at the \$1, \$5, \$10, and \$20 price
7 point.

8 I wish we could be in person today where
9 I could give you actual physical samples of these
10 tickets, because this slide really doesn't do these
11 tickets justice. These games are printed in
12 fluorescent -- with, you know, fluorescent ink.
13 They're extremely bright.

14 I believe that this is going to give us
15 a very strong start to our fiscal year, which starts on
16 September 1st. So, I think this family launching will
17 continue the great sales results that we've been seeing
18 from the scratch portion of the portfolio.

19 This is a major initiative for us,
20 Commissioners. This family will receive advertising
21 support. It's one of about four initiatives per year
22 that receive that level of advertising support. So, in
23 early September you will probably see information about
24 this game in -- on out-of-home boards, on outdoor
25 billboards, on radio spots. And this will also have

1 full in-store point-of-sale support.

2 So, again, we're looking forward to the
3 start of this game. I wanted to share this with you.
4 And that concludes the sales presentation for today.
5 But Kathy and I would be happy to answer any questions
6 that you all may have.

7 CHAIRMAN RIVERA: Okay. Tremendous
8 report. Commissioners, any comments? No discussion.
9 Okay. Clearly, this is incredible in terms of the
10 volume that Lottery is continuing to move forward in
11 across the board in our, you know, situation. So, I
12 know that all of our Commissioners are very grateful
13 and appreciative of really every member of the Lottery
14 family, all employees, and literally from top to
15 bottom, in order to continue to produce these kind of
16 results.

17 So I know that we are definitely all
18 grateful.

19 MR. TIRLONI: Thank you, Mr. Chairman,
20 we appreciate that very much.

21 CHAIRMAN RIVERA: Okay. No other
22 Commissioner discussion. Okay. Is there a motion to
23 approve the business plan? Or I'm sorry. I am so
24 sorry. Next item.

25 MS. PYKA: Would you like to move on to

1 -- yes. Would you like to move on to Item 8?

2 CHAIRMAN RIVERA: Yeah let me -- let's
3 move on.

4 MS. PYKA: Okay.

5 CHAIRMAN RIVERA: Yes, please.

6 AGENDA ITEM NO. VIII

7 MS. PYKA: So, Commissioners, again, for
8 the record, my name is Kathy Pyka, Controller for the
9 Commission.

10 Tab 8 includes information on the
11 agency's transfers to the state as well as the agency's
12 budget status. The report in your notebook reflects
13 accrued revenue transfers and allocations to the
14 Foundation School Fund and the Texas Veterans'
15 Commission, as well as the allocation of unclaimed
16 prizes for the 10-month period ending June 30th of
17 2020.

18 Our total accrued revenue transfers to
19 the state amounted to \$1,320,000,000 for the first 10
20 months of Fiscal Year 2020. Of the \$1,320,000,000
21 transfer to the state, \$1,244,000,000 was the amount of
22 revenue transferred to the Foundation School Fund,
23 16.3-million was the amount transferred to the Texas
24 Veterans Commission, with the remaining 59.8-million
25 transferred from unclaimed prizes.

1 Commissioners, this leaves us with a 3.7
2 percent or a \$47.5-million decrease under revenue to
3 the Foundation School Fund for the same period last
4 fiscal year.

5 I wanted to note, though, based on
6 actual sales for July and projected August sales, we
7 are on track to set another record for revenue
8 transfers to both the Foundation School Fund and the
9 Fund for Veterans Assistance. Our total cumulative
10 transfers to the Foundation School Fund through June of
11 this year are now at \$25.35-billion.

12 Also included in your notebook is the
13 Agency's Fiscal Year 2020 Method of Financing Summary
14 for the third quarter ending May 31, 2020. The
15 Commission's Lottery Account budget for Fiscal Year
16 2020 is \$255.3-million. Of this amount, 89 percent was
17 expended and encumbered through the end of the third
18 quarter.

19 The Bingo administration budget funded
20 by General Revenue is \$6.2-million with 91 1/2 percent
21 expended and encumbered in the third quarter.

22 Commissioners, this concludes my
23 presentation. May I answer any questions?

24 CHAIRMAN RIVERA: Okay. No Commissioner
25 questions.

1 AGENDA ITEM NO. IX

2 CHAIRMAN RIVERA: So, the next item on
3 the report is a legislative appropriations request for
4 the next legislative session. Kathy, this is also your
5 item.

6 MS. PYKA: Thank you, Mr. Chairman.
7 Again, for the record, my name is Kathy Pyka. I'll be
8 visiting with you this morning on Tab 9, which includes
9 information on the agency's Fiscal Year 2022 and '23
10 Legislative Appropriations Request.

11 Commissioners, we will be passing this
12 item this morning as the instructions for the Fiscal
13 Year 2022-'23 Legislative Appropriation Request have
14 not been released by the leadership offices.

15 Normally our document is due in mid-
16 August, so as soon as the instructions are released, we
17 will certainly be providing each of you additional
18 information.

19 Commissioners, this concludes my
20 presentation. May I answer any questions?

21 CHAIRMAN RIVERA: Okay. Good job,
22 Kathy. There's no questions, comments. Good job,
23 thank you.

24 MS. PYKA: Thank you, Mr. Chairman.

25 AGENDA ITEM NO. X

1 CHAIRMAN RIVERA: Okay. Next item is
2 the report from the Internal Auditor and the 2021
3 Internal Audit Plan. Darlene, this is your item.

4 MS. BROWN: I'm sorry. I had to unmute.

5 CHAIRMAN RIVERA: Darlene, no problems.

6 MS. BROWN: My name is Darlene Brown and
7 I serve as your Internal Auditor. In your materials is
8 my status report. We have finished the CBOD of
9 implementation of House Bill 914 Audit. We are working
10 on the CBOD Enforcement Activities Audit.

11 Most importantly we continue to work
12 with the leadership team to determine what makes sense
13 to audit at this time, given the changes that are
14 occurring in response to the pandemic and what can be
15 postponed until a later date.

16 So far, we've determined that the
17 agency's Traveling Expense Audit will be postponed
18 until Fiscal Year '21 and we are also postponing the
19 ticket return and destruction audit until Fiscal Year
20 '21. These risks will be included in the proposed
21 Ticket Management Audit.

22 While we will begin the Claim Center and
23 Ticket Validation Audit soon, that was proposed on the
24 Fiscal Year '20 Audit Plan, the focus is now changing
25 to address new risks associated with processing mail

1 claims as resulted from the increased volume.

2 We'll also work together with Ryan
3 Mindell and his team throughout the year to evaluate
4 business processes and any -- address potential long-
5 term changes to the claim center operations, resulting
6 from COVID-19's impact.

7 Earlier this week I provided you with a
8 copy of the proposed Fiscal Year '21 Annual Internal
9 Audit Plan. We developed this based upon our risk
10 assessment where we really focused this year on the
11 COVID-19 and any inherent risks that changes to
12 business processes bring.

13 While the Agency's key functions remain
14 the same, the risks within those particular functions
15 have changed. We will continue working with leadership
16 as they navigate through business process changes to
17 ensure that the appropriate internal controls are
18 designed and implemented.

19 Because these activities are forward
20 thinking in response to unexpected pandemic, we
21 continue -- consider these as advisory and not audits.
22 Two functions where we intend to spend resources on
23 throughout the year are workforce management and
24 drawing studio operations.

25 In both of these areas we will issue a

1 white paper instead of the traditional audit report.
2 Because there are still a lot that remains unknown
3 about the pandemic's long-term impact right now, we
4 developed an annual audit plan to be flexible.

5 We fully anticipate that this plan may
6 change throughout the year in response to the agency's
7 risks, priorities, and needs. We will remain cognizant
8 of staff's time and safety while also ensuring that we
9 monitor controls in place to protect the integrity and
10 security of the games that the public expects.

11 Today I'm seeking your approval on the
12 Fiscal Year '21 Annual Internal Audit Plan. And if you
13 have any questions on the audit plan or the status
14 report, I'll be happy to address them.

15 CHAIRMAN RIVERA: Okay, Commissioners,
16 any discussion? Okay. And is there a motion to
17 approve Fiscal Year 2021 Audit Plan?

18 COMMISSIONER SAENZ: This is Erik. I'll
19 make a motion.

20 COMMISSIONER FRANZ: Mark. I'll second.

21 CHAIRMAN RIVERA: Okay. All in favor
22 say aye.

23 (Chorus of "aye's")

24 CHAIRMAN RIVERA: Perfect. 100 percent.
25 Darlene, thank you so much for all that you do. We are

1 definitely grateful and know that especially now that
2 you're facing unusual challenges in your work. But, as
3 always, complete quality in all that you and your
4 organization brings to Lottery. So, thank you.

5 MS. BROWN: Thank you.

6 AGENDA ITEM NO. XI

7 CHAIRMAN RIVERA: Next item is our Bingo
8 Director Report. Tom, this is your item.

9 MR. HANSON: Mr. Chairman and
10 Commissioners, for the record, my name is Tom Hanson,
11 Director of the Charitable Bingo Operations Division.

12 I want to note for the record the
13 activity of the Bingo Division in the past two months
14 since the last Commission meeting.

15 With respect to the Bingo industry and
16 the continued response to COVID-19 pandemic, I'm aware
17 that some bingo halls have been able to reopen at
18 reduced capacity with some being closed again after
19 recent decisions made by local jurisdictions. We've
20 also received information that several halls have
21 remained closed since mid-March.

22 Organizations and units that requested
23 and were approved for extensions for the submission of
24 Quarter 1 reports had until July 27th to file those
25 reports and submit their prize fees for the quarter.

1 As of August 6th we have received reports and fees from
2 98.5 percent of those entities with 14 yet to be
3 received and processed.

4 July 27th was also the last day to
5 submit reports and fees for Quarter 2 of 2020. We've
6 received reports and fees from 95 percent of those
7 filers, with 45 yet to be received and processed.

8 As I mentioned in the last Commission
9 meeting, due to position vacancies, the Bingo Division
10 has operated at approximately 60 percent of its
11 authorized staffing. This staff is dedicated to the
12 agency, the division, and the Bingo industry. They
13 continue to operate with most telecommuting and are
14 fulfilling the overall mission and performing the
15 essential functions.

16 Very few staff members rotate in and out
17 of headquarters to perform duties that cannot be done
18 at home, such as processing the mail and sending out
19 licenses, local jurisdiction notifications, and mass
20 mailings.

21 The Bingo Division Audit Staff has
22 recently restarted organization and unit audits. The
23 entrance and exit conferences are held via conference
24 call and any documents requested are being provided by
25 mail to the audit staff.

1 Prior to the COVID-19 response,
2 Commission staff met with the rule subcommittee of the
3 Bingo Advisory Committee and industry stakeholders on
4 the quadrennial rules review. That interaction with
5 the industry was very well received, and productive.
6 The proposed rules were presented today for your
7 consideration.

8 I want to extend my thanks to you for
9 your continued support. I'd also like to recognize the
10 dedicated service of the Bingo staff and the
11 involvement and assistance from every division of the
12 Texas Lottery Commission.

13 Commissioners, that's the extent of my
14 report, and I would be willing to answer any questions
15 you may have.

16 CHAIRMAN RIVERA: Okay, Tom. Thank you.
17 Commissioners, any discussion? Okay. Hearing none.
18 Tom, thank you so much to you and all that are in your
19 division. We know that you have been, since you've
20 taken the helm, have been, you know, working overtime
21 trying to do a variety of tasks to continue to move
22 Bingo forward, and we, the Commission, are entirely
23 grateful to you and all of those in the Bingo Division
24 for your service.

25 Since the previous official Bingo

1 designated Commissioner spot has been vacated, all of
2 us collectively are at your service and would welcome
3 hearing from you, Tom, at any time. But, as always,
4 you know, feel free to give me a call or email or text
5 or whatever it is that you need to do in the event that
6 you feel that communication may be necessary.

7 Again, although the Governor has yet to
8 officially designate a Bingo Commissioner, we
9 collectively are paying attention to all things Bingo.
10 So if you could please communicate that to your staff
11 to let you know that collectively all Commissioners
12 are, you know, grateful for your day-to-day service.
13 We are attuned to all the things that are going on and,
14 likewise, stand ready to serve if and when requested.
15 So, Tom, thank you.

16 MR. HANSON: Well, thank you very much
17 for those comments and your continued support. I do
18 appreciate that. I will pass that on to the staff.

19 CHAIRMAN RIVERA: Okay. Thank you very
20 much.

21 AGENDA ITEM NO. XII

22 CHAIRMAN RIVERA: Our next item is the
23 Executive Director's Report. Gary, this is your item.

24 MR. GRIEF: Good morning, Mr. Chairman
25 and Commissioners. I wanted to first offer my

1 congratulations to Chairman Rivera on his appointment
2 as Chair by Governor Abbott, and also congratulate
3 Commissioner Steen on his appointment to the Board.
4 The staff and I both look forward to working with you
5 both in your new positions.

6 And, Mr. Chairman, other than what is in
7 your notebook today I have nothing further to report.

8 CHAIRMAN RIVERA: Wow. All right. That
9 is -- that's wonderful. I'm sure Chairman Krause is
10 sitting around somewhere just super happy and pleased
11 that that was the extent of your report. So, I am most
12 grateful to you, Gary, for all of the years that we've
13 been in discussion and working together to advance and
14 promote, you know, Lottery in a way that benefits the
15 entire state.

16 And your direct leadership of your
17 entire staff as noted and, you know, all of you are the
18 reason why that bingo collectively is doing as well at
19 it is across the state. And definitely the benefit to
20 education, to our veterans, is needed now more than
21 ever. So, every day when you perform your, you know,
22 duties here for Lottery, it is having a direct positive
23 impact across the state and it is one that is most
24 appreciated by folks across the state. Whether, you
25 know, it is visible or not, it is definitely there and

1 tangible. So, thank you all for your continued
2 service.

3 Commissioner Steen, do you have any
4 thoughts or comments here for our executive director?

5 COMMISSIONER STEEN: I'll just echo your
6 sentiments there and look forward to working together.

7 CHAIRMAN RIVERA: Okay. Thank you.

8 AGENDA ITEM NO. XIII

9 CHAIRMAN RIVERA: Next item are
10 enforcement cases. Bob, this is your item.

11 MR. BIARD: Thank you, Commissioners.
12 Chairman, again, this is Bob Biard, General Counsel.
13 Item 13 in your notebooks contains 17 Lottery and Bingo
14 enforcement matters: Tabs A through Q. In these cases
15 Commission staff either found a licensee violated a
16 statute or rule, or an applicant did not qualify for a
17 license. In many cases either the respondent failed to
18 appear at the hearing and it proceeds by default, or
19 the staff and the respondent reached a settlement in
20 the form of an agreed order. And occasionally we have
21 litigated cases, as we do today.

22 Tabs A through I are the non-sufficient
23 fund lottery retailer license revocation cases handled
24 in a single order. Each one of these cases was
25 presented at the State Office of Administrative

1 Hearings for revocation of the retailer's lottery
2 license because the licensee failed to have sufficient
3 funds in their bank account to cover electronic fund
4 transfers to the Commission's account.

5 In each case the licensee failed to
6 appear, and the judge remanded the case to the
7 Commission to handle as a default matter. And that
8 means since the licensee failed to appear the
9 allegations in the Commission's notice of hearing are
10 all deemed admitted.

11 Tabs J, K, and L in your notebooks are
12 lottery agreed orders. These are settlements. Tabs M
13 through P are lottery cases that went to the State
14 Office of Administrative Hearings and Tab Q is a bingo
15 worker registry case that also went to SOAH.

16 I will point out that Tab M is a motion
17 for rehearing of a case that was decided at the June
18 Commission meeting. This was a case where the retailer
19 had accepted winnings from an 8-liner gambling machine
20 in the store to purchase lottery tickets and that is
21 not allowed by the State Lottery Act. It was a 30-day
22 suspension. This retailer asked for you to reconsider
23 your decision from June, but raised no new facts or
24 law, and the staff recommends denying that motion for
25 rehearing.

1 And I'll also point out that Tabs O, P,
2 and Q, these were all cases that went to the
3 eligibility of the licensee to hold a license due to
4 various criminal convictions. And they were all
5 default cases, so in each one of those cases SOAH
6 remanded the case back to the Commission, and we are
7 recommending that you revoke those licenses and remove
8 that bingo worker from the registry.

9 That concludes my presentation. You may
10 take up the enforcement orders in a single vote if
11 you'd like. But we'll also be happy to answer any
12 questions. Thank you.

13 CHAIRMAN RIVERA: Okay, Bob. Thank you.
14 Commissioners, any discussion? Okay. Is there a
15 motion to approve the orders tabs A through Q?

16 COMMISSIONER STEEN: This is Jamey. So
17 moved.

18 CHAIRMAN RIVERA: Jamey, was that a
19 motion?

20 COMMISSIONER STEEN: Yes.

21 COMMISSIONER FIELDS: So, I'll second
22 it.

23 CHAIRMAN RIVERA: And then Cindy with
24 the second. Okay. All in favor say aye.

25 (Chorus of "aye's")

1 AGENDA ITEM NO. XIV

2 CHAIRMAN RIVERA: Okay. Our next item
3 is public comment.

4 MR. BIARD: And Chairman, there is
5 nobody else who signed up for public comment today, so
6 you may proceed to the next item.

7 AGENDA ITEM NO. XV

8 CHAIRMAN RIVERA: Okay. So, we will now
9 go into Executive Session. Bob, correct me, after
10 Executive Session then we will come out and then we
11 will conclude. Do we dial back in for -- can you
12 explain for the audience and everyone kind of what's
13 going to happen here?

14 MR. BIARD: Certainly. The -- our
15 technical team will pause the Zoom recording for a
16 while, but the Zoom meeting will -- it will be live and
17 continue. But the Commissioners and I will leave the
18 Zoom portion of the meeting and go into Executive
19 Session.

20 After the Executive Session -- and there
21 will be a screen -- there will be a graphic on the
22 screen indicating that we will return after Executive
23 Session. And when that happens, the audio will resume
24 for the Zoom meeting and the Commissioners will come
25 back in to conclude today's meeting.

1 CHAIRMAN RIVERA: Okay. Perfect. We
2 will go briefly into Executive Session. Commissioners,
3 do you have the number correct to go into it?

4 COMMISSIONER STEEN: Yep.

5 CHAIRMAN RIVERA: Okay. We'll call in
6 and we'll talk to you here in a second.

7 (Pause from 11:03 a.m. to 11:14 a.m.)

8 AGENDA ITEM NO. XVI

9 CHAIRMAN RIVERA: Can everyone hear me?

10 UNIDENTIFIED VOICE: Yes.

11 UNIDENTIFIED VOICE: Yes, sir.

12 UNIDENTIFIED VOICE: Yes, Chairman.

13 Thank you.

14 CHAIRMAN RIVERA: So we are out of
15 Executive. That never officially happened. But I am
16 grateful for all of our Commissioners that are here.
17 Do we have all the Commissioners on the meeting still?

18 COMMISSIONER STEEN: Jamey's here.

19 CHAIRMAN RIVERA: Okay. So, part of
20 what I think we would have discussed, or not, would be
21 how as a Commission that we are moving forward, which
22 is the best that we can collectively. You know,
23 Commissioners, we are most grateful to have very
24 competent, loyal, dedicated employees. Folks that are
25 dedicated to the mission of Lottery, to Bingo, to

1 advancing education and support for our veterans across
2 Texas.

3 And, you know, they are the ones
4 literally on the front lines daily, whether they've
5 been here for, you know, one week or, you know, years.
6 They're all dedicated equally towards that common goal.
7 So I know that collectively we're grateful to all of
8 our employees.

9 As the new Chairman I'm appreciative of
10 the responsibility that really it's something that
11 collectively we all share. So, if there's ever
12 anything, Commissioners, that you would like to
13 discuss, talk about, ideas, we are all together here to
14 advance Lottery for education and our veterans.

15 So with that, I'll open it up for any
16 Commissioner comments.

17 AGENDA ITEM NO. XVII

18 CHAIRMAN RIVERA: Okay. Nothing from
19 anyone. Okay, perfect. Well, I believe that that
20 concludes the business of the Commission at this
21 meeting. Is there a motion to adjourn?

22 COMMISSIONER FRANZ: I move to adjourn.
23 This is Mark.

24 COMMISSIONER SAENZ: Seconded.

25 CHAIRMAN RIVERA: Perfect. All in

1 favor.

2 (Chorus of "aye's")

3 CHAIRMAN RIVERA: Perfect. Okay. We
4 have 100 percent. The Lottery Commission has ended.
5 And our time is 11:17. So good job everyone, and we
6 look forward to visiting with everyone soon. Thank
7 you, all.

8 (Proceedings concluded at 11:17 a.m.)

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C E R T I F I C A T E

STATE OF TEXAS)

COUNTY OF HARRIS)

I, Kimberly C. McCright, Certified Vendor
and Notary in and for the State of Texas, do hereby
certify that the above-mentioned matter occurred as
hereinbefore set out.

I FURTHER CERTIFY THAT the proceedings of
such were reported by me or under my supervision, later
reduced to typewritten form under my supervision and
control and that the foregoing pages are a full, true
and correct transcription of the original notes.

IN WITNESS WHEREOF, I have hereunto set my
hand and seal this 13th day of August, 2020.

/s/ Kimberly C. McCright

Kimberly C. McCright

Certified Vendor and Notary Public

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